

PLANETOUT INC
Form S-4/A
May 14, 2009

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As filed with the Securities and Exchange Commission on May 13, 2009

Registration No. 333-156726

**U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Amendment No. 4

to

**Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

HERE MEDIA INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

*(State or Other Jurisdiction of
Incorporation or Organization)*

4841

*(Primary Standard Industrial
Classification Code Number)*

26-3962587

*(I.R.S. Employer
Identification No.)*

**10990 Wilshire Boulevard,
Penthouse
Los Angeles, CA 90024
(310) 806-4288**

*(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive
Offices)*

**Stephen P. Jarchow
Chairman
Here Media Inc.
10990 Wilshire Boulevard,
Penthouse
Los Angeles, CA 90024
(310) 806-4288**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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Chief Executive Officer
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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this

Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the Registration Statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and is not soliciting offers to buy these securities in any jurisdiction in which the offer or sale would not be permitted.

SUBJECT TO COMPLETION, DATED MAY 13, 2009.

PROXY STATEMENT/PROSPECTUS

PROPOSED BUSINESS COMBINATION YOUR VOTE IS VERY IMPORTANT

Dear Stockholders:

On January 8, 2009, PlanetOut Inc., Here Networks LLC and Regent Entertainment Media Inc. agreed to combine and establish a new holding company to be named Here Media Inc. PlanetOut will be merging with a subsidiary of Here Media, and all of the owners of Here Networks and Regent Entertainment Media will be contributing the stock and limited liability company interests in those companies to Here Media. We are proposing the transaction because we believe the combined strengths of our companies will enable us to achieve significant operating efficiencies and produce substantial benefits for clients and equityholders of all of the companies. As a stockholder of PlanetOut, we are asking for your support and for your vote in favor of the merger at our special meeting.

When the proposed business combination is completed:

PlanetOut stockholders will receive one share of Here Media common stock, together with one share of Here Media special stock, as described in this document, for each share of PlanetOut common stock that the stockholder owns immediately prior to the effective time of the proposed business combination, which will result in former PlanetOut stockholders owning 20% of Here Media's outstanding common stock and 100% of its outstanding special stock following completion of the transaction; and

the owners of Here Networks and Regent Entertainment Media will receive that number of shares of Here Media's common stock such that they will own 80% of Here Media's outstanding common stock following completion of the transaction.

The special stock is a type of capital stock of Here Media being issued in the proposed business combination only to the stockholders of PlanetOut for the purposes of providing a limited form of downside protection to them in the event of a liquidation, dissolution or winding up of Here Media that occurs within four years after the proposed business combination and in which the holders of Here Media common stock would, but for the effect of the special stock, receive less than \$4.00 per share. The special stock will rank, with respect to the distribution of assets upon liquidation, dissolution or winding-up of Here Media, senior and prior in right to the common stock and junior to all series of Here Media's preferred stock outstanding at any time. A sale of Here Media under certain circumstances is considered a liquidation for purposes of the special stock. The holders of special stock will not be entitled to vote on any matter to be voted on by stockholders, except as required by law.

PlanetOut has scheduled a special meeting of its stockholders on June 10, 2009 to vote on the merger proposal. Regardless of the number of shares that you own or whether you plan to attend the meeting, it is important that you

shares be represented and voted. Voting instructions are inside.

PlanetOut's board of directors has approved the merger agreement and determined that the merger is advisable and in the best interests of PlanetOut and its stockholders. Accordingly, PlanetOut's board of directors recommends that PlanetOut stockholders vote to adopt the merger agreement and approve the merger.

This document provides you with detailed information about the proposed business combination. We encourage you to read the entire document carefully.

Neither the Here Media common stock nor the Here Media special stock will be listed on any securities exchange or quoted on any automated quotation system. PlanetOut's common stock is currently traded on the Nasdaq Capital Market under the symbol LGBT. The stock of Here Networks and of Regent Entertainment Media is not publicly traded.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

See Risk Factors beginning on page 8 of this document for a discussion of various risks you should consider in evaluating the proposed business combination.

Daniel E. Steimle
Chief Executive Officer
PLANETOUT INC.

This proxy statement/prospectus is dated May , 2009, and was first mailed to PlanetOut stockholders on or about May 19, 2009.

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**PLANETOUT INC.
1355 SANSOME STREET
SAN FRANCISCO, CALIFORNIA 94111
(415) 834-6500**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On June 10, 2009**

TO OUR STOCKHOLDERS:

A special meeting of stockholders will be held on June 10, 2009 at 10:00 a.m., local time, at our San Francisco offices, located at 1355 Sansome Street, San Francisco, California 94111. The purpose of this special meeting is: (1) to consider and vote upon a proposal (i) to adopt the Agreement and Plan of Merger, dated as of January 8, 2009, as amended as of April 27, 2009, by and among PlanetOut Inc., Here Media Inc., HMI Merger Sub, and the HMI Owners and the HMI Entities signatory thereto and (ii) to approve the merger of HMI Merger Sub with and into PlanetOut with PlanetOut surviving and becoming a wholly owned subsidiary of Here Media Inc., a newly formed holding company; and (2) to adjourn the meeting to a later date, if necessary.

We describe these items of business more fully in our proxy statement which we are sending to you along with this notice.

Our Board of Directors has fixed the close of business on May 15, 2009 as the record date as of which we determine the stockholders who are entitled to receive this notice and to vote at our special meeting and at any adjournment or postponement of our special meeting.

By Order of the Board of Directors

TODD A. HUGE
Secretary

San Francisco, California
May 19, 2009

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR THAT PURPOSE. IF YOU DO NOT RETURN THE ENCLOSED PROXY, YOU MAY VOTE YOUR SHARES ON THE INTERNET BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY OR BY TELEPHONE BY USING THE TOLL-FREE TELEPHONE NUMBER SHOWN ON THE PROXY. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why am I receiving these materials?

A: Here Networks LLC, a Texas limited liability company, and Regent Entertainment Media Inc., a Delaware corporation, collectively referred to in this document as the HMI Entities, and PlanetOut have agreed to combine their businesses. To achieve this, PlanetOut will merge with a wholly owned subsidiary of a newly formed holding company named Here Media Inc., and the owners of the HMI Entities will contribute all of the stock and limited liability company interests in those companies to Here Media. Through these transactions, PlanetOut and the HMI Entities will become wholly owned subsidiaries of Here Media. The merger cannot be completed without the approval of the stockholders of PlanetOut. We are sending you these materials to help you decide whether to approve the merger. *If you do not vote your shares, the effect will be a vote against the merger.*

Unless the context indicates otherwise, references in this proxy statement/prospectus to PlanetOut mean PlanetOut Inc. and its subsidiaries, to HMI Entities mean Here Networks, LLC and Regent Entertainment Media Inc., and to HMI Owners mean Stephen P. Jarchow, Paul A. Colichman and Here Management LLC. In this proxy statement/prospectus, the Agreement and Plan of Merger, dated as of January 8, 2009, as it may be amended from time to time, among PlanetOut, Here Media, HMI Merger Sub, which is a wholly owned subsidiary of Here Media referred to as the Merger Sub, and the HMI Owners and the HMI Entities signatory thereto is referred to as the merger agreement. The effective time of the merger of PlanetOut with the Merger Sub and the contribution of the stock and limited liability company interests of the HMI Entities to Here Media, which will all take place simultaneously, is referred to as the effective time of the proposed business combination or the effective time. The merger and the contribution are sometimes referred to in this document as the proposed business combination.

Q: Why is PlanetOut proposing the merger?

A: We are proposing the merger because we believe that the combined strengths of PlanetOut and the HMI Entities will enable us to achieve significant operating efficiencies and produce substantial benefits for our clients and equityholders. By combining the companies, we believe Here Media will create the potential for stronger operating results and a stronger financial position than PlanetOut and the HMI Entities could achieve on their own.

Q: What will I receive in the merger?

A: In the merger, each PlanetOut stockholder will receive one share of Here Media common stock, together with one share of Here Media special stock, referred to as special stock, for each share of PlanetOut common stock that the stockholder owns immediately prior to the effective time of the merger.

In exchange for their ownership interests in the HMI Entities that they will contribute to Here Media, the HMI Owners will receive the number of shares of Here Media common stock necessary to result in their owning 80% of Here Media's common stock following the proposed business combination.

Q: What is special stock?

A: Special stock is a type of capital stock of Here Media to be issued in the proposed business combination only to the stockholders of PlanetOut for the purposes of providing a limited form of downside protection to them in the event of a liquidation, dissolution or winding up of Here Media that occurs within four years after the proposed

business combination and in which the holders of Here Media common stock would, but for the effect of the special stock, receive less than \$4.00 per share. In that event, the holders of special stock would be entitled to a priority claim on any liquidation proceeds otherwise distributable to holders of Here Media common stock in an amount such that the liquidation proceeds they receive, when added to the liquidation proceeds payable on an equal number of shares of Here Media common stock after giving effect to the liquidation priority of the special stock, would equal \$4.00 per share of total liquidation proceeds, to the extent such funds are available after payments of all creditor claims and all liquidation preferences and accrued dividends payable to holders of preferred stock, if any. The \$4.00 per share priority claim to liquidation proceeds is subject to possible adjustments in some events. A sale of Here Media for consideration consisting of at least 50% cash or publicly traded securities is considered a liquidation for purposes of the special stock. The special stock will be canceled four years from the date of issuance, or earlier in some circumstances. After

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completion of the proposed business combination, special stock will be transferable and freely tradable independent of Here Media common stock, but will not be listed on any stock exchange. Here Media does not expect that a regular trading market will develop for the special stock, and it does not intend to make efforts to promote the development of such a market.

Q: What percent of Here Media will be owned by current PlanetOut stockholders and current owners of the HMI Entities?

A: After the completion of the proposed business combination, current PlanetOut stockholders will own 20% of the common stock of Here Media and the current owners and members of the HMI Entities will own 80% of the common stock of Here Media. The current PlanetOut stockholders will also own 100% of Here Media's special stock, which will not have general voting rights.

Q: Will Here Media pay any dividends?

A: PlanetOut has not paid any cash dividends on its common stock, and Here Media does not anticipate paying any cash dividends on its common stock for the foreseeable future.

Q: Will my shares of Here Media common stock be listed?

A: Neither the Here Media common stock nor the Here Media special stock will be listed on any securities exchange or quoted on any automated quotation system.

Q: When do you expect the proposed business combination to be completed?

A: We are working to complete the proposed business combination as soon as possible. A number of conditions must be satisfied before we can complete the proposed business combination, including approval of the merger by stockholders of PlanetOut. We hope to complete the proposed business combination in the spring of 2009. However, we cannot assure you as to when or whether the proposed business combination will be completed. The merger agreement provides that it may be terminated by Here Media or PlanetOut if the proposed business combination is not completed by May 31, 2009.

Q: Who will be the directors of Here Media following the proposed business combination?

A: Upon completion of the proposed business combination, Here Media's board of directors will consist of three members who will initially be Messrs. Jarchow and Colichman, who are the principal owners and executive officers of the HMI Entities, and Phillip S. Kleweno, who is currently chairman of the board of directors of PlanetOut.

Q: Who will be the members of Here Media's senior management following the proposed business combination?

A: Upon completion of the proposed business combination, Mr. Jarchow will be chairman of the board, Mr. Colichman will be chief executive officer and president, and Mr. Tony Shyngle will be chief accounting officer, of Here Media.

Q: Should I send in my stock certificates now?

A:

PlanetOut stockholders should not send in their stock certificates now. PlanetOut stockholders will receive a letter of transmittal form and written instructions for exchanging their stock certificates for Here Media common stock and special stock after the merger is completed. Stock certificates received without the letter of transmittal form will be returned to the stockholder submitting them, which could result in delay in receipt by such stockholders of the merger consideration for their stock.

Q: What do I need to do now?

A: After carefully reading this document, please submit a proxy for your shares as soon as possible. PlanetOut stockholders can submit a proxy by:

using the toll-free phone number listed on their proxy cards and following the recorded instructions;

going to the Internet website listed on their proxy cards and following the instructions provided; or

completing and returning the proxy card.

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Q: When and where will PlanetOut stockholders meet?

A: PlanetOut will hold a special meeting of its stockholders on June 10, 2009, at 10:00 a.m., local time, at PlanetOut's San Francisco offices, located at 1355 Sansome Street, San Francisco, California 94111.

Q: Who can vote at the PlanetOut special meeting?

A: Only holders of record of PlanetOut common stock at the close of business on May 15, 2009, which is the record date for the special meeting, are entitled to vote at the special meeting.

Q: What stockholder approval is needed?

A: The affirmative vote of the holders of at least a majority of the outstanding shares of PlanetOut common stock will be needed to approve the merger.

Q: If I am planning to attend the meeting in person, should I still grant my proxy?

A: Yes. Whether or not you plan to attend the meeting, you should grant your proxy as described above. Failure of a PlanetOut stockholder to vote in person or by proxy will have the same effect as a vote against the adoption of the merger agreement and approval of the merger. Submitting your proxy now will not prevent you from voting at the meeting, but will assure that your vote is counted if you become unable to attend.

Q: Can I change my vote after I have granted my proxy?

A: Yes. You can change your vote at any time before your proxy is voted at the meeting by:

 sending a written notice to the corporate secretary of PlanetOut before the meeting stating that you would like to revoke your proxy;

 completing and signing a later-dated proxy card and returning it by mail prior to the meeting;

 using the toll-free phone number or Internet website listed on the proxy card and following the instructions provided prior to 10:00 a.m., Pacific time, on the day prior to the meeting; or

 attending the meeting and voting in person.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me without my instruction?

A: No. If your shares are held in street name by a broker, the broker may only vote the shares which it holds for you in accordance with your instructions. *It is important that you instruct your broker by submitting your proxy promptly to ensure that all shares of PlanetOut common stock that you own are voted as you wish at the special meeting. To do so, you should follow the directions that your broker provides to you.*

Q: Will the merger be taxable to me?

A: The merger generally will not be taxable to PlanetOut stockholders. You should carefully read the description of material U.S. federal income tax consequences included in this document.

Q: Am I entitled to have my shares appraised if I dissent from the merger?

A: Yes. Under Delaware law, PlanetOut stockholders will have appraisal rights in connection with the merger, but only if they comply with the procedures described in this document.

Q: Whom do I call if I have further questions about voting, the special meeting or the proposed business combination?

A: If you have any questions about any of these matters, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact PlanetOut's Investor Relations at (415) 834-6407.

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No person is authorized to give any information or to make any representation with respect to the matters that this document describes other than those contained in this document and, if given or made, any such information or representation must not be relied upon as having been authorized by PlanetOut, the HMI Entities or the HMI Owners. This document does not constitute an offer to sell or a solicitation of an offer to buy securities or solicitation of a proxy in any jurisdiction in which, or to any person to whom, it is unlawful to make such an offer or a solicitation. Neither the delivery of this document nor any distribution of securities made under this document shall, under any circumstances, create an implication that there has been no change in the affairs of PlanetOut, Here Media or the HMI Entities since the date of this document or that the information contained in this document is correct as of any time subsequent to its date.

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SUMMARY

This summary highlights information contained elsewhere in this proxy statement/prospectus. This summary is not complete and may not contain all the information that is important to you. To understand the merger agreement and the proposed business combination more fully, and for a more complete description of the legal terms of the merger agreement and the proposed business combination, you should carefully read this entire proxy statement/prospectus and the other documents attached as Annexes A through D hereto and those referred to herein.

Summary of Business of the Combined Company (See page 74)

Here Media Inc. is a newly-formed company incorporated in Delaware in January 2009 in connection with the proposed business combination of PlanetOut and the HMI Entities. Here Media has not conducted any activities other than those incident to its formation, the matters contemplated by the merger agreement and the preparation of this document. Upon completion of the proposed business combination, PlanetOut and the HMI Entities will each be a wholly owned subsidiary of Here Media. Here Media's executive offices are located at 10990 Wilshire Boulevard, Penthouse, Los Angeles, CA 90024, and its telephone number is (310) 806-4288.

PlanetOut is a leading media and entertainment company serving the lesbian, gay, bisexual and transgender, or LGBT, community through its flagship websites, Gay.com and PlanetOut.com. These websites provide revenues from advertising services and subscription services. PlanetOut's executive offices are located at 1355 Sansome Street, San Francisco, California 94111, and its telephone number is (415) 834-6500.

Here Networks offers original movies, series, documentaries and music specials tailored for the LGBT community on a subscription and transactional basis via cable television, direct-to-home (also referred to as DTH) satellite television, fiber-optic television and the Internet under the brand name here!. Here Networks has agreements with major cable, satellite and fiber-optic television operators in the United States, including Comcast, Cablevision, Time Warner, Charter, DirecTV, EchoStar, Verizon, AT&T and Cox. Here Networks' video-on-demand and subscription video-on-demand (also referred to as VOD and SVOD) and/or regularly scheduled (also referred to as linear) television channel services were available through cable, satellite and fiber-optic television providers who served approximately 34 million domestic television households in the United States as of December 31, 2008, according to internal data based on reports provided by these operators. Here Networks generates revenue from the receipt of fees paid by its subscribers for its SVOD and linear television channel services and transactional fees paid by viewers of its VOD services. Here Networks' executive offices are located at 10990 Wilshire Boulevard, Penthouse, Los Angeles, California 90024, and its telephone number is (310) 806-4288.

Regent Entertainment Media publishes magazines targeting the LGBT community. Its business consists of the former magazine publishing operations of PlanetOut that were conducted through LPI Media, Inc., substantially all of the assets and liabilities of which were acquired by Regent Entertainment Media from PlanetOut in August 2008. Regent Entertainment Media currently publishes three magazines on a regular basis, *The Advocate*, *Out* and *HIVPlus*. Regent Entertainment Media offers *Out* and *The Advocate* on a subscription basis, while it offers *HIVPlus* free to health care professionals and organizations. It also distributes digital editions of *Out* and *The Advocate*. Regent Entertainment Media's revenues are derived principally from subscriptions for its magazines and fees charged for advertising in its magazines. Regent Entertainment Media's executive offices are located at 10990 Wilshire Boulevard, Penthouse, Los Angeles, California 90024, and its telephone number is (310) 806-4288.

Here Media intends to continue the businesses currently conducted by PlanetOut and the HMI Entities and plans to expand in other areas of content production and distribution. PlanetOut and the HMI Entities currently are developing

the integration plan for the combination of their businesses.

Structure of the Proposed Business Combination (See page 56)

The proposed business combination will be accomplished in two concurrent steps. The first will be the merger of a wholly owned subsidiary of Here Media, named HMI Merger Sub, with and into PlanetOut, in which one share of Here Media common stock and one share of Here Media special stock will be issued in exchange for each outstanding share of PlanetOut common stock. PlanetOut will be the surviving corporation in the merger and the wholly owned subsidiary of Here Media. Concurrently with the merger, the HMI Owners will contribute their

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ownership interests in the HMI Entities, consisting of stock and limited liability company interests constituting 100% ownership of the HMI Entities, in exchange for Here Media common stock. Upon completion of the proposed business combination, the former PlanetOut stockholders will own 20% of the outstanding common stock and 100% of the outstanding special stock of Here Media, and the former HMI Owners will own 80% of the outstanding common stock of Here Media. Here Media's common stock will at that time be its only class of voting stock. The Here Media special stock will only have voting rights with respect to certain matters relating to preservation of the terms of the special stock.

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The following diagrams depict the structure of the proposed business combination and the structure of Here Media after completion of the transaction.

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The Special Meeting of PlanetOut Stockholders (See page 21)

Where and when: The PlanetOut special meeting will take place at PlanetOut Inc., 1355 Sansome Street, San Francisco, California, on June 10, 2009, at 10:00 a.m., local time.

What you are being asked to vote on: At the PlanetOut special meeting, PlanetOut stockholders will vote on the adoption of the merger agreement and the approval of the merger.

Who may vote: You may vote at the PlanetOut special meeting if you were the record holder of PlanetOut common stock at the close of business on the record date, May 15, 2009. On that date, _____ shares of PlanetOut common stock were outstanding and entitled to vote. You may cast one vote for each share of PlanetOut common stock that you owned on that date.

What vote is needed: The affirmative vote, cast in person or by proxy, of the holders of at least a majority of the shares of PlanetOut common stock outstanding on the record date is required for adoption of the merger agreement and approval of the merger.

Recommendation of PlanetOut's Board of Directors (See page 28)

PlanetOut's board of directors has approved the merger agreement and determined that the merger agreement and the merger are advisable and in the best interests of PlanetOut and its stockholders. Accordingly, the board recommends that PlanetOut stockholders vote **FOR** the proposal to adopt the merger agreement and approve the merger.

PlanetOut's Reasons for the Merger (See page 28)

PlanetOut's board of directors considered various factors in approving the proposed business combination and the merger agreement, including the anticipated synergies from the business combination with the HMI Entities, the complementary nature of their customer bases, the opportunity of PlanetOut's stockholders to become stockholders of a company with more diverse product offerings and other matters referred to under "The Proposed Business Combination Recommendation of PlanetOut's Board of Directors" and "The Proposed Business Combination PlanetOut's Reasons for the Merger" sections of this document.

The HMI Entities' Reasons for the Contribution (See page 30)

The HMI Entities believe their combination with PlanetOut will significantly increase their content distribution capabilities by giving them access to one of the largest and most well-known online destinations for the LGBT community and that there are strategic benefits to combining their existing content and technology with PlanetOut's critical mass of online subscribers and website visitors. In addition to the perceived strategic benefits of the combination, the HMI Entities believe the proposed business combination offers opportunities for substantial cost savings because they have existing staff that can perform many of the functions currently performed by PlanetOut employees, particularly in the areas of content production, sales and information technology. See "The Proposed Business Combination The HMI Entities' Reasons for the Contribution."

Opinions of PlanetOut's Financial Advisors (See page 32)

In connection with their consideration and approval of the proposed business combination, the PlanetOut board of directors received opinions from Allen & Company LLC and Viant Capital LLC, which are referred to in this

document as Allen and Viant, respectively, that as of the date of the opinions, the merger consideration described in the merger agreement to be received by holders of PlanetOut common stock is fair from a financial point of view to PlanetOut's stockholders. The opinions of Allen and Viant were provided to the PlanetOut board of directors in connection with their evaluation of the merger consideration to be paid and the resulting exchange ratio and do not address any other aspect of the merger agreement or the merger and do not constitute a recommendation to any stockholder as to how to vote or act with respect to any matter relating to the merger agreement or the merger. Each holder of PlanetOut common stock should read the complete opinions of Allen and Viant carefully and in their entirety to understand the assumptions made, procedures followed, matters considered and limitations on the review undertaken with regard to the opinions. Copies of the Allen and Viant opinions are attached to this proxy statement/

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prospectus as Annex A and B, respectively. Allen was paid \$400,000 for the delivery of the opinion described above. In connection with its financial advisory services provided in connection with the proposed business combination, and conditioned on its completion, Allen will be paid a cash fee equal to \$1,000,000 (the success fee). The \$400,000 already paid to Allen is creditable against any success fee paid subsequently. In addition, Allen received warrants to purchase 75,000 shares of PlanetOut common stock and will be paid up to \$75,000 for its expenses. Allen and its affiliates own approximately 5.7% of PlanetOut's common stock. Viant was paid \$200,000 for the delivery of the opinion described above at the time of such delivery.

Directors and Senior Management of Here Media Following the Proposed Business Combination (See page 63)

Upon completion of the proposed business combination, Here Media's board of directors will consist of three members who will initially be Messrs. Jarchow and Colichman, both of whom are executive officers and principal owners of the HMI Entities, and Mr. Kleweno, who is currently chairman of the board of PlanetOut. Mr. Jarchow will be chairman of the board, Mr. Colichman will be chief executive officer and president, and Mr. Tony Shyngle will be chief accounting officer, of Here Media.

Interests of Directors, Executive Officers and Principal Stockholders in the Merger (See page 44)

Some of the directors and executive officers of PlanetOut have interests in the merger that are different from, or are in addition to, the interests of PlanetOut's stockholders. These interests include acceleration of vesting of restricted stock awards as a result of the merger, potential severance and other benefit payments in the event of termination of employment in connection with the merger, and the right to continued indemnification and insurance coverage by Here Media for acts or omissions occurring prior to the merger and, in the case of Mr. Kleweno, his position as a director of Here Media following the proposed business combination. The board of directors of PlanetOut was aware of these interests and considered them in approving the merger. On February 25, 2009, PlanetOut directors, executive officers and their affiliates owned approximately 1.87% of PlanetOut common stock entitled to vote on adoption of the merger agreement and approval of the merger, as compared to the affirmative vote of at least a majority, or more than 50%, of the outstanding shares of PlanetOut common stock required for adoption of the merger agreement and approval of the merger.

Material U.S. Federal Income Tax Consequences (See page 49)

In the opinions of Howard Rice Nemerovski Canady Falk & Rabkin, A Professional Corporation (Howard Rice), tax counsel to PlanetOut, and Mayer Brown LLP, tax counsel to Here Media, subject to the qualifications and limitations contained in such opinions, the merger and the contribution, taken together, will qualify as an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended. Moreover, Howard Rice is of the opinion that, with possible exceptions, no gain or loss will be recognized by a holder of PlanetOut common stock upon such holder's receipt of Here Media common stock and special stock in exchange for PlanetOut common stock in the merger. A more detailed description of the anticipated material income tax consequences of the proposed business combination, including some possible exceptions, is set forth under the caption "The Proposed Business Combination - Material U.S. Federal Income Tax Consequences."

Market Prices of PlanetOut Common Stock (See page 80)

PlanetOut common stock is traded on the Nasdaq Capital Market under the symbol "LGBT". The closing per share sale price of PlanetOut common stock was as follows:

\$0.74 on January 8, 2009, which was the last full trading day before PlanetOut and the HMI Entities announced the proposed business combination; and

\$ on May 15, 2009, which is the record date.

For the 52-week period ended May 15, 2009, the highest and lowest closing per share sale price of PlanetOut common stock was \$ and \$, respectively.

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The Merger Agreement (See page 56)

The merger agreement is attached to this proxy statement/prospectus as Annex C. You are encouraged to read the merger agreement in its entirety. It is the principal document governing the proposed business combination. In addition, the merger agreement is discussed in detail beginning on page 56.

Comparison of Rights of PlanetOut and Here Media Stockholders (See page 69)

Some of the rights of PlanetOut stockholders are different from those of Here Media stockholders. See the Comparative Rights of PlanetOut Stockholders Prior to and After the Merger section of this document for more information.

Appraisal Rights of PlanetOut Stockholders (See page 53)

Under Delaware law, PlanetOut stockholders will have appraisal rights in connection with the merger, but only if they comply with the procedures described in this document. See The Proposed Business Combination Appraisal Rights section of this document for more information.

Regulatory Approvals and Conditions to Completion of the Proposed Business Combination (See page 59)

No regulatory consents or approvals are required to complete the proposed business combination.

The proposed business combination is subject to the satisfaction or waiver of specified conditions, as described under The Merger Agreement Conditions to Completion of the Proposed Business Combination, including the condition that Here Media and the HMI Entities shall, in the aggregate, have cash and cash equivalents (as defined in the same manner as defined by PlanetOut in the preparation of its financial statements) not subject to a lien to secure indebtedness, other than general liens covering all or substantially all of the assets of Here Media or one or more of the HMI Entities, equal to \$5,200,000 reduced by up to \$500,000 of the costs and expenses incurred by Here Media, the HMI Entities and the HMI Owners in connection with the transactions provided for in the merger agreement, including fees and disbursements of accountants and legal counsel. PlanetOut has also agreed that the amount of cash Here Media is required to have as a condition to closing of the proposed business combination could be reduced further by the amount, not to exceed \$1 million, spent for prints of and advertising expenses for the film Departures , the 2008 Academy Award® winner in the category of Best Foreign Language Film, in exchange for the contribution to Here Media at the closing of the United States distribution rights for such film, including rights to certain revenues related thereto.

Comparative Historical and Pro Forma Per Share Data

The following table presents unaudited historical per share data for PlanetOut and pro forma per share data for Here Media after giving effect to the proposed business combination. The Here Media pro forma per share data was derived by combining information from the historical consolidated financial statements of PlanetOut and the historical financial statements of the HMI Entities using the purchase method of accounting for the merger and the contribution. Here Networks is a privately-held single-member LLC. Regent Entertainment Media is a privately-held corporation, all of the outstanding shares of which are owned by two individuals. Therefore, earnings (losses) or book value per share data is not meaningful and has not been presented for these entities. You should read this table in conjunction with the historical consolidated financial statements of PlanetOut and the historical financial statements of the HMI Entities and pro forma financial statements and footnotes only contained elsewhere in this

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document. You should not rely on the pro forma per share data as being necessarily indicative of actual results that would have occurred had the merger and the contribution been completed in the past, or of future results.

	Year Ended December 31, 2008
	(In thousands, except per share amounts)
PlanetOut Comparative Per Share Data	
Loss per common share from continuing operations basic and diluted	\$ 1.93
Cash dividends per common share	\$
Weighted average shares outstanding basic and diluted	4,054
Book value per common share at end of period	\$ 1.95
Shares used to compute book value per share	4,089
Pro Forma Condensed Consolidated Comparative Per Share Data	
Loss per common share from continuing operations basic and diluted	\$ 0.82
Cash dividends per common share	\$
Weighted average shares outstanding basic and diluted	16,700
Book value per common share at end of period	\$ 1.35
Shares used to compute book value per share	16,700

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RISK FACTORS

PlanetOut stockholders should carefully consider the following risks relating to the proposed business combination and the business of the combined company resulting from the proposed business combination.

Risks Relating to the Proposed Business Combination

The value of the Here Media stock you receive upon completion of the merger may be less than the value of your PlanetOut common stock as of the date of the merger agreement or on the date of the special meeting.

The value of PlanetOut common stock as of the date of the merger agreement or on the date of the PlanetOut special meeting may not be indicative of the price of Here Media common stock after the proposed business combination is completed. The value of shares of PlanetOut common stock may vary significantly between the date of this proxy statement/prospectus, the date of the special meeting and the date of the completion of the proposed business combination. These variations may result from, among other factors, changes in the businesses, results of operations and prospects of the companies, market expectations of the likelihood that the proposed business combination will be completed and the timing of completion, the prospects of post-combination operations, general market and economic conditions and other factors. The stock exchange ratio for the proposed business combination is fixed and will not be adjusted based on any change in the PlanetOut stock price or the value of the stock and the limited liability company interests of the HMI Entities (which are not publicly traded) before completion of the proposed business combination.

PlanetOut stockholders will have greatly reduced ownership and voting interests in Here Media and will be able to exercise less influence over management following the proposed business combination.

Immediately after completion of the proposed business combination, based on the exchange ratios provided for in the merger agreement, the pre-transaction PlanetOut stockholders will collectively own 20%, and the pre-transaction owners of the HMI Entities will collectively own 80% of the outstanding shares of Here Media common stock. While the pre-transaction PlanetOut stockholders will own 100% of the outstanding special stock of Here Media, the holders of special stock will not have voting rights in their capacities as such, except for certain matters relating to potential changes in the terms of the special stock. Consequently, stockholders of PlanetOut will be able to exercise less influence, collectively, over the management and policies of Here Media than they currently exercise over the management and policies of PlanetOut.

Here Media may fail to realize the anticipated benefits of the proposed business combination.

Here Media's future success will depend in significant part on its ability to realize the cost savings, operating efficiencies and new revenue opportunities that it expects to result from the integration of the businesses of PlanetOut and the HMI Entities. Here Media's operating results and financial condition will be adversely affected if Here Media is unable to integrate successfully the operations of PlanetOut and the HMI Entities, fails to achieve or achieve on a timely basis such anticipated synergies, or incurs unforeseen costs and expenses or experiences unexpected operating difficulties that offset anticipated cost savings. In particular, the integration of PlanetOut and the HMI Entities may involve, among other matters, integration of sales, marketing, content creation, billing, accounting, quality control, management, personnel, payroll, regulatory compliance, network infrastructure and other systems and operating hardware and software, some of which may be incompatible and therefore may need to be replaced. Successful integration of the operations, products and personnel of PlanetOut and the HMI Entities may place a significant burden on Here Media's management and internal resources. The diversion of management's attention and any difficulties encountered in the transition and integration process could harm Here Media's business, financial condition

and results of operations.

Here Media common stock will not be listed on any securities exchange following the completion of the proposed business combination, which may result in limited liquidity for its stockholders.

Prior to the proposed business combination, there has been no public market for Here Media common stock. On April 3, 2009, PlanetOut transferred the listing of its common stock from The Nasdaq Global Market to The

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Nasdaq Capital Market. PlanetOut had previously been notified by Nasdaq that its common stock failed to meet the minimum market value of \$5 million for publicly held shares and that it had also failed to maintain the minimum of \$10 million in stockholders' equity, each of which was necessary for continued listing on The Nasdaq Global Market. In addition, PlanetOut's common stock has been trading below The Nasdaq Capital Market's \$1.00 minimum bid price. While this requirement has been suspended through July 20, 2009, there can be no assurance that after that date, PlanetOut would be able to comply with the minimum bid price or other requirements necessary to maintain its listing on the The Nasdaq Capital Market.

Neither the Here Media common stock nor the Here Media special stock will be listed on any securities exchange or quoted on any automated quotation system following the completion of the proposed business combination. While Here Media intends to take steps to facilitate quotation of prices for its common stock on the OTC Bulletin Board if one or more brokerage firms indicate interest in providing such quotations, Here Media cannot assure you that an active trading market will develop or be sustained for Here Media common stock. This could result in limited liquidity and make trading more difficult for Here Media stockholders, leading to lower trading volumes and declines in share price. In addition, while the Here Media special stock will not be subject to restrictions on transfer, that stock is proposed to be issued to PlanetOut's stockholders in the merger solely for the purpose of providing a limited-priority claim to certain liquidation proceeds that might otherwise be payable to other holders of common stock in the event of liquidation of Here Media within four years after completion of the proposed business transaction, and Here Media does not expect that any trading market will develop for the Here Media special stock.

PlanetOut will be subject to business uncertainties and contractual restrictions while the merger is pending that could adversely affect its business.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on PlanetOut and, consequently, on Here Media. Although PlanetOut intends to take actions to reduce any adverse effects, these uncertainties may impair its ability to attract, retain and motivate key personnel until the merger is completed and for a period of time thereafter, and could cause customers, suppliers and others that deal with PlanetOut to seek to change existing business relationships. Employee retention may be particularly challenging during the pendency of the merger, as employees may experience uncertainty about their future roles with Here Media. If, despite PlanetOut's retention efforts, key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Here Media, Here Media's business could be seriously harmed.

The merger agreement restricts PlanetOut from taking specified actions until the proposed business combination occurs or the merger agreement terminates. These restrictions may prevent PlanetOut from pursuing otherwise attractive business opportunities and making other changes to its business that may arise before completion of the proposed business combination or, if the proposed business combination is abandoned, termination of the merger agreement.

Failure to complete the proposed business combination could negatively affect PlanetOut.

If the proposed business combination is not completed for any reason, PlanetOut may be subject to a number of material risks, including the following:

it will not realize the benefits expected from becoming part of the proposed combined company, including a potentially enhanced competitive and financial position;

current and prospective employees may experience uncertainty about their future roles with PlanetOut, which may adversely affect the ability of PlanetOut to attract and retain key management, marketing and technical personnel;

in preparation for the proposed business combination, PlanetOut may take additional actions with respect to its business that it would not have taken if it was continuing to operate on a stand-alone basis;

costs related to the proposed business combination, such as legal, accounting and some financial advisory fees, must be paid even if the proposed business combination is not completed; and

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PlanetOut may be required to raise additional capital to continue operating as a stand-alone company, which could result in substantial dilution to existing PlanetOut stockholders or increased interest and other costs, and such additional capital may not be available on acceptable terms, or at all, especially in view of the current market conditions.

The ownership of 80% of Here Media's common stock by the pre-transaction owners of the HMI Entities, and provisions in Here Media's certificate of incorporation and Here Media's bylaws, may prevent takeover attempts that could be beneficial to Here Media's other stockholders.

Immediately following completion of the proposed business combination, and unless and until substantial additional shares of common stock or other voting securities are issued to other persons in future acquisitions or financing or for other purposes, the pre-transaction owners of the HMI Entities will own 80% of the Here Media common stock, which will be Here Media's only class of voting securities. In particular, Here Management LLC, which is 51%-owned by Mr. Jarchow and 35%-owned by Mr. Colichman, will own 75% of the Here Media common stock outstanding following the proposed business combination, and Mr. Jarchow will hold 3% and Mr. Colichman will hold 2% of the outstanding common stock directly.

Provisions of Here Media's certificate of incorporation and provisions of Here Media's bylaws could discourage a takeover of Here Media even if a change of control of Here Media would be beneficial to the interests of its stockholders. These charter provisions include the following:

- a requirement that Here Media's board of directors be divided into three classes, with one-third of the directors to be elected each year;
- authorization of Here Media's board of directors, without stockholder approval, to issue up to 10 million shares of undesignated preferred stock;
- a prohibition on stockholders calling a special meeting of stockholders;
- advance notice requirements for proposing matters to be approved by stockholders at stockholder meetings; and
- supermajority voting requirements (two-thirds of outstanding shares) for amendment of the bylaws or certain provisions of the certificate of incorporation.

The interests of Here Media's principal stockholders may differ from the interests of Here Media's other stockholders.

Upon completion of the proposed business combination, as a result of their direct and indirect ownership of common stock of Here Media, Messrs. Jarchow and Colichman will be able to determine all matters requiring approval by a majority of Here Media's stockholders, including the election of directors. As directors and executive officers of Here Media, they will also have control over the day-to-day operations of the company. The interests of Messrs. Jarchow and Colichman, or either of them, may differ significantly from the interests of Here Media's other stockholders.

Messrs. Jarchow and Colichman also control Regent Studios LLC, Regent Worldwide Sales LLC and Regent Releasing LLC, upon which Here Networks has depended for a substantial majority of its programming to date. Following the consummation of the proposed business combination, Messrs. Jarchow and Colichman may be subject to conflicts of interest with respect to the pricing or availability, including renewal of existing program licenses, of

any programming supplied by entities under their control to Here Networks in the future. Moreover, if any of the entities under Mr. Jarchow's or Mr. Colichman's control or all or part of the film libraries of those entities were to be sold, there can be no assurance that Here Media would be able to obtain programming from those entities following any such sale. Here Media's inability to obtain programming from these related parties or to find a third-party supplier of programming could have a material adverse effect on its operations. In addition, although Here Media believes that the program license agreements between Here Networks and its related parties have been negotiated as arms-length transactions, Here Media cannot assure you that it could independently produce or

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obtain programming from a third-party on terms and conditions, including cost, as favorable as those that Here Networks has historically received from the related parties.

The special stock will provide only limited downside protection to its holders.

The special stock is intended to provide a limited form of downside protection to its holders if a liquidation, dissolution or winding up of Here Media occurs within four years after the proposed business combination in which the holders of Here Media common stock would, but for the effect of the special stock, receive less than \$4.00 per share. In that event, the holders of special stock will have a priority claim on any liquidation proceeds in an amount such that the liquidation proceeds they receive, when added to the liquidation proceeds payable on an equal number of shares of Here Media common stock after giving effect to the liquidation priority of the special stock, would equal \$4.00 of total liquidation proceeds, to the extent such funds are available after payments of all creditor claims and all liquidation preferences and accrued dividends payable to holders of any preferred stock. A sale of Here Media for consideration consisting of at least 50% cash or publicly traded securities that is a change of control, as defined by the SEC, will be considered a liquidation for purposes of the special stock, but a sale of Here Media consisting mostly of other consideration (such as securities that are not publicly traded or other non-cash property) would not be considered a liquidation, and would not trigger the protections of the special stock. In addition, the special stock will be canceled in the event of a public offering (or a private investment in public equity, or PIPE, transaction) of Here Media at a price of at least \$4.00 per share that results in gross proceeds to Here Media of at least \$20 million. The acquisition of Here Media by a special purpose acquisition company or similar transaction, as determined by Here Media's Board of Directors, other than an acquisition solely for cash, that values Here Media's common stock at a price of at least \$4.00 per share will also result in the cancellation of the special stock. The \$4.00 per share priority claim to liquidation proceeds is subject to possible adjustments in some events. Here Media has the ability to issue other classes or series of stock that may be senior in liquidation or other rights to the special stock, and those issuances could reduce or eliminate the protections of the special stock. There can be no assurance that a transaction to sell Here Media will meet the requirements of the liquidation provisions of the special stock, or that the special stock will not be canceled (through the expiration of its four-year term or through a public offering or PIPE transaction as described above) prior to a liquidation or sale of Here Media.

Recharacterization of the special stock for U.S. federal income tax purposes may affect the tax consequences of the merger.

Here Media and PlanetOut believe that the special stock is properly characterized as stock of Here Media that is not nonqualified preferred stock, as that term is defined in Section 351(g)(2) of the Internal Revenue Code of 1986, as amended, or the Code. There is no clear authority, however, considering the characterization of a financial instrument with terms substantially similar to the special stock, and no legal opinion addressing this question has been or will be obtained by Here Media or PlanetOut. The Internal Revenue Service, or IRS, could challenge the parties' characterization of the special stock for tax purposes, and a court could sustain such challenge. If the special stock were characterized as nonqualified preferred stock or treated as not being stock of Here Media for U.S. federal income tax purposes, a U.S. holder of PlanetOut stock would be required to recognize any gain realized in the merger to the extent of the fair market value of the special stock received. See *The Proposed Business Combination – Material U.S. Federal Income Consequences – Federal Income Tax Consequences to PlanetOut Stockholders – Tax Consequences Depend on Characterization of Special Stock.*

Risks Relating to the Business of the Combined Company

PlanetOut and the HMI Entities each have histories of significant losses. If Here Media does not attain and sustain profitability, its financial condition and stock price could suffer.

PlanetOut experienced losses from continuing operations of \$7.8 million and \$13.7 million for the years ended December 31, 2008 and 2007, respectively.

Here Networks experienced a net loss of \$12.7 million for the year ended December 31, 2007, which reported amount does not include income tax benefits due to the fact that Here Networks is a limited liability company that has elected to be treated as a partnership for income tax purposes, rather than as a corporation or other separately-taxable

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entity. Regent Entertainment Media experienced losses from continuing operations of \$4.7 million and \$23.6 million for the years ended December 31, 2008 and 2007, respectively.

In addition, Here Media expects development, sales and other operating expenses to increase in the future as it expands its business, including its new motion picture production business. If Here Media's revenue does not grow to offset these expected increased expenses, Here Media may not be profitable. In fact, in future quarters Here Media may not have any revenue growth and its revenues could decline. Furthermore, if Here Media's operating expenses exceed its expectations, its financial performance will be adversely affected and Here Media may continue to incur significant losses in the future.

Here Media may require additional capital, which may not be available, particularly under current capital and credit market conditions.

Here Media's operations require significant amounts of cash. Here Media may be required to seek additional capital, whether from sales of equity or debt, in order to fund its ongoing operations and for the future growth and development of its business, including its planned motion picture production business. Here Media can give no assurance that such additional equity or debt capital will be available to it on acceptable terms, or at all. Adverse capital and credit market conditions may significantly affect Here Media's access to cost of capital. This could result in substantial increases in interest expense and substantial dilution of the common stockholders' equity interest in Here Media.

Here Media's success is dependent upon audience acceptance of its programming and other entertainment content, which is difficult to predict.

The production and distribution of television programs, motion pictures and other entertainment content are inherently risky businesses. The revenue Here Media derives and its ability to distribute its content will depend primarily on consumer tastes and preferences that change in often unpredictable ways. The success of Here Media's businesses will depend on its ability to acquire and create content and programming that consistently meet the changing preferences of viewers in general, viewers in the LGBT community and other niche markets, and viewers in specific demographic categories. The commercial success of Here Media's programming and other content will also depend on the quality and acceptance of competing programs and other content available in the applicable marketplace at the same time. Other factors, including the availability of alternative forms of entertainment and leisure time activities, general economic conditions, piracy, digital and on-demand distribution and growing competition for consumer discretionary spending may also affect the audience for Here Media's content. Audience sizes for its media network are critical factors that will affect both the volume and pricing of advertising revenue that Here Media receives and the extent of distribution and license fees Here Media receives from distributors.

The entertainment and media programming industries are increasingly competitive industries.

The entertainment and media programming industries in which Here Media will operate are highly competitive. Here Media will compete with other programming networks for distribution and viewers, including a number of companies with much greater financial and other resources, such as Viacom, Time Warner and News Corporation. Here Media's here! Network also competes for viewers with other forms of media entertainment, such as broadcast television, home video, movies, live events, periodicals, console games and online and mobile activities. In addition, there has been consolidation in the media industry, and Here Media's competitors include other market participants with interests in multiple media businesses with longer histories of vertical integration. Here Media's ability to compete successfully depends on a number of factors, including its ability to consistently supply high quality and popular content, access its niche viewerships with appealing category-specific programming, adapt to new technologies and distribution platforms and achieve widespread distribution. There can be no assurance that Here Media will be able to compete

successfully in the future against existing or new competitors, or that increasing competition will not have a material adverse effect on its business, financial condition or results of operations.

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Here Networks depends substantially on a limited number of cable television operators.

Here Networks is dependent on viewers of a limited number of cable television operators for a substantial portion of its revenues. For the year ended December 31, 2008, 95.0% of Here Networks' subscription and transaction revenue was attributable to viewers of a total of six operators, and the top three of these accounted for 39.5%, 21.4% and 20.7%, respectively, of revenue. Here Networks currently has agreements in place with these operators that expire or are subject to renewal at various times, beginning in 2010 through 2012. There is no assurance that these agreements will be renewed in the future on terms, including pricing, acceptable to Here Networks, or at all. Further, these agreements generally provide that the operator has the right to discontinue carrying a particular Here Networks service (such as VOD, SVOD or linear television channel services) on any operator system or, in some cases, terminate the agreement, subject to giving specified notice to Here Networks. The loss of one or more of its significant operators or the loss of carriage on any significant operator system could have an adverse effect on Here Networks' business, financial condition and results of operations. In addition, further consolidation among cable and DTH satellite operators and increased vertical integration of such distributors into the cable or broadcast television businesses could adversely affect Here Networks' ability to negotiate favorable terms for distribution of its program services. Further, since Here Networks' accounts receivable are concentrated in a relatively small number of operators, a significant change in the liquidity, financial position, or issues regarding timing of payments of any one of these operators could have a material adverse impact on the collectibility of its accounts receivable, revenues recorded and future results of operations.

If Here Media is unable to generate revenue from advertising or if it loses existing PlanetOut or Regent Entertainment Media advertisers, its business will suffer.

Here Media's advertising revenue will be dependent on the budgeting, buying patterns and expenditures of advertisers which in turn are affected by a number of factors such as general economic conditions, changes in consumer habits and changes in the retail sales environment. A decline or delay in advertising expenditures caused by such factors could reduce or hurt Here Media's ability to increase its revenue. For example, the recent economic downturn has significantly affected the advertising market as a whole, and if the decrease in advertising expenditures persists, Here Media's business will be adversely affected.

Here Media's advertising revenue will also be dependent on the collective experience of its sales force and on its ability to recruit, hire, train, retain and manage the sales force. PlanetOut has experienced turnover in its sales force and, on January 16, 2009, reduced its sales force by approximately 50% to reduce costs and manage expenses. If Here Media experiences similar turnover in its sales force or is unable to recruit or retain its sales force, it may be unable to meet the demands of its advertisers or attract new advertisers and its advertising revenue could decrease.

Additionally, advertisers and advertising agencies may not perceive the LGBT market that Here Media will serve to be a sufficiently broad or profitable market for their advertising budgets, or may prefer to direct their online and print advertising expenditures to larger, higher-traffic websites and higher circulation publications that focus on broader markets. If Here Media is unable to attract new advertisers, or if its advertising campaigns are unsuccessful with the LGBT community, Here Media's revenue will decrease and operating results will suffer.

In its advertising business, Here Media will compete with a broad variety of online and print content providers, including large media companies such as Yahoo!, Google, MSN, Time Warner, Viacom (including its Logo properties), Condé Nast, IAC and News Corporation, as well as a number of smaller companies focused on the LGBT community. If Here Media is unable to compete successfully with current and new competitors, it may not be able to achieve or maintain market share, increase its revenue or achieve profitability.

Here Media's ability to fulfill the demands of its online advertisers will be dependent on the number of page views generated by its visitors, members and subscribers. If Here Media is not able to attract new visitors, members or subscribers or to retain PlanetOut's current visitors, members and subscribers, its page views may decrease. If its page views decrease, Here Media may be unable to timely meet the demands of its current online advertisers and its advertising revenue could decrease.

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Here Media's success will depend, in part, upon the growth of Internet advertising and upon its ability to predict the cost of customized campaigns.

Online advertising is expected to represent a significant portion of Here Media's advertising revenue. Here Media will compete with traditional media, including television, radio and print, in addition to high-traffic websites, such as those operated by Yahoo!, Google, AOL and MSN, for a share of advertisers' total online advertising expenditures. Here Media faces the risk that advertisers may find the Internet to be less effective than traditional media in promoting their products or services, and as a result they may reduce or eliminate their expenditures on Internet advertising. Many potential advertisers and advertising agencies have only limited experience advertising on the Internet and historically have not devoted a significant portion of their advertising expenditures to Internet advertising. Additionally, filter software programs that limit or prevent advertisements from being displayed on or delivered to a user's computer are becoming increasingly available. If this type of software were to become widely accepted, it would negatively affect Internet advertising.

Here Media plans to offer advertisers a number of alternatives to advertise their products or services on its websites, in its publications and to its members, including banner advertisements, rich media advertisements, traditional print advertising, email campaigns, text links and sponsorships of its channels, topic sections, directories, sweepstakes, awards and other online databases and content. Frequently, advertisers request advertising campaigns consisting of a combination of these offerings, including some that may require custom development. If Here Media is unable accurately to predict the cost of developing custom advertising campaigns for its advertisers, its revenue may decrease, its expenses may increase and its margins will be reduced.

If Here Media's efforts to attract and retain subscribers are not successful, its revenue will decrease.

Because a significant portion of Here Media's revenue is expected to be derived from its subscription services, Here Media must attract and retain subscribers. Many of the new subscribers originate from word-of-mouth referrals within the LGBT community. If the subscribers do not perceive Here Media's service offerings or publications to be of high quality or sufficient breadth, if new services or publications are not favorably received or if Here Media fails to introduce compelling new content or features or enhance its existing offerings, it may not be able to attract new subscribers or retain current subscribers. In addition, PlanetOut's and the HMI Entities' historic base of likely potential subscribers has been limited to members of the LGBT community, who collectively comprise an estimated 6-7% of the general adult population based on those persons who have self-identified as lesbian, gay, bisexual or transgender. Here Media intends to identify and market to additional niche interest groups to expand its business. Here Media cannot assure you, however, that it will be successful in doing so.

While seeking to add new subscribers, Here Media must also minimize the loss of existing subscribers. In the years ended December 31, 2007 and 2008, PlanetOut's total subscription cancellations exceeded the number of new subscriptions, resulting in a decrease in total online subscribers, or members with a paid subscription plan. Historically, PlanetOut has lost its existing subscribers primarily as a result of cancellations and credit card failures due to expirations or exceeded credit limits. Subscribers cancel their subscription to services for many reasons, including a perception, among some subscribers, that they do not use the service sufficiently, that the service or publication is a poor value or that customer service issues are not satisfactorily resolved. Online members may decline to subscribe or existing online subscribers may cancel their subscriptions if Here Media websites experience a disruption or degradation of services, including slow response times or excessive down time due to scheduled or unscheduled hardware or software maintenance or denial of service attacks. Here Media must continually add new subscribers both to replace subscribers who cancel or whose subscriptions are not renewed due to credit card failures and to continue to grow its business beyond its current subscriber base. If excessive numbers of subscribers cancel their subscription, Here Media may be required to incur significantly higher marketing expenditures than currently anticipated in order to replace canceled subscribers with new subscribers, which will harm its financial condition.

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Increased programming production and content costs may adversely affect Here Media's results of operations and financial condition.

One of the most significant areas of expense for Here Media will be for the licensing and production of content. In connection with creating original content, Here Media will incur production costs associated with, among other things, acquiring new show concepts and engaging creative talent, including actors, writers and producers. The costs of producing programming have generally increased in recent years. These costs may continue to increase in the future, which may adversely affect Here Media's results of operations and financial condition.

Disruption or failure of satellites and facilities, and disputes over supplier contracts on which Here Media depends to distribute its programming could adversely affect its business.

Here Media will depend on transponders on satellite systems to transmit its media network to cable television operators and other distributors. The distribution facilities include uplinks, communications satellites and downlinks. Here Media obtains satellite transponder capacity pursuant to a contract with a third-party vendor. Even with back-up and redundant systems, transmissions may be disrupted as a result of local disasters or other conditions that may impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption or failure occurs, Here Media may not be able to secure alternate distribution facilities in a timely manner, which could have a material adverse effect on its business and results of operations.

Here Media must respond to and capitalize on rapid changes in new technologies and distribution platforms, including their effect on consumer behavior, in order to remain competitive and exploit new opportunities.

Technology in the video, telecommunications and data services industry is rapidly changing. Here Media must adapt to advances in technologies, distribution outlets and content transfer and storage to ensure that its content remains desirable and widely available to its audiences while protecting its intellectual property interests. Here Media may not have the right, and may not be able to secure the right, to distribute some of its licensed content across these, or any other, new platforms and must adapt accordingly. The ability to anticipate and take advantage of new and future sources of revenue from these technological developments will affect Here Media's ability to expand its business and increase revenue. If Here Media is unable to capitalize on technological advances, Here Media's competitive position may be harmed, and there could be a negative effect on its business.

Here Media's operations could be harmed if it lost the services of certain of its personnel.

Here Media's business will depend significantly on the efforts, abilities and expertise of its senior executives, particularly Messrs. Jarchow and Colichman. These individuals are important to Here Media's success because they have been instrumental in establishing its strategic direction, operating several of its constituent businesses and identifying new business opportunities. In addition, their knowledge and experience in the motion picture industry are critical to the development of Here Media's planned motion picture studio business. The loss of either or both of these key individuals could impair Here Media's business and development until qualified replacements are found. Here Media cannot assure you that these individuals could be quickly replaced with persons of equal experience and capabilities.

Financial market conditions may impede access to or increase the cost of financing for Here Media's operations and investments.

The recent changes in U.S. and global financial and equity markets, including market disruptions and substantial tightening of the credit markets, may make it difficult for Here Media to obtain financing for its operations or

investments or substantially increase the cost of obtaining financing. Here Media's ability to engage in its planned motion picture production business will be highly dependent on its ability to finance the production of theatrical and television motion pictures. Here Media cannot assure you that such financing will be available on acceptable terms, if at all. If Here Media were to raise additional funds through the issuance of equity, equity-related or debt securities, these securities may have rights, preferences or privileges senior to those of the rights of Here

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Media common stock, and the stockholders will experience dilution of their ownership interests. If Here Media is unable to raise additional financing when needed, it could be forced to engage in dispositions of assets or businesses on unfavorable terms, or consider curtailing or ceasing operations.

Any significant disruption in service on Here Media websites or in its computer and communications hardware and software systems could harm its business.

Here Media's ability to attract new visitors, members, subscribers, advertisers and other customers to its websites is critical to its success and largely depends upon the efficient and uninterrupted operation of its computer and communications hardware and software systems. These systems and operations are vulnerable to damage or interruption from power outages, computer hardware and telecommunications failures, software failures, computer viruses, security breaches, catastrophic events, errors in design, installation, configuration and usage by employees, errors in usage by customers, risks inherent in upgrades and transitions to new hardware and software systems and network devices, or the failure of third-party vendors to perform their obligations for any reason, any of which could lead to interruption in Here Media's service and operations, and loss, misuse or theft of data. Here Media's websites could also be targeted by direct attacks intended to cause a disruption in service or to siphon off customers to other Internet services. Any successful attempt by hackers to disrupt Here Media websites' services or its internal systems could harm its business, be expensive to remedy and damage its reputation, resulting in a loss of visitors, members, subscribers, advertisers and other customers.

If Here Media is unable to compete effectively, it may lose market share and its revenue may decline.

Here Media's markets are intensely competitive and subject to rapid change. Across its service lines, Here Media will compete with traditional media companies focused on the general population and the LGBT community, including local newspapers, national and regional magazines, satellite radio, cable networks and network, cable and satellite television shows. In its advertising business, Here Media will compete with a broad variety of online and print content providers, including large media companies such as Yahoo!, Google, MSN, Time Warner, Viacom (including its Logo properties), Condé Nast and News Corporation, as well as a number of smaller companies focused specifically on the LGBT community. In its online subscription business, Here Media's competitors include these companies as well as other companies that offer more targeted online service offerings, such as Match.com, Yahoo! Personals, and a number of other smaller online companies focused specifically on the LGBT community. More recently, PlanetOut has faced competition from the growth of social networking sites, such as MySpace and Facebook, that provide opportunity for an online community for a wide variety of users, including the LGBT community. If Here Media is unable to compete successfully with current and new competitors, it may not be able to achieve or maintain adequate market share, increase its revenue or attain and maintain profitability.

Here Media's efforts to develop new products and services for evolving markets are subject to a number of factors beyond Here Media's control.

There are substantial uncertainties associated with Here Media's efforts to develop new products and services for evolving markets, and substantial investments may be required. Initial timetables for the introduction and development of new products and services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as the development of competitive alternatives, rapid technological change, regulatory changes and shifting market preferences, may cause new markets to move in unanticipated directions.

Here Media's reputation and brand could be harmed if it is unable to protect its domain names and third parties gain rights to, or use, these domain names in a manner that confuses or impairs Here Media's ability to attract and retain customers.

Here Media will have rights to various domain names relating to its brands, including Gay.com, PlanetOut.com, Out.com, Advocate.com and Heretv.com. If Here Media fails to maintain these domain name registrations, a third party may be able to prohibit Here Media from using these domain names, which will make it more difficult for users to find its websites and its service. The acquisition and maintenance of domain names are generally regulated by governmental agencies and their designees. The regulation of domain names in the United States may change in the future. Governing bodies may designate additional top-level domains, appoint additional

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domain name registrars or modify the requirements for holding domain names. As a result, Here Media may be unable to acquire or maintain exclusive rights to relevant domain names. If a third party acquires domain names similar to Here Media's names and engages in a business that may be harmful to Here Media's reputation or confusing to its subscribers and other customers, Here Media's revenue may decline, and it may incur additional expenses in maintaining its brands and defending its reputation. Furthermore, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. Here Media may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of its trademarks and other proprietary rights.

If Here Media fails to protect its trademarks and other proprietary rights, or if it gets involved in intellectual property litigation, its revenue may decline and its expenses may increase.

The success of Here Media's business will depend in part on its ability to maintain the intellectual property rights of its entertainment content. Here Media relies on a combination of confidentiality and license agreements with its employees, consultants and third parties with whom it has relationships, as well as trademark, copyright and trade secret protection laws, to protect its proprietary rights. If the protection of its proprietary rights is inadequate to prevent use or appropriation by third parties, the value of Here Media's brands and other intangible assets may be diminished, competitors may be able to more effectively mimic its service and methods of operations, the perception of its business and service to subscribers and potential subscribers may become confused in the marketplace and its ability to attract subscribers and other customers may suffer, resulting in loss of revenue.

The Internet content delivery market is characterized by frequent litigation regarding patent and other intellectual property rights. As a publisher of online content, Here Media faces potential liability for negligence, copyright, patent or trademark infringement or other claims based on the nature and content of materials that it publishes or distributes. For example, historically, PlanetOut has received, and Here Media may receive in the future, notices or offers from third parties claiming to have intellectual property rights in technologies that Here Media uses in its businesses and inviting it to license those rights. Litigation may be necessary in the future to enforce Here Media's intellectual property rights, to protect its trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity, and Here Media may not prevail in any future litigation. Here Media may also attract claims that its print and online media properties have violated the copyrights, rights of privacy, or other rights of third parties. Adverse determinations in litigation could result in the loss of its proprietary rights, subject Here Media to significant liabilities, and require it to seek licenses from third parties or prevent it from licensing its technology or selling its products, any of which could seriously harm its business. An adverse determination could also result in the issuance of a cease and desist order, which may force Here Media to discontinue operations through its website or websites. Intellectual property litigation, whether or not determined in Here Media's favor or settled, could be costly, could harm Here Media's reputation and could divert the efforts and attention of its management and technical personnel from normal business operations.

Existing or future government regulation in the United States and other countries could limit Here Media's growth and result in loss of revenue.

Here Media is, or may in the future be, subject to federal, state, local and international laws affecting companies conducting business on the Internet, including user privacy laws, regulations prohibiting unfair and deceptive trade practices and laws addressing issues such as freedom of expression, pricing and access charges, quality of products and services, taxation, advertising, intellectual property rights, display and production of material intended for mature audiences and information security. Here Media's compliance with these laws may require it to, for example, change or limit the content it offers to customers through its various media properties, or change or limit the ways in which its online subscribers interact with one another. If such changes or limitations cause Here Media's subscribers to cancel their subscriptions, or reduce the number of first-time subscribers, Here Media's revenue could decline.

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The risks of transmitting confidential information online, including credit card information, may discourage customers from subscribing to Here Media's services.

In order for the online marketplace to be successful, Here Media and other market participants must be able to transmit confidential information, including credit card information, securely over public networks. Third parties may have the technology or know-how to breach the security of customer transaction data. Any breach could cause consumers to lose confidence in the security of Here Media's websites and choose not to subscribe to its services. A security breach could also expose Here Media to risks of data loss, litigation and liability and may significantly disrupt its operations and harm its reputation, operating results or financial condition. Here Media cannot guarantee that its security measures will effectively prohibit others from obtaining improper access to its information or that of its users.

Here Media could lose subscribers if it is unable to provide satisfactory customer service.

Here Media's ability to provide satisfactory customer service depends, to a large degree, on the efficient and uninterrupted operation of its customer service operations. Any significant disruption or slowdown in its ability to process customer calls resulting from telephone or Internet failures, power or service outages, natural disasters or other events could make it difficult or impossible to provide adequate customer service and support. Further, Here Media may be unable to attract and retain adequate numbers of competent customer service representatives, which is essential in creating a favorable interactive customer experience. In January 2009, PlanetOut reduced its customer service staff to reduce costs and manage expenses. If due to this reduction or otherwise Here Media is unable to provide adequate staffing for its customer service operations, its reputation could be harmed and it may lose existing and potential subscribers. In addition, Here Media cannot guarantee that email and telephone call volumes will not exceed its present system or staffing capacities. If this occurs, it could experience delays in responding to customer inquiries and addressing customer concerns.

Here Media may be the target of negative publicity campaigns or other actions by advocacy groups that could disrupt its operations because it serves the LGBT community.

Advocacy groups may target Here Media's business through negative publicity campaigns, lawsuits and boycotts seeking to limit access to its services or otherwise disrupt its operations because it serves the LGBT community. These actions could impair Here Media's ability to attract and retain customers, especially in its advertising business, resulting in decreased revenue, and could cause additional financial harm by requiring that it incur significant expenditures to defend its business and by diverting management's attention. Further, some investors, lenders and others in the investment community may decide not to invest in its securities or provide financing to Here Media because it serves the LGBT community, which, in turn, may hurt the value of its stock.

If one or more states or countries successfully assert that Here Media should collect sales or other taxes on the use of the Internet or the online sales of goods and services, its expenses will increase, resulting in lower margins.

In the United States, federal and state tax authorities are currently seeking to apply their taxing jurisdiction to remote sellers of goods and services and expand the scope of the taxes imposed on such entities, including companies engaged in online commerce. The application of existing and new state tax obligations may subject Here Media to additional state sales and income taxes, which could give rise to material liabilities for which no reserves have been established and lower its sales, increase its expenses and decrease its profit margins on a prospective basis.

In 2003, the European Union implemented new rules regarding the collection and payment of value added tax, or VAT. These rules require VAT to be charged on products and services delivered over electronic networks, including software and computer services, as well as information and cultural, artistic, sporting, scientific, educational,

entertainment and similar services. These services are now being taxed in the country where the purchaser resides rather than where the supplier is located. Historically, suppliers of digital products and services that existed outside the European Union were not required to collect or remit VAT on digital orders made to purchasers in the European Union. With the implementation of these rules, PlanetOut was required to collect and

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remit VAT on digital orders received from purchasers in the European Union, effectively reducing its revenue by the VAT amount because it did not pass this cost on to its customers.

PlanetOut also does not collect sales, use or other similar taxes for sales of its subscription services. In the future, one or more local, state or foreign jurisdictions may seek to impose sales, use or other tax collection obligations on Here Media on a retroactive or prospective basis. If these obligations are successfully imposed upon Here Media by a state or other jurisdiction, it may incur liabilities for which no reserves have been established as well as suffer decreased sales into that state or jurisdiction as the effective cost of purchasing goods or services from it will increase for those residing in these states or jurisdictions.

Here Media is exposed to pricing and production capacity risks associated with its magazine publishing business, which could result in lower revenues and profit margins.

Here Media will publish and distribute magazines, such as *The Advocate*, *Out* and *HIVPlus*, among others. The commodity prices for paper products have been increasing over recent years, and producers of paper products are often faced with production capacity limitations, which could result in delays or interruptions in Here Media's supply of paper. In addition, mailing costs have also been increasing, primarily due to higher postage rates. If pricing of paper products and mailing costs continue to increase, if Here Media encounters shortages in its paper supplies, or if its third-party vendors fail to meet their obligations for any reason, Here Media's revenues and profit margins could be adversely affected.

FORWARD-LOOKING STATEMENTS

Some of the statements under Summary, Risk Factors, Information About Here Media, Information About PlanetOut, Information About Here Networks, Information About Regent Entertainment Media and elsewhere in this proxy statement/prospectus constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, financial position, levels of activity, performance or achievements of Here Media, PlanetOut or the HMI Entities to be materially different from any future results, financial position, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify these statements by forward-looking words such as anticipate, believe, could, estimate, expect, intend, may, plan, should, will and would or similar words. You should read statements that contain these words carefully because they discuss the companies' future expectations, contain projections of the companies' future results of operations or of the companies' financial positions, or state other forward-looking information. We believe that it is important to communicate this information to you. However, there may be events in the future that Here Media, PlanetOut and the HMI Entities are not able to control or predict accurately. The risks described under Risk Factors, as well as the other cautionary language in this proxy statement/prospectus, provide examples of risks, uncertainties and events that may cause the companies' actual results to differ materially from the expectations that Here Media, PlanetOut and the HMI Entities describe in the forward-looking statements. These risks, uncertainties and events include, but are not limited to:

- competition in the markets in which the companies operate;
- the ability of the companies to raise capital in the future;
- the ability of the companies to manage and expand their business;

changes in customer preferences and the ability of the companies to adapt the companies' product and service offerings;

changes in laws and regulations;

other domestic and global economic, business, competitive and regulatory factors affecting the companies' businesses generally, including a continuation of the current economic downturn or further deterioration in the economy; and

effects of natural catastrophes, terrorism and other business interruptions.

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You should be aware that the occurrence of the events described in these risk factors and elsewhere in this proxy statement/prospectus could have a material adverse effect on the business, results of operations and financial position of the companies.

We cannot guarantee future results, financial position, levels of activity, performance or achievements. You should not place undue reliance on the forward-looking statements included in this proxy statement/prospectus, which apply only as of the date of this proxy statement/prospectus. We expressly disclaim any duty to update the forward-looking statements, and the estimates and assumptions associated with them, after the date of this proxy statement/prospectus to reflect changes in circumstances or expectations or the occurrence of unanticipated events, except to the extent required by applicable securities laws.

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THE PLANETOUT SPECIAL MEETING

General

PlanetOut is soliciting the enclosed proxy on behalf of its board of directors for use at its special meeting of stockholders, which it will hold on June 10, 2009, at 10:00 a.m., local time, or at any adjournment or postponement of its special meeting. The purposes of PlanetOut's special meeting are described in both this proxy statement and its notice of special meeting that it is sending to you along with this proxy statement. PlanetOut's special meeting will be held at its San Francisco offices, located at 1355 Sansome Street, San Francisco, California 94111. PlanetOut intends to mail this proxy statement along with the proxy card on or about May 19, 2009 to all stockholders entitled to vote at its special meeting.

Solicitation

PlanetOut will bear the entire cost of solicitation of proxies, including the preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information it furnishes to you. PlanetOut will furnish copies of solicitation materials to banks, brokerage houses, fiduciaries and custodians who hold in their names shares of its common stock which are beneficially owned by others so that they may forward the solicitation materials to the beneficial owners. PlanetOut may reimburse persons who represent beneficial owners of its common stock for their costs of forwarding solicitation materials. PlanetOut may supplement the original solicitation of proxies by mail by other methods such as telephone, electronic mail or personal solicitation by its directors, officers or employees. PlanetOut will not pay additional compensation to its directors, officers or employees for these services.

Voting Information

Who may vote? You may vote if you owned shares of PlanetOut's common stock at the close of business on May 15, 2009. You may vote each share that you owned on that date on each matter presented at the meeting. As of May 15, 2009, we had _____ shares outstanding entitled to one vote per share.

What am I voting on? You are voting on:

a proposal to (i) adopt the Agreement and Plan of Merger, dated as of January 8, 2009, as amended as of April 27, 2009, by and among PlanetOut, Here Media, Merger Sub, and the HMI Owners and the HMI Entities signatory thereto and (ii) approve the merger of Merger Sub with and into PlanetOut with PlanetOut surviving and becoming a wholly owned subsidiary of Here Media, a newly formed holding company; and

a proposal to adjourn the meeting to a later date, if necessary.

What vote is required? A majority of our outstanding shares of common stock entitled to vote must be present in person or represented by proxy to hold the meeting. The affirmative vote of the holders of at least a majority of the outstanding shares of PlanetOut common stock will be needed to approve the merger. A majority of the shares of common stock present in person or represented by proxy is necessary to approve an adjournment of the meeting.

Unless you specify otherwise when you submit your proxy, the proxies will vote your shares of common stock **FOR** both proposals.

How do I vote? There are three ways to vote by proxy:

by calling the toll-free telephone number on the proxy;

by using the Internet; or

by returning the enclosed letter proxy in the envelope provided.

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Voting Via the Internet or by Telephone

You may grant a proxy to vote your shares by means of the telephone or on the Internet. The law of the State of Delaware, under which PlanetOut is incorporated, specifically permits electronically transmitted proxies, if the proxy contains or is submitted with information from which the inspectors of election can determine that the proxy was authorized by you.

The telephone and Internet voting procedures below are designed to authenticate stockholders' identities, to allow you to grant a proxy to vote your shares and to confirm that your instructions have been recorded properly. If you are granting a proxy to vote via the Internet, you should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that you will be responsible for paying.

For Shares Registered in Your Name

Stockholders of record may grant a proxy to vote shares of PlanetOut's common stock by using a touch-tone telephone to call 1-800-560-1965 or via the Internet by accessing the website www.eproxy.com/lgbt. You will be required to enter a series of numbers that are located on your proxy card and the last four digits of your social security number or tax identification number. If voting via the Internet, you will then be asked to complete an electronic proxy card. Your votes will be generated on the computer screen and you will be prompted to submit or revise them as desired. Votes submitted by telephone or via the Internet must be received before 10:00 a.m., Pacific Time, on June 9, 2009. Submitting your proxy by telephone or via the Internet will not affect your right to vote in person should you decide to attend the special meeting.

For Shares Registered in the Name of a Broker or Bank

Most beneficial owners whose stock is held in street name receive instructions for granting proxies from their banks, brokers or other agents, rather than PlanetOut's proxy card. A number of brokers and banks are participating in a program provided through Broadridge Investor Communication Solution (Broadridge) that offers the means to grant proxies to vote shares by means of the Internet. If your shares are held in an account with a broker or bank participating in the Broadridge program, you may go to www.proxyvote.com to grant a proxy to vote your shares by means of the Internet. Submitting your proxy via the Internet will not affect your right to vote in person should you decide to attend the special meeting. A beneficial owner who wishes to vote at the meeting must have an appropriate proxy from his or her broker or bank appointing that beneficial owner as attorney-in-fact for purposes of voting the beneficially held shares at the meeting.

Can I revoke my proxy?

Yes. You can revoke your proxy by:

prior to the meeting, filing a written notice of revocation or a duly executed proxy bearing a later date with PlanetOut's corporate secretary at its principal executive office, 1355 Sansome Street, San Francisco, California 94111, or

attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

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THE PROPOSED BUSINESS COMBINATION

Background of the Proposed Business Combination

Periodically over the company's history, PlanetOut's board of directors and management have considered the company's available strategic alternatives, both in connection with the day-to-day operation of the company and in response to unsolicited expressions of interest from third parties.

In January 2007, following consideration of the strategic alternatives available to it, the company engaged Jefferies & Company, Inc. to explore a potential sale of the company. During that process, Jefferies contacted twelve prospective strategic and financial buyers. Management meetings were held with five of these parties. Ultimately none of the contacted parties pursued the opportunity to acquire the company, largely due to each party's inability to arrive at a valuation at or above the then current market price.

During the spring of 2007, the company continued to receive unsolicited inquiries concerning potential strategic transactions involving either portions or the entire business of the company, including an expression of interest in exploring a potential transaction from the principals of Here Networks and Regent Releasing. During this period, the board and management considered a variety of available strategic and financial alternatives to address future financing needs, especially given the pending due date of the company's loans from Orix Venture Finance LLC. The company consulted with a number of potential strategic financial advisors, terminated its advisory relationship with Jefferies in April 2007 and engaged Allen as its strategic financial advisor in May 2007.

In May 2007, Mr. Colichman of Here Networks and Regent Releasing, and Karen Magee and Dan Miller, PlanetOut's Chief Executive Officer and then Chief Financial Officer, respectively, had a conference call in which Mr. Colichman described his company's businesses and his plans for them going forward. In a subsequent meeting, Mr. Colichman and his colleague, David Gould, proposed a marketing agreement between Regent Releasing and PlanetOut. In light of the company's financing needs and the limitations of the proposed marketing arrangements, the company decided not to pursue Mr. Colichman's proposal and to proceed with an equity financing.

On July 9, 2007, PlanetOut completed a \$26.2 million equity financing, of which approximately \$14 million was used to retire PlanetOut's outstanding debt, including the Orix loans.

Throughout the summer and the fall of 2007, management implemented its strategy to focus and streamline its operations in an effort to reduce costs and future capital requirements and to invest in the segments of PlanetOut's business with the greatest potential for synergy and growth. In support of this strategy, in July 2007, the company announced the shutdown of its international operations. In December 2007, the company sold its travel business, RSVP Productions, Inc. The company was also actively seeking the sale of its adult business, SpecPub, Inc.

In November and December 2007, Messrs. Colichman and Jarchow had meetings and conversations with the management of PlanetOut concerning a possible combination of the companies. PlanetOut's board and management decided the company needed to engage in a broader process to identify other potential acquirers and other available alternatives for the company.

Following a review in December 2007 of the company's preliminary budget for 2008 and available financial and strategic options, in January 2008, the board signed a new engagement letter for Allen to assist the company in evaluating its strategic alternatives, including a possible sale of the company.

During its meeting on January 11, 2008, the board formed a special committee, comprised of Stephen Davis, John Marcom, H. William Jesse, Jr. and Mr. Kleweno, with the committee chaired by Mr. Kleweno.

In January and February 2008, Allen contacted 55 parties who might have an interest in acquiring the company, which resulted in the distribution of a detailed information memorandum to 43 of those parties.

Based on concerns about projected losses in PlanetOut's publishing business and a lack of interest in the publishing assets exhibited by most prospective buyers, in February 2008, PlanetOut decided to pursue a sale of the publishing assets independent of a sale of the company. Following management meetings and discussions with potential acquirers of the publishing assets during February and March 2008, the company entered into a binding term sheet on April 7, 2008 with Regent Releasing, an affiliate of Here Networks, which led to the sale of PlanetOut's magazine and book publishing businesses, including the operations of its wholly owned subsidiaries

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LPI and SpecPub, to Regent Entertainment Media on August 13, 2008. The sale was made pursuant to a put/call agreement entered into on August 12, 2008, among Regent Releasing, Regent Entertainment Media, PlanetOut, LPI and SpecPub, and a marketing agreement between Regent Releasing and PlanetOut. Under the put/call agreement, either LPI and SpecPub or Regent Entertainment Media could cause the closing of the sale to occur by notifying the other party on or before August 21, 2008, of its intent to close the sale on or before August 31, 2008. On August 12, 2008, LPI and SpecPub notified Regent Entertainment Media that the closing would occur on August 13, 2008. The put/call agreement and marketing agreement included cash payments of \$6.5 million made between April 30, 2008 and September 15, 2008 by Regent Releasing and Regent Entertainment Media, the assumption by Regent Entertainment Media of the majority of the operating liabilities of PlanetOut's magazine and book publishing business, and the agreement of PlanetOut to provide marketing and advertising for Regent Releasing's films and other products across PlanetOut's online and, prior to closing of the put/call transaction, print platforms and publications, and at PlanetOut's events from May 2008 through March 31, 2009.

At the same time, the company continued to pursue the sales process for the online portion of the business. In late March 2008, Allen provided financial statements for the online portion of the business to potential bidders. The company also set a deadline of early April 2008 for initial indications of interest from potential bidders.

At the beginning of April 2008, the company received five initial indications of interest for a purchase of the online business. A number of these indications of interest proposed an acquisition of the assets of the company, which provided specific complications for the company due to the cost and delay of liquidating the company and distributing the proceeds to the stockholders.

During its meeting on April 17, 2008, the special committee discussed the five indications of interest as well as other options available to the company, including the possibility that the company might remain independent if none of the offers reflected fair value for the company's stockholders.

One of the potential bidders was dropped from the process immediately because its valuation was substantially below the valuation offered by the other potential bidders. Allen was directed to continue discussions with the other four potential bidders. Following the deadline, the company received indications of interest from Regent Entertainment Media and a sixth party. On further review and diligence as to the six indications of interest, one potential bidder, a competitor, was dropped from the process because its indication of interest offered a lower value prospect for the company's stockholders and because of questions of its motivations for being in the process. Another potential bidder was dropped because of the value it was offering. This left four potential bidders in the process.

In May and June 2008, the company held management meetings with Regent Entertainment Media and two of the three other parties in the process and had a conference call with the third. The third party fell out of the process shortly after the conference call. The remaining two parties other than Regent Entertainment Media will be referred to below as the first and second alternate parties.

On July 2, 2008, the first alternate party proposed to purchase the company for \$4.25 per share. On July 18, 2008, Allen contacted Regent Entertainment Media and the second alternate party to try to get firm offers from them.

On July 22, 2008, Regent Entertainment Media proposed an acquisition of PlanetOut in which a minimum of 65% of PlanetOut's stockholders would roll their stake into a private company and remain investors in the new company, but did not give a price. Regent Entertainment Media was requested to provide more detail as to its proposal.

During its meeting on July 24, 2008, the board received an update from Allen on the status of discussions with the interested parties.

On July 24, 2008, a representative from the second alternate party sent Mr. Kleweno a presentation that their team had prepared for potential partners, summarizing their strategic perspective on a rebuilt PlanetOut, and requested an opportunity to discuss their perspectives with Mr. Kleweno.

On July 25, 2008, Regent Entertainment Media proposed an acquisition of PlanetOut at \$5.00 per share in cash, and continued to propose that some of PlanetOut's largest stockholders remain investors in the new private company.

On July 25, 2008, the company also received a proposal from the second alternate party to acquire the company for \$3.00 per share in cash. The second alternate party fell out of the process shortly thereafter given its lower valuation and the company's concerns about the second alternate party's ability to obtain financing for the transaction.

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In response to a request to provide more detail as to its July 25, 2008 proposal, on July 31, 2008, Regent Entertainment Media proposed an acquisition of PlanetOut at \$5.00 per share, requiring that 40% of the company's stockholders remain investors in the new company.

On August 11, 2008, the special committee discussed a revised offer submitted by the first alternate party at \$4.60 per share which required a period of exclusivity, reimbursement by PlanetOut of the first alternate party's expenses if no transaction resulted and approval of the transaction by more than 50% of the company's stockholders at the time of signing of the merger agreement. The committee expressed significant concerns about the first alternate party's offer, including its ability to obtain financing for the transaction, its requirement for exclusivity and expense reimbursement and its requirement that a majority of stockholders approve the transaction prior to executing a definitive agreement.

During a conference call on August 12, 2008, members of the special committee and Ms. Magee met with representatives from Regent Entertainment Media to review their strategic plans and financial information for the combined companies.

Due to concerns that the Regent Entertainment Media proposal required an agreement by a minimum number of stockholders to remain as investors in the new company, PlanetOut began negotiating the terms of an acquisition with the first alternate party and on August 18, 2008, sent a draft term sheet and a limited exclusivity agreement. The company also continued to review plans through which the company could continue to operate its online business on a stand-alone basis.

On August 19, 2008, Regent Entertainment Media proposed the acquisition of PlanetOut at \$4.50 per share in cash, requiring that at least 20% of its stockholders remain investors in the new company. On August 19, 2008, Mr. Kleweno called Mr. Colichman to explain that his offer was attractive, but would need to be increased if Regent Entertainment Media wanted to acquire the business.

On August 20, 2008, Regent Entertainment Media proposed the acquisition of 100% of the company's shares at \$5.00 per share in cash with no requirement that stockholders remain as investors in the new company, and requested a 60-day exclusivity period.

During its meeting on August 21, 2008, the board decided to pursue the negotiation of the definitive terms of a transaction with Regent Entertainment Media, having considered and discussed the first alternate party's unwillingness to raise its offer and the continuing concern about its ability to finance the offer.

On August 22, 2008, Mr. Kleweno called Mr. Colichman to inform him that the company would like to move forward with the Regent Entertainment Media offer. Over the next few days, the parties proceeded to negotiate the terms of an acquisition and an exclusivity period.

On August 25, 2008, the special committee, concluding that to proceed with Regent Entertainment Media PlanetOut would need to agree to Regent Entertainment Media's demands for a limited period of exclusivity, approved entering into a 21-day exclusivity agreement with Regent Entertainment Media with two potential one-week extensions upon Regent Entertainment Media meeting certain milestones related to negotiating the details of the transaction.

On August 27, 2008, the parties reached preliminary agreement on proposed terms for the acquisition of the company for \$5.00 per share in cash and entered into the exclusivity agreement.

On September 3 and 4, 2008, due diligence meetings were held with Regent Entertainment Media in PlanetOut's San Francisco offices. In connection with these meetings, PlanetOut updated the financial information provided in March 2008.

On September 9, 2008, Regent Entertainment Media informed the company that it had analyzed the information received and concluded that it could no longer pursue a transaction at \$5.00 per share based on concerns about the cash available and necessary for the combined company.

On September 17, 2008, Allen provided the board with an update on the status of the continuing negotiations with Regent Entertainment Media.

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On October 2, 2008, Regent Entertainment Media proposed an acquisition of the company in which certain stockholders would be requested to roll their stock into a new private company and the remaining stockholders would receive between a minimum of \$2.50 per share and a maximum of \$5.00 a share, depending upon how many stockholders elected to roll their holdings into a new private entity.

The exclusivity agreement having expired, on that same date, Allen called the first alternate party and the second alternate party to determine whether they might have continued interest in an acquisition of the company.

During the October 6, 2008 special committee meeting, Allen led a discussion concerning the status of negotiations with Regent Entertainment Media and the first and second alternate parties, including a discussion regarding the terms for the transaction proposed by Regent Entertainment Media on October 2, 2008.

On October 9, 2008, Mr Kleweno discussed with the second alternate party the requirement for a cash offer and the need for that party to identify the source of financing for an acquisition.

On October 14, 2008, Mr. Kleweno discussed with the first alternate party their continued interest in the company. The first alternate party indicated that they required an exclusivity period of ten days to begin further conversations and requested significant additional diligence information. There were continuing concerns about the ability of the first alternate party to secure financing for the transaction.

On October 15, 2008, at the request of management of PlanetOut, representatives of the company's counsel, Howard Rice, spoke with a representative of Regent Entertainment Media's counsel, Mayer Brown LLP, about a potential stock-for-stock transaction with Regent Entertainment Media in which Regent Entertainment Media would merge certain businesses plus \$6 million of cash into PlanetOut for a controlling stake in the resulting company. The proposal was to also provide some downside protection for PlanetOut's stockholders in the event of a liquidation or sale of the company below an agreed price.

On October 16, 2008, representatives of Regent Entertainment Media met with representatives of Allen to share a projected financial plan for the combined company.

During the October 20, 2008 special committee meeting, Mr. Kleweno led a discussion concerning the status of negotiations with Regent Entertainment Media. Mr. Steimle provided an update concerning the company's preliminary financial results for the third quarter of 2008 and the projected cash position of the company. Mr. Steimle also led a discussion regarding an analysis he had done regarding the viability of a wind-down of the company's operations and liquidation of the company.

On October 20, 2008, Regent Entertainment Media proposed merging certain businesses into PlanetOut in a stock-for-stock merger, with the HMI Owners being issued 80% of the company on a pro forma basis. In addition, Regent Entertainment Media proposed the issuance of a security which would provide downside protection to PlanetOut's stockholders to the extent the company was liquidated or sold for less than \$5.00 per share.

On October 22, 2008, Mr. Kleweno called the first alternate party to tell it that the company was unwilling to give it a period of exclusivity.

On October 23, 2008, Allen met with the second alternate party. The second alternate party still could not provide evidence of its ability to finance a transaction.

During the October 29, 2008 special committee meeting, Mr. Kleweno led a discussion concerning the status of negotiations with Regent Entertainment Media, including a discussion regarding the proposed terms for the

transaction Regent Entertainment Media proposed on October 20, 2008.

During a November 10, 2008 special committee meeting, Allen led a discussion concerning the status of continuing negotiations with Regent Entertainment Media, including a discussion of the October 20, 2008 proposal by Regent Entertainment Media. The special committee unanimously approved continuing negotiations with Regent Entertainment Media regarding its proposal.

On November 11, 12 and 13, 2008, PlanetOut and Regent Entertainment Media met at Regent Entertainment Media's Los Angeles offices to conduct diligence on their respective businesses and financial positions. In connection with these meetings, PlanetOut provided Regent Entertainment Media with updated financial information.

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During its November 13, 2008 meeting, the board approved continuing negotiations based on a possible alternate structure which would have PlanetOut merging into Regent Entertainment Media rather than Regent Entertainment Media merging into PlanetOut. In the ensuing weeks, the parties had further diligence conference calls and meetings to discuss the structure of the proposed transaction, finally reaching agreement on the proposed business combination structure being presented to the stockholders, including the creation of Here Media.

On December 1, 2008, the respective chairmen of PlanetOut and Regent Entertainment Media, PlanetOut management, and representatives from Howard Rice and Mayer Brown LLP had a conference call for the purpose of negotiating the terms of a definitive merger agreement.

On December 3, 4 and 5, 2008, PlanetOut and Regent Entertainment Media met at Regent Entertainment Media's Los Angeles offices to conduct further diligence on both companies and to analyze the financial position of the combined company. During the course of those meetings, Regent Entertainment Media proposed an alternative structure in which PlanetOut would remain a public company but would sell its assets in exchange for a 20% interest in Here Media. That proposal was considered and rejected by the special committee on December 8, 2008, and after discussions with Allen, on December 12, 2008, Regent Entertainment Media agreed to proceed with the structure that is being proposed to the stockholders.

During the period from December 5, 2008 through January 4, 2009, the respective management and counsel for the parties had numerous discussions regarding the terms of the definitive agreement. The parties also negotiated the definitive terms of the special stock.

During a conference call on December 18, 2008, the chairmen of PlanetOut and Regent Entertainment Media, PlanetOut management, and representatives from Howard Rice and Mayer Brown LLP negotiated the terms of the merger agreement and discussed PlanetOut's reduced expectations for 2009 financial performance.

On January 2, 2009, PlanetOut's management and Allen discussed concerns that the downside protection of the special stock that had initially been proposed would only be operative in connection with the sale of PlanetOut solely for cash.

On January 3 and 4, 2009, Allen negotiated the terms of the special stock with Mr. Jarchow. Mr. Jarchow would only agree to expand the scope of the protection of the special stock beyond a sale of the company solely for cash to also cover a sale for cash and publicly traded stock if the price protection were decreased to \$4.00 per share. Mr. Jarchow also proposed that in exchange for Messrs. Jarchow's and Colichman's election to receive salaries of \$1.00 for the first year following the consummation of the proposed business combination, Here Media would reduce the amount of cash to be contributed to the combined company to \$5,200,000 less up to \$500,000 for expenses related to the transaction.

During its January 4, 2009 meeting, Mr. Kleweno and Ms. Magee discussed with the board the updated terms of the deal, including receiving broader downside protection for the stockholders which could only be obtained in exchange for agreeing to decrease the price protection to \$4.00 a share and the reduction of the minimum amount of cash to be contributed. It was concluded that the changes were in the best interest of the stockholders.

After having heard management's description of the transaction and the fairness presentations of Allen and Viant and having received the opinions of Allen and Viant as to the fairness from a financial point of view of the consideration being received by the stockholders in the transaction, PlanetOut's board approved the acquisition on January 7, 2009. The parties executed the merger agreement on January 8, 2009. On April 27, 2009, the parties executed an amendment to the merger agreement to extend from April 30, 2009 to May 31, 2009 the date on which the merger agreement provides that it may be terminated by Here Media or PlanetOut if the proposed business combination is not completed.

On May 13, 2009, PlanetOut agreed that the amount of cash Here Media is required to have as a condition to closing of the proposed business combination could be reduced further by the amount, not to exceed \$1 million, spent for prints of and advertising expenses for the film *Departures*, the 2008 Academy Award winner in the category of Best Foreign Language Film, in exchange for the contribution to Here Media at the closing of the United States distribution rights for such film, including rights to certain revenues related thereto.

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Recommendation of PlanetOut's Board of Directors

**The Board of Directors Recommends
a Vote in Favor of Adoption of the Merger Agreement and Approval of the Merger**

PlanetOut's board of directors has approved the merger agreement and determined that the merger is advisable and in the best interests of PlanetOut and its stockholders. Accordingly, the board of directors recommends that PlanetOut stockholders vote FOR the proposal to adopt the merger agreement and approve the merger and, if necessary, adjournment of the special meeting to a later date for that purpose.

PlanetOut's Reasons for the Merger

In reaching its decision to approve the merger agreement, the PlanetOut board of directors, with the assistance of PlanetOut's management and financial and legal advisors, considered and analyzed a number of factors, including those reviewed by the board of directors at the meetings described above. The PlanetOut board of directors considered the following material factors in determining to approve the merger agreement and the proposed business combination:

the strategic fit between PlanetOut and the HMI Entities and the complementary nature of their respective businesses and client bases and the potential for significant content, technology, cost and revenue synergies that will benefit the combined company and position the combined company to be able to compete more effectively than PlanetOut would be able to on a stand-alone basis;

management's analysis and understanding of the business, operations, financial performance, financial condition and earnings of PlanetOut on a stand-alone basis, and the assessment, based on such analysis and understanding, that the business combination with the HMI Entities would be more favorable to PlanetOut and its stockholders than remaining an independent public company in light of the potential risks and uncertainties associated with PlanetOut continuing to operate on a stand-alone basis. Those risks and uncertainties included those relating to PlanetOut's ability to attract and retain subscribers and advertisers, its ability to obtain financing for anticipated short-term and longer-term capital needs, and the potential impact on PlanetOut of declining economic conditions generally;

the opportunity for PlanetOut's stockholders to become stockholders of and participate in the potential growth of a larger combined company than PlanetOut on its own due to more diverse assets, including video, a broader online network, and larger subscriber and advertiser bases;

the anticipated synergies from the proposed business combination resulting from cost savings programs, which are anticipated to result primarily from downsizing the workforce and eliminating duplicate infrastructure, advertising, communication, professional fees and other expenses;

the anticipated synergies from the proposed business combination resulting from revenue synergies, which are anticipated to result primarily from bundled sales of gay.com, magazine, and here! TV subscriptions and cross-platform advertising sales;

the expectation that the combined company will have a leading collection of media assets focused on the LGBT market and will be able to provide a broader set of opportunities to advertisers desiring to reach this market;

the issuance of Here Media's special stock to PlanetOut stockholders, which is intended to provide limited downside protection in the event of a sale or liquidation of Here Media;

the terms and conditions of the merger agreement, including:

the limited closing conditions to the HMI Entities' obligations under the merger agreement. In particular, the merger agreement contains no financing contingency and has already been approved by the HMI Entities equityholders, so there is no fiduciary out for the HMI Entities to pursue any alternative transaction;

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the provisions of the merger agreement that allow PlanetOut to engage in negotiations with, and provide information to, third parties, under certain circumstances in response to an unsolicited alternative proposal that PlanetOut's board of directors determines in good faith, after consultation with its outside legal advisors and its financial advisors, constitutes a transaction that is more favorable to PlanetOut's stockholders than the business combination with the HMI Entities; and

the provisions of the merger agreement that allow PlanetOut's board of directors to change its recommendation that PlanetOut stockholders vote in favor of the approval and adoption of the merger agreement, if PlanetOut's board of directors determines in good faith that the failure to change its recommendation would be inconsistent with its fiduciary duties under applicable law; and

the opinion of Allen and the second opinion of Viant, which PlanetOut's board decided to obtain given the potential perception of a conflict of interest of Allen due to its holdings of PlanetOut common stock, to the effect that, as of January 7, 2009, and based on and subject to the matters described in the opinions, the merger consideration, to be received by holders of PlanetOut Common Stock, is fair from a financial point of view to the stockholders of PlanetOut, as described under Opinion and Financial Analyses of Allen & Company LLC Presented to PlanetOut's Board of Directors and Opinion and Financial Analyses of Viant Capital LLC Presented to PlanetOut's Board of Directors sections of this document.

The PlanetOut board of directors also identified and considered a number of potentially adverse factors concerning the merger, including the following:

the risk that the business combination might not be completed in a timely manner or at all;

the risk that the anticipated synergies and other potential benefits of the proposed business combination may not be fully or partially realized;

the challenges and difficulties, foreseen and unforeseen, relating to integrating the operations of PlanetOut and the HMI Entities;

the risk associated with diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the proposed business combination;

the potential loss of advertising revenue after announcement of the proposed business combination as a result of current or prospective advertisers delaying spending decisions until the merger is completed; and

the possibility of management and employee disruption associated with the proposed business combination and integrating the operations of the companies, including the risk that, despite the efforts of the combined company, key management, sales, marketing, editorial, technical and administrative personnel of PlanetOut might not remain employed with the combined company.

The PlanetOut board of directors also considered the following factors:

the feasibility and desirability of pursuing alternative strategies, such as pursuing growth and increased stockholder value through other business combinations, financings or strategic transactions;

the fact that PlanetOut may not be able to sustain its business and may be placed at a disadvantage relative to its competitors if the business combination is not completed;

the current and prospective economic and competitive environment facing the media industry and PlanetOut in particular;

the fact that the board of directors of Here Media will be a classified board consisting of three individuals, two of whom will be designated by the HMI Entities, and one designated by PlanetOut; and

the investment banking, legal and accounting fees and expenses of PlanetOut related to the proposed business combination.

After taking into account all of the factors set forth above, the PlanetOut board of directors believed that the expected benefits of the proposed business combination outweighed the risks and that the proposed business combination is in the best interests of PlanetOut and its stockholders.

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The foregoing discussion of information and factors considered by the PlanetOut board of directors is not intended to be exhaustive but is believed to include the material factors considered by the PlanetOut board of directors. In view of the wide variety of factors considered by the PlanetOut board of directors, the PlanetOut board of directors did not find it practicable to quantify or otherwise assign relative weight to the specific factors considered. In addition, the PlanetOut board of directors did not reach any specific conclusion on each factor considered, but conducted an overall analysis of these factors. Individual members of the PlanetOut board of directors may have given different weight to different factors.

In considering the recommendation of PlanetOut's board of directors with respect to the merger agreement, PlanetOut stockholders should be aware that some directors, officers and stockholders of PlanetOut have interests in the proposed business combination that are different from, or are in addition to, the interests of PlanetOut stockholders generally. Please see [Interests of Directors, Executive Officers and Principal Stockholders in the Merger](#) for a discussion of these differing or additional interests.

THE PLANETOUT BOARD OF DIRECTORS RECOMMENDS THAT PLANETOUT STOCKHOLDERS VOTE FOR ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER.

The HMI Entities' Reasons for the Contribution

The HMI Entities' business strategy focuses on the distribution of professionally produced content to niche markets across multiple platforms, including cable and satellite television, print media and the Internet. The HMI Entities selected the LGBT community as the first target market for the implementation of their niche market media model because it is an affluent, engaged and relatively under served segment of the general population. The HMI Entities currently operate the here! Network, which offers original movies, series, documentaries and music specials tailored for the LGBT community in the United States, and publish magazines, including *The Advocate*, *Out* and *HIVPlus*, which are aimed primarily at the LGBT market. The HMI Entities believe their combination with PlanetOut will significantly increase their distribution capabilities by giving them access to one of the largest and most well-known online destinations for the gay and lesbian community.

The HMI Entities believe there are strategic benefits to combining their existing content and technology with PlanetOut's critical mass of online subscribers and website visitors. The HMI Entities plan to make professionally produced content they currently provide unedited and commercial free on the here! Network available without charge to viewers on the Gay.com website through an ad-supported video player. The HMI Entities believe that by attracting viewers seeking professionally produced, culturally customized video content, with limited commercial interruption, they are able to offer advertisers the opportunity to reach a commercially attractive, engaged audience. The HMI Entities also plan to attract premium subscribers (who pay higher subscription fees) to Gay.com by offering here! Network's premium online SVOD services to those subscribers.

In addition to the perceived strategic benefits to the combination, the HMI Entities believe the proposed business combination offers opportunities for substantial cost savings because they have existing staff that can perform many of the functions currently performed by PlanetOut employees, particularly in the areas of content production, sales and information technology. For example, the HMI Entities plan to create an integrated advertising sales team that will focus on video, print and digital platforms across all of the combined companies' business activities.

Projected Financial Information

Neither PlanetOut nor the HMI Entities have a history of making detailed multiple-year projections of their financial performance or, in the case of PlanetOut, of providing publicly disseminated earnings forecasts, due, among other reasons, to the inherent uncertainty and unpredictability of the underlying assumptions and estimates entailed in

formulating such projections and forecasts. For the same reasons, Here Media does not intend to provide projections of its future net income or other aspects of its future performance following completion of the proposed business combination. Certain financial projections were prepared by PlanetOut and the HMI Entities for use by Allen and Viant in connection with the preparation of their respective opinions described in this proxy statement/prospectus and attached as appendices hereto. These included projections that the free cash flows of the combined company for the years 2009, 2010 and 2011 would be approximately \$(3.3) million, \$4.6 million and \$7.7 million,

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respectively. Free cash flow is defined for this purpose as operating cash flow, net of changes in working capital, minus capital expenditures. Neither the provision of such projections nor their consideration by Allen or Viant in connection with the preparation of their respective opinions, however, should be regarded as an indication that any of PlanetOut, the HMI Entities, Here Media, Allen, Viant or any other recipient of the projections considered, or now considers, them to be reliable predictions of future results. Nor were these projections used by PlanetOut, the HMI Entities or the HMI Owners in negotiating the terms of the proposed business combination. The projections were instead provided to convey to Allen and Viant the intended business strategy of the combined company and possible results of that strategy under certain assumptions the respective managements believed to be reasonable. In addition, it should be noted that the projections cover multiple years, and, inherently, are more uncertain with each successive year.

The projections provided by PlanetOut and the HMI Entities to Allen and Viant reflected numerous estimates and assumptions with respect to industry performance, general business, economic, market and financial conditions, as well as matters specific to the businesses of PlanetOut and the HMI Entities, many of which are beyond their control. These estimates and assumptions included the following:

Revenues derived from network subscribers would increase modestly over the three-year period from approximately \$4.6 million in 2009 to approximately \$6.7 million in 2011 due to a combination of increases in the number of network subscribers anticipated to result from the combined company's access to both new subscribers and non-subscription visitors to the Gay.com and Planetout.com websites, expansion of Here Networks' subscription online video player services into international markets, and the combined company's ability to offer packages of multiple platform services to the LGBT consumers of the pre-combination companies.

An anticipated increase in revenues from the combined company's online business from approximately \$15.7 million in 2009 to approximately \$18.2 million in 2011 due to, among other factors, the introduction of ad-supported, professionally produced video content to the Gay.com and PlanetOut.com websites and increased retention of online subscribers as a result of the offering of new value-added video content.

Revenues derived from the print business would increase from approximately \$23.1 million in 2009 to approximately \$24.5 million in 2011.

Revenues from the new motion picture production business were projected to be approximately \$9.3 million in 2009 and to increase to approximately \$27.0 million in 2011, mainly attributable to revenues from the production of original programming.

An anticipated improvement in the ratio of expense to revenue as a result of both the expected increases in revenues described above without corresponding increases in expenses and reductions in operating costs, as compared with the operating costs of the respective companies prior to completion of the proposed business combination, through reductions in the number of employees, including the staff reduction of approximately 33% announced by PlanetOut in January 2009, and reductions in fixed costs and overhead over the three-year period through consolidation of the respective company's operations, including office facilities rent, information technology costs, and sharing content across the combined company's platforms.

There can be no assurance that the projected results will be realized or that actual results, including projected cost savings, will not be substantially different than projected. It should also be noted that the projections provided to Allen and Viant were not prepared with a view toward public disclosure or toward complying with GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither PlanetOut's or the HMI

Entities independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

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Opinion and Financial Analyses of Allen & Company LLC Presented to PlanetOut's Board of Directors

Allen has acted as financial advisor to PlanetOut with respect to the proposed business combination. In connection with Allen's engagement as financial advisor, PlanetOut requested that Allen evaluate the fairness, from a financial point of view, of the merger consideration to be received by PlanetOut's stockholders. On January 7, 2009, Allen delivered its oral opinion, subsequently confirmed in writing, to the board of directors of PlanetOut to the effect that, as of the date of its opinion and based upon and subject to the qualifications, limitations and assumptions set forth therein, the merger consideration to be received by the stockholders of PlanetOut was fair, from a financial point of view, to PlanetOut's stockholders.

This summary of Allen's written opinion is qualified in its entirety by reference to the full text of Allen's written opinion, dated January 7, 2009, attached as Annex A. You are urged to read Allen's written opinion carefully and in its entirety. Allen's written opinion addresses only the fairness, from a financial point of view, of the merger consideration to PlanetOut's stockholders, as of the date of Allen's written opinion, and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the proposed business combination.

In arriving at its opinion, Allen, among other things:

reviewed and analyzed the terms and conditions of the draft merger agreement and the draft certificate of incorporation attached thereto (and has subsequently confirmed that the changes reflected in the final version of the merger agreement would not affect its opinion);

reviewed and analyzed trends in the online content market;

reviewed and analyzed publicly available information on PlanetOut;

reviewed and analyzed the financial and business condition and prospects of each of PlanetOut and the HMI Entities based on information provided by senior management of the respective companies;

reviewed and analyzed historical results and financial projections of PlanetOut and the HMI Entities provided by senior management of the respective companies;

reviewed and analyzed financial projections of Here Media prepared by senior management of PlanetOut and the HMI Entities;

reviewed and analyzed information obtained from discussions with management of each of PlanetOut and the HMI Entities;

reviewed and analyzed the trading history of PlanetOut's common stock;

reviewed and analyzed the trading history of PlanetOut's common stock as compared to that of comparable companies and market indices;

reviewed and analyzed public financial and transaction information related to comparable mergers and acquisitions, including the premiums and multiples paid in those transactions;

reviewed and analyzed the common stock price and market multiples of PlanetOut in relation to that of comparable public companies;

reviewed and analyzed market multiples of public companies comparable to Here Media assuming the completion of the merger; and

conducted such other financial analyses and investigations as Allen deemed necessary or appropriate for the purposes of the opinion expressed therein.

In connection with its review, Allen did not assume any responsibility for independent verification of any of the information utilized in its analyses and relied upon and assumed the accuracy and completeness of all of the financial, accounting, tax and other information that was available to Allen from public sources, that was provided to it by PlanetOut and/or the HMI Entities or their respective representatives, or that was otherwise reviewed by Allen. With respect to the projected business information and financial results that Allen reviewed, Allen was

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advised by the managements of PlanetOut and the HMI Entities, and Allen assumed that such forecasts had been reasonably prepared in good faith reflecting the best currently available estimates and judgments of the managements of PlanetOut and the HMI Entities as to the future financial performance of PlanetOut, the HMI Entities and Here Media. Allen assumed no responsibility for such forecasts or the assumptions on which they were based.

Allen also assumed, with PlanetOut's consent, that the proposed business combination would be consummated in accordance with the terms and conditions set forth in the draft merger agreement and the draft certificate of incorporation attached thereto that it reviewed. Allen neither conducted a physical inspection of the properties and facilities of PlanetOut or the HMI Entities nor, except as specifically set forth in the opinion, made or obtained any evaluations or appraisals of the assets or liabilities of PlanetOut or the HMI Entities, or conducted any analysis concerning the solvency of PlanetOut. Allen's opinion addressed only the fairness, from a financial point of view, of the merger consideration to PlanetOut's stockholders, and did not address any other aspect or implication of the proposed business combination or any other agreement, arrangement or understanding entered into in connection with the proposed business combination or otherwise. Allen's opinion is necessarily based upon information made available to it as of the date of its opinion, and upon financial, economic, market and other conditions as they existed and could be evaluated on the date of Allen's opinion. Allen's opinion did not address the relative merits of the proposed business combination as compared to other business strategies that might be available to PlanetOut, nor did it address PlanetOut's underlying business decision to proceed with the proposed business combination. Allen did not express an opinion about the fairness of any compensation payable to any of PlanetOut's officers, directors or employees in connection with the proposed business combination, relative to the compensation payable to the stockholders.

In preparing its opinion, Allen performed a number of financial and comparative analyses, including those further described below. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Allen believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors, could create a misleading view of the processes underlying its opinion. No company or transaction used in the analyses performed by Allen as a comparison is identical to PlanetOut or the contemplated proposed business combination. In addition, Allen may have given some analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuation resulting from any particular analysis described below should not be taken to be Allen's view of the actual value of PlanetOut. The analyses performed by Allen are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses or assets do not purport to be appraisals or to necessarily reflect the prices at which businesses or assets may actually be sold. The analyses performed were prepared solely as part of Allen's analysis of the fairness, from a financial point of view, of the merger consideration to PlanetOut's stockholders, and were provided to PlanetOut's board of directors in connection with the delivery of Allen's opinion.

Financial Analyses of Allen

The following is a summary of material financial analyses performed by Allen in connection with the preparation of its opinion, and reviewed with PlanetOut's board of directors at a meeting held on January 7, 2009. Certain of the following summaries of financial analyses that were performed by Allen include information presented in tabular format. In order to understand fully the material financial analyses that were performed by Allen, the tables should be read together with the text of each summary. The tables alone do not constitute a complete description of the material financial analyses. Allen analyzed the pro forma value of Here Media in order to place a range of potential values on the merger consideration and analyzed the value of PlanetOut in order to determine if the merger consideration to be received by the stockholders of PlanetOut was fair, from a financial point of view, to PlanetOut's stockholders.

Valuation of Here Media

Allen used the following valuation analyses in determining a range of pro forma enterprise values for Here Media after giving effect to the completion of the merger: (1) discounted cash flow analysis; (2) comparable company multiples analysis; and (3) sum of the parts analysis.

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(1) *Discounted Cash Flow Analysis.* Allen's discounted cash flow approach was based upon certain financial projections and estimates for the fiscal years 2009 to 2011 which were provided by the management of PlanetOut and the HMI Entities. Allen's analyses utilized the projected cash flows of PlanetOut and the HMI Entities discounted back to present value based on a range of risk-adjusted discount rates. Allen used discount rates ranging from 14% to 18% and used terminal estimated earnings before interest, taxes, depreciation and amortization (EBITDA) multiples ranging from 4.0x to 6.0x. The discount rates for the Here Media discounted cash flow analysis were calculated using the weighted average cost of capital based upon (i) comparable public diversified media companies' capital structures and equity betas, (ii) the U.S. 10-year treasury rates as of January 5, 2009, (iii) the equity market risk premium, (iv) the equity size risk premium for companies of comparable size and (v) an assumed 40% marginal tax rate. The terminal EBITDA multiples were determined by analyzing the Enterprise Value/2009E and 2010E EBITDA multiples for comparable public diversified media companies. Based on projections provided to Allen by Here Media's and PlanetOut's management teams, Allen used 2009E, 2010E and 2011E free cash flow estimates of \$(3.3) million, \$4.6 million and \$7.7 million, respectively, as well as 2011E EBITDA of \$21.9 million. The resulting discounted cash flow analysis implied an enterprise value range of Here Media of between \$59 million and \$95 million.

(2) *Comparable Company Multiples Analysis.* Allen analyzed and examined EBITDA multiples and revenue multiples for publicly traded diversified media companies which Allen deemed most comparable to Here Media, based on having business segments comparable to the business segments of Here Media. These companies included:

Walt Disney Co.

News Corporation

Time Warner Inc.

Viacom

Liberty Media Corp.

CBS Corp.

Allen calculated the ratio of enterprise value to EBITDA and enterprise value to revenue on a projected calendar year basis for 2008 through 2010 for the comparable companies. Based on its analysis of the comparable companies, Allen selected a representative range of multiples and applied the multiples to relevant financial data of Here Media to calculate a range of implied enterprise values. Given Here Media's projected 2009 performance, Allen focused its analysis on the EBITDA multiples for 2010 and the revenue multiples for 2009. Allen's analysis is set forth in the table below.

	Implied Enterprise Value of Here Media (\$ millions)	Range of Selected Multiples of Comparable Diversified Media Companies
2010E EV/EBITDA	\$51 \$64	4.0x 5.0x
2009E EV/Revenue	\$46 \$57	0.8x 1.0x