HOLLYWOOD MEDIA CORP
Form 10-Q
May 15, 2002

U. S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________________ to __________________

COMMISSION FILE NO. 0-22908

HOLLYWOOD MEDIA CORP.
(Exact name of registrant as specified in its charter)

FLORIDA	65-0385686
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2255 GLADES ROAD, SUITE 237 WEST BOCA RATON, FLORIDA	33431
(Address of principal executive offices)	(zip code)

(561) 998-8000
(Registrant's telephone number)

Hollywood.com, Inc.
(Former Name)

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of May 9, 2002, the number of shares outstanding of the issuer's common stock, $.01 par value, was 28,646,111.

HOLLYWOOD MEDIA CORP.

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HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2002 (Unaudited)
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 1,337,451
Receivables, net	1,853,895
Inventories, net	8,929,159
Prepaid expenses	831,114
Other receivables	782,032
Other current assets	7,053
Deferred advertising - CBS	13,054,321

Total current assets	26,795,025
PROPERTY AND EQUIPMENT, net	4,327,614
INVESTMENTS IN AND ADVANCES TO EQUITY METHOD INVESTEES	1,011,467
NONCURRENT DEFERRED ADVERTISING - CBS	65,542,431
INTANGIBLE ASSETS, net	3,478,072
GOODWILL, net	40,655,452
OTHER ASSETS	995,547
TOTAL ASSETS	$ 142,805,608

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable	$ 2,037,851
Other accrued expenses	1,730,421
Notes payable	250,000
Loan from shareholder/officer	1,000,000
Advances from factor	296,788
Accrued exit and retail closure costs	303,543
Deferred revenue	11,288,438
Current portion of capital lease obligations	603,635
Total current liabilities	17,510,676
CAPITAL LEASE OBLIGATIONS, less current portion	356,540
DEFERRED REVENUE	886,466
MINORITY INTEREST	--
OTHER DEFERRED LIABILITIY	3,145,211
COMMITMENTS AND CONTINGENCIES	
SHAREHOLDERS' EQUITY:	
Preferred Stock, $.01 par value, 539,127 shares authorized; none outstanding	--
Common stock, $.01 par value, 100,000,000 shares authorized; 28,646,111 and 27,971,409 shares issued and outstanding at March 31, 2002 and December 31, 2001, respectively	286,461
Deferred compensation	(1,604,221)
Additional paid-in capital	284,381,464
Accumulated deficit	(162,156,989)
Total shareholders' equity	120,906,715
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 142,805,608

The accompanying notes to consolidated financial statements are an integral part of these consolidated balance sheets.

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
NET REVENUES	$ 12,910,753	$ 10,877,772
COST OF REVENUES	8,441,472	6,767,165
Gross margin	4,469,281	4,110,607
OPERATING EXPENSES:		
General and administrative	1,628,521	1,696,733
Selling and marketing	925,932	925,593
Salaries and benefits	3,563,120	3,119,836
Amortization of CBS advertising	4,577,598	5,048,292
Depreciation and amortization	905,055	2,150,078
Exit and retail closure costs	261,399	(272,576)
Total operating expenses	11,861,625	12,667,956
Operating loss	(7,392,344)	(8,557,349)
EQUITY IN EARNINGS OF INVESTMENTS	216,383	447,875
OTHER INCOME (EXPENSE):		
Interest expense	(179,685)	(55,636)
Interest income	3,022	49,725
Other, net	20,846	4,914
Loss before minority interest	(7,331,778)	(8,110,471)
MINORITY INTEREST IN EARNINGS OF SUBSIDIARIES	(204,000)	(44,873)
Net loss	$ (7,535,778)	$ (8,155,344)
Basic and diluted net loss per common share	$ (0.27)	$ (0.33)
Weighted average common and common equivalent shares outstanding - basic and diluted	28,116,685	24,706,527

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2002
(Unaudited)

	Common Stock	
	Shares	Amount
Balance - December 31, 2001	27,971,409	$ 279,714
Issuance of options and warrants for services rendered	--	--
Issuance of stock - 401(k) employer match	20,777	208
Amortization of deferred compensation	520,682	5,207
Issuance of stock - note extension	43,044	430
Issuance of common stock to pay obligations of Hollywood Media	1,163	12
Employee stock compensation	54,392	544
Stock option and warrant exercise - net issuance	34,644	346
Net loss	--	--
Balance - March 31, 2002	28,646,111	$ 286,461

[restubbed table]

	Accumulated Deficit	Total
Balance - December 31, 2001	$(154,621,211)	$ 127,171,49
Issuance of options and warrants for services rendered	--	77,22
Issuance of stock - 401(k) employer match	--	136,92

Amortization of deferred compensation	--	570,14
Issuance of stock - note extension	--	187,21
Issuance of common stock to pay obligations of Hollywood Media	--	6,39
Employee stock compensation	--	293,09
Stock option and warrant exercise - net issuance	--	--
Net loss	(7,535,778)	(7,535,77
Balance - March 31, 2002	$(162,156,989)	$ 120,906,71

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

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HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Mo
	2002
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$(7,535
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	905
Interest	143
Equity in earnings of investments, net of return of invested capital	486
Issuance of compensatory stock, stock options and warrants for services rendered	370
Amortization of deferred compensation costs	570
Provision for bad debts	92
Reversal for retail closure costs	
Amortization of CBS advertising	4,577
Minority interest	204
Return of capital from Tekno Books to minority partner	(268
Changes in assets and liabilities:	
Receivables	(527
Prepaid expenses	(84
Inventories	(1,842
Other current assets	(7
Other assets	(35
Accounts payable	369
Deferred revenue	2,134
Other accrued expenses	(37
Net cash used in operating activities	(486

CASH FLOWS FROM INVESTING ACTIVITIES:	
Net advances from equity method investees	
Capital expenditures	(390
Net cash (used in) provided by investing activities	(390
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from shareholder/officer loan	1,000
Payments of shareholder/officer loan	(450
Payments under note payable	(100
Net advances from factor	(45
Payments to repurchase common stock	
Payments under capital lease obligations	(171
Net cash provided by financing activities	233
Net decrease in cash and cash equivalents	(643
CASH AND CASH EQUIVALENTS, beginning of period	1,980
CASH AND CASH EQUIVALENTS, end of period	$ 1,337
SUPPLEMENTAL SCHEDULE OF CASH RELATED ACTIVITIES:	
Interest paid	$ 32

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(1) BASIS OF PRESENTATION:

In the opinion of management, the accompanying consolidated financial statements have been prepared by Hollywood Media Corp. ("Hollywood Media") pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to those rules and regulations. However, management believes that the disclosures contained herein are adequate to make the information presented not misleading. The financial statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to present fairly Hollywood Media's financial position and results of operations. The results of operations and cash flows for the three months ended March 31, 2002 are not necessarily indicative of the results of operations or cash flows which may be recorded for the remainder of 2002. The accompanying unaudited consolidated financial statements should be read in conjunction with audited consolidated financial statements and notes thereto included in Hollywood Media's Annual Report on Form 10-K for the year ended December 31, 2001.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Per Share Amounts

Basic loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. There were 4,412,495 and 4,820,851 options and warrants to purchase common shares outstanding at March 31, 2002 and 2001, respectively, that could potentially dilute earnings per share in the future. Such options and warrants were not included in the computation of diluted net loss per share because to do so would have been antidilutive for all periods presented.

In addition, the investors in the May 2001 private placement (discussed in Note 7) will be entitled to receive additional shares of common stock upon the exercise of series B adjustment warrants, for no additional consideration, if the market price of Hollywood Media's common stock falls below a specified average price per share (currently set at $3.03) during the stated adjustment periods. The number of shares issuable during any adjustment period increases as the average stock price decreases, but in no event shall the average price per share be less than $2.15. The maximum number of shares issuable in the future under the warrants is 765,973. These warrants were not included in the number of outstanding warrants and options to purchase common shares disclosed in the preceding paragraph because the number of shares, if any, will be determined at the conclusion of each adjustment period.

Accounting Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at

the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates and assumptions embodied in the accompanying unaudited financial statements include the adequacy of reserves for accounts receivables and closed stores and Hollywood Media's ability to realize the carrying value of goodwill, intangible assets, investments in less than 50% owned companies and other long-lived assets.

Receivables

Receivables consist of amounts due from customers who have advertised on Hollywood Media's web sites, have purchased content from Hollywood Media's syndication businesses, have purchased live theater tickets and amounts due from publishers relating to signed contracts, to the extent that the earnings process is complete and amounts are realizable. Receivables are net of an allowance for doubtful accounts of $397,520 and $375,681 at March 31, 2002 and December 31, 2001, respectively.

In 2001, Hollywood Media entered into an agreement with a third party whereby we monetized a certain portion of our accounts receivable. Hollywood Media receives an initial advance of 80% of the invoice amount, with the remaining 20%, less fees, transferred to Hollywood Media upon payment by the customer to the third party. At March 31, 2002 and December 31, 2001, a liability of $296,788 and $341,856, respectively, was recorded for advances that had been paid to Hollywood Media but remain payable by Hollywood Media's customers to the third party.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141 "Business Combinations" and SFAS 142, "Goodwill and Other Intangible Assets." SFAS 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. SFAS 141 also requires allocation of purchase price to certain classes of identifiable intangibles. Under SFAS 142, goodwill related to acquisitions after June 30, 2001 will not be amortized. In addition, amortization of goodwill related to businesses acquired prior to June 30, 2001 ceased on January 1, 2002. In addition, SFAS 142 will change the way Hollywood Media evaluates goodwill and intangibles for impairment. On January 1, 2002, goodwill and certain intangibles are no longer amortized; however, they will be subject to evaluation for impairment at least annually using a fair value based test. The fair value based test is a two-step test. The first step involves comparing the fair value of each of Hollywood Media's reporting units to the carrying value of those reporting units. If the carrying value of a reporting unit exceeds the fair value of the reporting unit, Hollywood Media will be required to proceed to the second step. In the second step, the fair value of the reporting unit will be allocated to the assets (including unrecognized intangibles) and liabilities of the reporting unit, with any residual representing the implied fair value of goodwill. An impairment loss will be recognized if and to the extent that the carrying value of goodwill exceeds the implied value.

Hollywood Media has not yet completed its evaluation in order to determine if an impairment exists and therefore is unable to quantify the impact, if any, on the results of operations and financial position. The transition provisions of SFAS 142 allow until June 30, 2002 to complete step one of the test and, if required,

until December 31, 2002 to complete step 2. Effective January 1, 2002, amortization of approximately $40.7 million of goodwill ceased. Annual goodwill amortization was approximately $5.3 million.

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations." This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. SFAS 143 addresses the accounting and reporting for obligations associated with the retirement of tangible long lived assets. Costs of retiring tangible long-lived assets will be charged to expense and a liability established when incurred at the present value of the future obligation. This statement requires a cumulative effect approach to recognizing transition amounts for existing retirement obligations. Hollywood Media does not believe that the adoption of SFAS 143 will have a material impact on its consolidated results of operations.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 144 supercedes SFAS 121 "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be

Disposed Of" and Accounting Principles Board Opinion ("APB") No. 30, "Reporting the Results of Operations - Reporting the Effects of the Disposal of a Segment Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS 144 establishes a single accounting model for assets to be disposed of by sale whether previously held and used or newly acquired. SFAS 144 retains the provisions of APB No. 30 for presentation of discontinued operations in the income statement, but broadens the presentation to include a component of an entity. SFAS 144 is effective for fiscal years beginning after December 15, 2001 and the interim periods within. Hollywood Media does not believe that the adoption of SFAS 144 will have a material impact on its results of operations.

In April 2002, the FASB issued SFAS 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS 145 rescinds FASB No.4, "Reporting Gains and Losses from Extinguishment of Debt," and an amendment of that Statement, FASB No. 64, "Extinguishments of Debt to Satisfy Sinking-Fund Requirements." This Statement also rescinds FASB No. 44, "Accounting for Intangible Assets of Motor Carriers." This Statement amends FASB No. 13, "Accounting for Leases," to eliminate inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. SFAS 145 is effective for fiscal years beginning after May 15, 2002 with regard to rescission of Statement 4; the provisions in paragraph 8 and 9(c) of this Statement related to Statement 13 are effective for transactions occurring after May 15, 2002; and all other provisions are effective for financial statements issued on or after May 15, 2002. Hollywood Media is currently evaluating the provisions of SFAS 145.

(3) ACQUISITION:

On July 27, 2001, Hollywood Media acquired certain assets of Always Independent Entertainment Corp. ("AlwaysI"), a privately held company, for 210,731 shares of common stock valued at $5.79 per share, the closing market price on the date the transaction closed, or $1,220,132. AlwaysI offers independent films to subscribers over the Internet and licenses films to third parties. Hollywood Media has integrated the AlwaysI subscription service as a distinct channel on Hollywood.com. Filmmakers are charged a fee to place their films on the web site and subscribers are charged a monthly fee to view the films.

The acquisition of AlwaysI was accounted for under the purchase method of accounting and, accordingly, its operating results have been included in the consolidated financial statements since the date of acquisition.

The pre-acquisition results of operations of AlwaysI are not material to the consolidated results of operations and therefore pro forma combined results of operations have not been presented.

(4) DEBT:

In connection with the acquisition on September 15, 2000 of Theatre Direct NY, Inc. ("TDI"), Hollywood Media signed two promissory notes payable to the former owner. The first is an interest bearing note payable with a face value of $500,000 with principal payable monthly. The note bears interest at Citibank, N.A. prime plus 1% per annum (5.75% at March 31, 2002). The second promissory note is a one year non-interest bearing note with a face value of

$250,000. During the first quarter of 2002, Hollywood Media paid $100,000 in cash towards the outstanding balance due under the notes payable. An agreement was reached on March 31, 2002 between Hollywood Media and the former owner of TDI that the remaining notes payable balance would be paid with $320,000 in restricted common stock of Hollywood Media.

In the event that Hollywood Media requires additional funding, Hollywood Media's Chairman of the Board and Chief Executive Officer and Hollywood Media's Vice Chairman and President, have indicated their intention to provide Hollywood Media, if required, with an amount not to exceed $5 million in order to enable Hollywood Media to meet its working capital requirements during 2002; provided, however, that the commitment will be reduced dollar for dollar to the extent Hollywood Media raises no less than $5 million from other sources and such additional funding is not expended on acquisitions. This commitment terminates January 1, 2003. During the three months ended March 31, 2002, net advances of $550,000 were provided to Hollywood Media. These advances bear interest at the J.P. Morgan prime rate (4.75% at March 31, 2002). Interest expense on these advances was $4,450 for the three months ended March 31, 2002.

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(5) OTHER ACCRUED EXPENSES:

Other Accrued Expenses consist of the following:

	MARCH 31, 2002	DECEMBER 31, 2001
Compensation and benefits	$ 620,995	$ 802,308
Accrued liability - theater tickets purchased	336,711	430,323
Insurance	93,731	130,811
Professional fees	191,517	249,207
Licensing fees	54,082	47,517
Interest	77,737	24,069
Royalties	41,414	44,517
Other	314,234	458,673
	$1,730,421	$2,187,425

(6) ACCRUED EXIT AND RETAIL CLOSURE COSTS:

In December 1999, Hollywood Media closed its brick and mortar retail business in its entirety. Hollywood Media recorded provisions in 1998, 1999, 2000 and 2001, for asset impairments and the estimated cost of early store lease terminations as a result of exiting the brick and mortar retail business. The balance at March 31, 2002 and December 31, 2001 of $42,144 consists of an estimate of Hollywood Media's obligation under a lease for a kiosk location that was abandoned. This matter is the subject of outstanding litigation. Management expects this lease matter to be resolved within 2002.

In March 2002, Hollywood Media decided to close its Baseline office in New York City, as a result of the combination of Baseline and FilmTracker (as discussed in Note 8) and moved its operations to its new Baseline office located in Santa Monica, CA office. Severance payments for terminated employees and lease costs associated with the NY office lease of $261,399 have been accrued for at March 31, 2002.

(7) COMMON STOCK:

On January 2, 2002, Hollywood Media issued 520,682 shares of common stock to Hollywood Media's Chairman of the Board and Chief Executive Officer and Hollywood Media's Vice Chairman and President in accordance with the exchange and cancellation on December 14, 2001, of 1,045,000 stock options. The approximate fair value of the stock options, $2,280,587 at December 14, 2001, was equal to the fair value of the restricted stock for which it was exchanged. The shares issued vest 50% on June 30, 2002 and 50% on January 1, 2003. Compensation expense of $570,147 was recorded for the three months ended March 31, 2002.

Hollywood Media issued a total of 40,344 shares of common stock valued at $187,217 during 2002 to extend the term of a promissory note that Hollywood Media guaranteed. In 1999, Hollywood Media loaned approximately $1.7 million to the former owner of CinemaSource (currently an employee of CinemaSource) so that he could pay a portion of the taxes due resulting from the sale of CinemaSource to Hollywood Media. Hollywood Media was obligated to make this loan as part of

the original purchase agreement to acquire CinemaSource. Hollywood Media sold the note to a third party in 2000. The outstanding balance of the loan at March 31, 2002 was $723,511. The borrower on the note is obligated to pay to Hollywood Media an amount equal to 50% of the value of the shares issued to extend the maturity date of the note. Hollywood Media recorded $93,609 as interest expense and $93,608 as other receivables for the three months ended March 31, 2002. The total amount due to Hollywood Media and included in other receivables at March 31, 2002 was $153,094.

In February 2002, Hollywood Media issued 1,163 shares of common stock valued at $6,390 in connection with an amendment to a settlement agreement. The shares were valued at the market price of the common stock on the date the amendment was entered into.

On March 27, 2002, Hollywood Media issued 20,777 shares of common stock valued at $136,920 for payment of Hollywood Media's 401(k) employer match for calendar year 2001.

During 2002, Hollywood Media issued 54,392 shares of unrestricted common stock valued at $293,095, calculated using the closing market price on the various dates of issuance in accordance with the Hollywood Media 2000 Stock Incentive Plan.

In May 2001, Hollywood Media sold 1,252,789 shares of common stock to investors in a private placement. These investors will be entitled to receive additional shares of common stock upon exercise of the series B adjustment warrants for no additional consideration if the average market price of the common stock (as defined) as of June 16, 2002 or September 16, 2002 is less than $3.03 per share. The series B warrants are exercisable on the last day of each twenty trading day period beginning on each of these two dates. The market price of the common stock under the series B warrants is defined as the average of the ten lowest closing sales prices of the common stock during the twenty trading days following each of these two dates, but can be no less than $2.15. The number of shares issuable upon exercise of a series B warrant on each of the two exercise dates is equal to (1) the lower of $3.03 or market price minus the market price, divided by (2) the market price, and multiplied by (3) a number of shares specified in each series B warrant. The maximum number of shares remaining that are issuable in the future under the warrants is 765,973.

During the three months ended March 31, 2002, Hollywood Media issued stock options and warrants valued at $77,228 for consulting services rendered and recorded such amount as consulting expense in the accompanying consolidated statement of operations.

During the three months ended March 31, 2002, Hollywood Media completed net issuances of 34,644 shares of common stock upon the exercise of outstanding stock options and warrants for which no proceeds were received.

(8) FILMTRACKER TRANSACTION:

On January 14, 2002, FilmTracker's parent company, Fountainhead Media Services ("FMS"), acquired a 20% equity interest in Baseline, Inc. for $4 million, with consideration consisting of a $2 million promissory note payable to Hollywood Media in installments over a five-year period with a final payment of approximately $1.2 million, and the contribution of the FilmTracker database, intellectual property rights, and all existing contracts with a stated value of $2 million. The promissory note is secured by the 20% equity interest in Baseline held by FMS. FMS will have the right to convert its 20% equity interest in Baseline into common stock of Hollywood Media at any time during the two-year

period following the payment in full of the promissory note based upon a multiple of Baseline's EBITDA (earnings before interest, taxes, depreciation and amortization) for the year preceding the conversion. For purposes of any such conversion, Hollywood Media's stock will be valued at the greater of (i) $7.50 per share, and (ii) the average closing price of the stock on the Nasdaq Stock Market for the 15 trading days preceding the notice of conversion. Hollywood Media will also have the right to cause the conversion of the equity interest in Baseline to Hollywood Media common stock at any time after the earlier of the payment in full of the promissory note and January 14, 2006. For accounting purposes this transaction is treated as an acquisition of the FilmTracker assets in exchange for:

- o an issuance of a five year option on Baseline stock with a $2 million exercise and

- o the issuance of a put and call option on Hollywood Media common stock.

Management of Hollywood Media has preliminarily estimated the net value of the option in Baseline stock and the put and call options in Hollywood Media common stock as $3,145,211 and has assigned that value to the FilmTracker assets. The purchase price of $3,145,211 was allocated as follows: 1) $1.5 million to fixed assets (equipment, software, etc.) and 2) $1,645,211 to intangible assets. The purchase price allocation is preliminary, pending an appraisal by a third party.

(9) INVESTMENTS IN AND ADVANCES TO EQUITY METHOD INVESTEES:

Investments in and advances to equity method investees consist of the following:

	MARCH 31, 2002	DECEMBER 31, 2001
NetCo Partners (a)	$ 1,112,133	$ 1,527,494
MovieTickets.com (b)	(100,666)	(4,975)

	$ 1,011,467	$ 1,522,519
	===========	===========

(A) NETCO PARTNERS

Hollywood Media owns a 50% interest in a joint venture called NetCo Partners. NetCo Partners is engaged in the development and licensing of Tom Clancy's Net Force. This investment is recorded under the equity method of accounting, recognizing 50% of NetCo Partners' income or loss as Equity in Earnings of Investments. The revenues, gross profit and net income of NetCo Partners for the three months ended March 31, 2002 and 2001 are presented below:

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
Revenues	$ 764,405	$1,171,264
Gross profit	578,321	998,786
Net income	574,148	996,517
Hollywood Media's share of net income	287,074	498,258

Hollywood Media and C.P. Group are each 50% partners in NetCo Partners. C.P. Group contributed to NetCo Partners all rights to Tom Clancy's NetForce, and Hollywood Media contributed to NetCo Partners all rights to Tad Williams' MirrorWorld, Arthur C. Clarke's Worlds of Alexander, Neil Gaiman's Lifers, and Anne McCaffrey's Saraband.

Pursuant to the terms of the NetCo Partners Joint Venture Agreement, Hollywood Media is responsible for developing, producing, manufacturing, advertising, promoting, marketing and distributing NetCo Partners' illustrated novels and related products and for advancing all costs incurred in connection therewith. All amounts advanced by Hollywood Media to fund NetCo Partners' operations are treated as capital contributions of Hollywood Media and Hollywood Media is entitled to a return of such capital contributions before distributions of cash flow are split equally between Hollywood Media and C.P. Group.

NetCo Partners has signed several significant licensing agreements for Tom Clancy's NetForce. These agreements include book licensing agreements for North American rights to a series of adult and young adult books, an audio book agreement and licensing agreements with various foreign publishers for rights to publish Tom Clancy's NetForce books in different languages. These contracts typically provide for payment of non-refundable advances to NetCo Partners upon achievement of specific milestones, and for additional royalties based on sales of the various products at levels in excess of the levels implicit in the non-refundable advances. NetCo Partners recognizes revenue pursuant to these contracts when the earnings process has been completed based on performance of all services and delivery of completed manuscripts.

As of March 31, 2002, NetCo Partners has $2,108,602 in accounts receivable. Management of NetCo Partners believes that these receivables will be collected in full and no reserves have been established. These accounts receivable are not included in Hollywood Media's consolidated balance sheets.

NetCo Partners' deferred revenues, consisting of cash advances received but not yet recognized as revenue, amounted to $122,301 as of March 31, 2002. These deferred revenues are not included Hollywood Media's consolidated balance sheets.

As of March 31, 2002, we received cumulative profit distributions from NetCo Partners since its formation totaling $7,745,446, in addition to reimbursement of substantially all amounts advanced by Hollywood Media to fund the operations of NetCo Partners.

(B) MOVIETICKETS.COM

Hollywood Media entered into a joint venture agreement on February 29, 2000 with the movie theater chains AMC Entertainment Inc. ("AMC") and National Amusements, Inc. to form MovieTickets.com, Inc. ("MovieTickets.com"). In August 2000, the joint venture entered into an agreement with Viacom Inc. to acquire a five percent interest in the joint venture for $25 million of advertising over 5 years. In addition to the Viacom advertising and promotion, MovieTickets.com is promoted through on-screen advertising on each participating exhibitor's movie screens. In March 2001, America Online Inc. ("AOL") purchased a non-interest bearing convertible preferred equity interest in MovieTickets.com for $8.5 million in cash, which can be converted into approximately 3% of the common stock of MovieTickets.com, Inc. In connection with this transaction, MovieTickets.com's ticket inventory is promoted through AOL's interactive properties and ticket inventory of AOL's Moviefone is available on MovieTickets.com.

Hollywood Media owns 26.4% of the equity in MovieTickets.com, Inc. at March 31, 2002. Excluding AOL's convertible preferred equity interest, Hollywood Media shares in 27.1% of the income or losses generated by the joint venture. This investment is recorded under the equity method of accounting, recognizing 27.1% of MovieTickets.com income or loss as Equity in Earnings of Investments. Hollywood Media recorded losses of $70,691 and $50,383 in its investment in MovieTickets.com for the three months ended March 31, 2002 and 2001, respectively. During 2000 Hollywood Media issued a warrant to AMC to acquire 90,573 shares of common stock at an exercise price of $17.875 per share valued at $1,000,000. The fair market value of the warrant was recorded as additional investment and is being amortized over a period of ten years.

MovieTickets.com is a leading destination for the purchase of movie tickets through the Internet. Hollywood Media launched the MovieTickets.com web site in May 2000 with several major theater exhibitors. The MovieTickets.com web site allows users to purchase movie tickets and retrieve them at "will call" windows or kiosks at theaters. The web site also features bar coded tickets that can be printed at home and presented directly to the ticket taker at participating theaters. The web site contains movie content from Hollywood.com for all current and future release movies, movie reviews and synopses, digitized movie trailers and photos, and box office results. The web site generates revenues from service fees charged to users for the purchase of tickets and the sale of advertising which includes ads on the "print-at-home" ticket. Service fees on ticket sales were introduced in November 2000. MovieTickets.com's current participating exhibitors include AMC Entertainment, Inc., National Amusements, Inc., Famous Players, Inc., Hoyts Cinemas, Marcus Theaters, Consolidated Theaters, and other regional exhibitors.

(10) BARTER TRANSACTIONS:

Barter arrangements are periodically entered into with other companies to exchange advertising on each other's web sites. In January 2000, the Emerging Issues Task Force ("EITF") of the FASB reached consensus on EITF Issue No. 99-17, "Accounting for Advertising Barter Transactions." As permitted under EITF

99-17 we adopted the consensus prospectively for transactions occurring after January 20, 2000. EITF 99-17 allows gross reporting of advertising barter transactions only where barter transactions can be supported by an equivalent quantity of similar cash transactions.

Hollywood Media also records barter revenue and expense under an agreement with the National Association of Theater Owners ("NATO"), which was acquired through the acquisition of hollywood.com, Inc. in 1999. In connection with the NATO contract, Hollywood Media also acquired rights and obligations under ancillary agreements with individual theaters that participate in the NATO organization. Pursuant to these agreements, Hollywood Media provides them with movie showtime information and content as well as hosting web sites for the theaters. In addition, Hollywood Media provides ongoing web site maintenance services for each of the theaters including providing promotional materials, movie and theater information, advertising and editorial content. In exchange, the theaters promote the Hollywood.com web site to movie audiences by airing movie trailers about Hollywood.com 40 out of 52 weeks per year, before feature films that play in most NATO-member theaters. Hollywood Media records revenue and expense from these activities measured at the fair value of the services exchanged.

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Barter transactions by type for the three months ended March 31, 2002 and 2001 are as follows:

	Three Months Ended March 31,	
	2002	2001
Barter Advertising	$ 12,431	$ 53,130
Barter - NATO	745,438	745,438
	$757,869	$798,568

Barter transactions accounted for approximately 51% and 55% of net Internet ad sales revenues for the three months ended March 31, 2002 and 2001, respectively.

Barter transactions accounted for approximately 6% and 7% of net revenues for the three months ended March 31, 2002 and 2001, respectively.

(11) SEGMENT REPORTING:

Hollywood Media's main reportable segments are ticketing, business to business, Internet ad sales and other and intellectual properties. The ticketing segment sells tickets to live theater events for Broadway, off-Broadway and London, online and offline and to domestic and international travel professionals including travel agencies and tour operators, educational institutions and traveling consumers. The business to business segment licenses entertainment content and data. The business to business segment includes CinemaSource (which licenses movie showtimes and other movie content), EventSource (which licenses local listings of events around the country) to media, wireless and Internet companies, AdSource (which creates exhibitor paid directory ads for insertion in newspapers around the country) and Baseline/FilmTracker (a provider of information services to studios and professionals in the feature film and television industries and a pay-per-use subscription website geared towards professionals in the entertainment industry, news and financial organizations). The Internet ad sales and other segment sells advertising on Hollywood.com and Broadway.com web sites and offers independent films to subscribers over the internet. The intellectual properties segment owns or controls the exclusive rights to certain intellectual properties created by best-selling authors and media celebrities, which it licenses across all media. This segment also includes a 51% interest in Tekno Books, a book development business. Hollywood Media's e-commerce segment and retail segment were closed in January 2001 and December 1999, respectively.

Management evaluates performance based on a comparison of actual profit or loss from operations before income taxes, depreciation, interest, and nonrecurring gains and losses to budgeted amounts. There are no intersegment sales or transfers.

The following table illustrates the financial information regarding Hollywood Media's reportable segments.

	THREE MONTHS ENDED MARCH 31, 2002	2001
NET REVENUES:		
Ticketing	$ 9,040,155	$ 7,254,222
Business to Business	1,424,601	1,666,756
Internet Ad Sales and Other	1,497,346	1,464,902
Intellectual Properties	948,651	475,991
E-Commerce (A)	--	15,901
	$ 12,910,753	$ 10,877,772
GROSS MARGIN:		
Ticketing	$ 1,145,777	$ 881,304
Business to Business	1,377,486	1,589,457
Internet Ad Sales and Other	1,396,513	1,457,873
Intellectual Properties	549,505	191,652
E-Commerce (A)	--	(9,679)
	$ 4,469,281	$ 4,110,607
OPERATING INCOME (LOSS):		
Ticketing	$ 81,833	$ (113,864)
Business to Business (B)	(194,360)	274,820
Internet Ad Sales and Other (C)	(5,328,367)	(6,153,128)
Intellectual Properties	459,501	107,966
E-Commerce (A)	--	19,549
Retail (D)	--	269,063
Corporate and other	(2,410,951)	(2,961,755)
	$ (7,392,344)	$ (8,557,349)
CAPITAL EXPENDITURES:		
Ticketing	$ 26,051	$ 2,006
Business to Business	111,553	10,614
Internet Ad Sales and Other	8,079	154,190
Corporate and other	244,640	27,196

	$ 390,323	$ 194,006
DEPRECIATION AND AMORTIZATION EXPENSE:		
Ticketing	$ 33,266	$ 14,160
Business to Business	50,918	44,360
Internet Ad Sales and Other	735,678	734,752
Intellectual Properties	--	1,575
E-Commerce (A)	--	1,551
Corporate and other	85,193	1,353,680
	$ 905,055	$ 2,150,078

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(A) The e-commerce segment was closed in January 2001.

(B) Includes $261,399 in additional expenses relating to the closure of the New York Baseline office. The Baseline operations were moved to the new Baseline office in CA.

(C) Includes $4,577,598 and $5,048,292 in amortization of CBS advertising for the three months ended March 31, 2002 and 2001, respectively used to promote Hollywood.com and Broadway.com.

(D) The retail segment was closed in December 1999. The operating income in 2001 results from the reversal of reserves established for closed stores. - See Note 6.

(12) COMMITMENTS AND CONTINGENCIES:

Hollywood Media is a party to various legal proceedings arising in the ordinary course of business, including the proceeding described below. Hollywood Media does not expect any of these legal proceedings to have a material adverse impact on the financial condition or results of operations.

Water Garden Company, LLC, as Plaintiff, v. Hollywood Media Corp., a Florida corporation; hollywood.com, Inc. a California corporation; and The Tribune Company, (as successor in interest to the Times Mirror Company), as Defendants; filed July 16, 2001 in the Superior Court of the State of California for the County of Los Angeles. Water Garden Company, LLC has filed suit against Hollywood Media and its subsidiary, hollywood.com, Inc., among others, claiming damages as a result of alleged defaults by us under a lease for office space entered into by hollywood.com, Inc. Hollywood Media believes that it has valid defenses to such claims and therefore denies any liability. In the event Hollywood Media is unsuccessful in its defense, management believes that there will not be a material impact on Hollywood Media's financial condition.

(13) RECLASSIFICATION:

Certain amounts in the 2001 financial statements have been reclassified to conform with the 2002 classification.

(14) SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

For The Three Months Ended March 31, 2002:

- Capital lease transactions totaled $13,607.

- 54,392 shares of Hollywood Media common stock, valued at $293,095, were issued under the Hollywood Media 2000 Stock Incentive Plan.

- Hollywood Media issued 1,163 shares of common stock, valued at $6,390, to satisfy an outstanding obligation.

- 20,777 shares of Hollywood Media common stock, valued at $136,920 were issued as payment of Hollywood Media's 401(k) employer match for calendar year 2001.

- Hollywood Media issued 43,044 shares of common stock, valued at $187,217, for the extension of a promissory note guaranteed by Hollywood Media.

- 34,644 shares of Hollywood Media were issued for the net exercise of stock options and warrants during the first quarter of 2002.

- Options and warrants, valued at $77,228, under Black Scholes, were granted for services rendered.

For The Three Months Ended March 31, 2001:

- Capital lease transactions totaled $117,564.

- Warrants to acquire 70,000 shares of common stock at exercise prices of $3.00 and $4.25 per share and valued at $266,322 under Black Scholes, were granted to placement agents for services rendered in connection with the August 2000 private placement.

- Hollywood Media issued 160,000 shares of common stock valued at $799,564 in exchange for payment of $799,564 in certain media, goods and services of Hollywood Media by a third party.

- Stock options valued at $58,082, under Black Scholes, were granted for services rendered.

- Hollywood Media issued 4,138 shares of common stock valued at $15,000 as an incentive stock bonus to an officer.

ITEM 2. MANAGEMENT'S DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains, in addition to historical information, "forward-looking statements" with respect to Hollywood Media Corp. ("Hollywood Media") which represents Hollywood Media's expectations or beliefs, including, but not limited to, statements concerning industry performance, operations, performance, financial condition, acquisition and divestiture strategies, margins, and growth in sales of our products. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors. Factors that may affect Hollywood Media's results and the market price of our common stock include, but are not limited to, our continuing operating losses, negative cash flows from operations and accumulated deficit, our limited operating history, the need for additional capital to finance our operations, the need to manage our growth and integrate new businesses into Hollywood Media, our ability to develop strategic relationships, our ability to compete with other Internet companies, technology risks and the general risk of doing business over the Internet, future government regulation, dependence on our founders, the interests of our largest shareholder, Viacom Inc., accounting considerations related to our strategic alliance with Viacom Inc., the volatility of our stock price, and the effects of outstanding warrants that include market-based adjustment features. Hollywood Media is also subject to other risks detailed herein or detailed in our Annual Report on Form 10-K for the year ended December 31, 2001 and in other filings made by Hollywood Media with the Securities and Exchange Commission.

OVERVIEW

Hollywood Media is a provider of entertainment-related information, content and ticketing services to consumers and businesses. We manage a number of integrated business units focused on Hollywood, Broadway, and the entertainment industry. Hollywood Media derives a diverse stream of revenues from this array of business units, including revenue from individual and group Broadway ticket sales, business to business content syndication, subscription fees, content licensing fees, advertising and book development. Due to a common focus on the entertainment vertical, each of these business units supports the others, with content shared between multiple business units and customers cross-generated for one unit by another. For instance, our Hollywood.com consumer content site funnels customers into our MovieTickets.com affiliate while making use of movie listings supplied by our wholly owned CinemaSource unit, which is the largest business to business supplier of movie showtimes, and movie data supplied by our Baseline/FilmTracker business to business unit.

BUSINESS TO BUSINESS SYNDICATION DIVISIONS

CINEMASOURCE. CinemaSource is the largest supplier of movie showtimes as measured by market share and compiles movie showtimes for every movie theater in the United States and Canada, representing approximately 34,000 movie screens. Since its start in 1995, CinemaSource has substantially increased its operations and currently provides movie showtime listings to more than 200 newspapers, wireless companies, Internet sites, and other media outlets, including newspapers, such as The New York Times and The Washington Post, wireless companies such as Sprint PCS, AT&T Wireless, Verizon and Vindigo, Internet companies including AOL's Digital City, Yahoo! and Lycos and other media outlets.

CinemaSource also syndicates entertainment news, movie reviews, and celebrity biographies. In addition to charging fixed amounts for the data that it provides to its customers, CinemaSource often shares in the advertising revenue generated by its customers in connection with the data.

EVENTSOURCE. We launched the EventSource business in mid-1999 as an expansion of the operations of CinemaSource. EventSource compiles and syndicates detailed information on community events in cities around the country, including concerts and live music, sporting events, festivals, fairs and shows on Broadway, of-Broadway, touring companies, community playhouses and dinner theaters throughout North America and in London's West End. EventSource entered into an agreement with AOL's Digital City in April 2000 to provide event listings for up to 200 cities nationwide. In addition to Digital City, other EventSource customers include Vindigo and the web site of The New York Times.

ADSOURCE. We launched AdSource in January 2002, as yet another expansion of the CinemaSource operations, requiring very little overhead. AdSource leverages the movie theater showtimes from the CinemaSource data collection systems and our relationship with various movie exhibitors to create exhibitor paid directory ads for insertion in newspapers around the country. Our first customer, a major theater chain, signed a contract in March 2002 for certain markets including New York City. We are now providing this service nationally for this customer.

BASELINE/FILMTRACKER. During January 2002 we merged Baseline, our pay-per-use subscription service, with FilmTracker, a leading provider of information services to professionals in the feature film and television industries. The new combined service, which is targeted at studios, production companies, distributors, agents, managers, producers, news organizations, and financial analysts, incorporates all of Baseline's data into FilmTracker's user-friendly interface. The result is a film and television database that contains over 1.5 million records, including over one million listings of people in the media industry, 7,000 entertainment personality biographies, credits for over 45,000 released feature films dating back 50 years, nearly 35,000 television series, miniseries, movies of the week and specials, over 11,000 film and television projects in every stage of development and production, 1,800 movie reviews, box office grosses going back nearly 20 years including over 5,800 feature films, 16,000 company rosters and representation for about 19,000 entertainment professionals.

In connection with the launch of the combined service, we signed multi-year licensing agreements with two major film studios during the first quarter of 2002. Baseline customers also include Bloomberg, Daily Variety, People Magazine, Lexis-Nexis, NBC, HBO, ABC, Paramount Pictures, 20th Century Fox, DreamWorks, Sony Pictures, MGM, E! Entertainment Television, and the Directors Guild of America. In connection with the merger that occurred on January 14, 2002, FilmTracker's parent company, Fountainhead Media Services ("FMS"), acquired a 20% equity interest in Baseline, Inc. for $4 million, with consideration consisting of a $2 million promissory note payable to Hollywood Media in installments over a five-year period with a final payment of approximately $1.2 million, and the contribution of the FilmTracker database, intellectual property rights, and all existing contracts with a stated value of $2 million. The promissory note is secured by the 20% equity interest in Baseline held by FMS. FMS will have the right to convert its 20% equity interest in Baseline into common stock of Hollywood Media at any time during the two-year

period following the payment in full of the promissory note based upon a multiple of Baseline's EBITDA (earnings before interest, taxes, depreciation and amortization) for the year preceding the conversion. For purposes of any such conversion, Hollywood Media's stock will be valued at the greater of (i) $7.50 per share, and (ii) the average closing price of the stock on the Nasdaq Stock

Market for the 15 trading days preceding the notice of conversion. Hollywood Media will also have the right to cause the conversion of the equity interest in Baseline to Hollywood Media common stock at any time after the earlier of the payment in full of the promissory note and January 14, 2006. For accounting purposes this transaction is treated as an acquisition of the FilmTracker assets in exchange for 1) an issuance of a five year option on Baseline stock with a $2 million exercise price and 2) the issuance of a put and call option on Hollywood Media common stock.

TICKETING DIVISIONS

THEATRE DIRECT INTERNATIONAL, BROADWAY.COM AND 1-800-BROADWAY. We acquired Theatre Direct International ("TDI") as of September 15, 2000. Founded in 1990, TDI is a live theater ticketing wholesaler that provides groups and individuals with access to theater tickets and knowledgeable service, covering shows on Broadway, long running shows off-Broadway, shows in London's West End theatre district and shows in Toronto. TDI sells tickets directly to travel agents and tour groups. As a marketing agency, TDI represents numerous producers and Broadway shows to the travel industry around the world. The Broadway shows are Aida, Beauty and the Beast, Cabaret, Chicago, Contact, 42nd Street, Harlem Song, Into the Woods, Les Miserables, Mamma Mia!, Oklahoma, Rent, The Full Monty, The Graduate, The Lion King, The Phantom of the Opera, Urinetown and Metamorphoses. In addition, TDI's education division, Broadway Classroom, markets group tickets to schools across the country. We launched Broadway.com on May 1, 2000. Broadway.com features the ability to purchase Broadway, off-Broadway and London's West End theater tickets online. Our 1-800-BROADWAY number, which we acquired in October 2001, is marketed in tandem by us with Broadway.com. TDI's offline ticketing service complements the online ticketing services available on our Broadway.com and our ticket sales through our 1-800-BROADWAY number. The combined businesses provide live theater ticketing and related content for over 200 venues in multiple markets to a customer base consisting of over 40,000 travel agencies, tour operators, corporations and educational institutions, in addition to numerous newspapers and web sites.

MOVIETICKETS.COM, INC. MovieTickets.com is a leading destination for the purchase of movie tickets through the Internet. Hollywood Media launched the MovieTickets.com web site in May 2000 with several major theatre exhibitors. Hollywood Media currently owns 26.4% of the equity of MovieTickets.com, Inc. MovieTickets.com, Inc. entered into an agreement with Viacom Inc. effective August 2000 whereby Viacom Inc. acquired a five percent interest in MovieTickets.com, Inc. for $25 million of advertising and promotion over five years. In addition to the Viacom advertising and promotion, MovieTickets.com is promoted through on-screen advertising in each participating exhibitor's movie screens. In March 2001, AOL purchased a non-interest bearing convertible preferred equity interest in MovieTickets.com for $8.5 million in cash, which can be converted into approximately 3% of the common stock of MovieTickets.com, Inc. In connection with that transaction, MovieTickets.com's ticket inventory is promoted throughout America Online's interactive properties and ticket inventory of AOL's Moviefone is available on MovieTickets.com.

MovieTickets.com. Inc.'s current participating exhibitors include AMC Entertainment Inc., National Amusements, Inc., Famous Players Inc., Hoyts Cinemas, Marcus Theaters, Consolidated Theaters, and other regional exhibitors. A recent addition includes theaters formerly owned by General Cinemas, which were acquired by AMC Entertainment, Inc. These exhibitors operate theaters located in all of the top 20 markets and approximately 70% of the top 50 markets in the United States and Canada and represent approximately 50% of the top 100 grossing theaters in North America. The MovieTickets.com web site allows users to purchase movie tickets and retrieve them at "will call" windows or kiosks at theaters. The web site also features bar coded tickets that can be printed at home and presented directly to the ticket taker at participating theaters. The web site contains movie content from Hollywood Media's various divisions for all current and future release movies, movie reviews and synopses, digitized movie trailers and photos, and box office results. The web site generates revenues from service fees charged to users for the purchase of tickets and the sale of advertising which includes ads on the "print-at-home" ticket.

INTERNET DIVISIONS

HOLLYWOOD.COM. Hollywood.com is a premier entertainment related web site featuring over one million pages of in-depth movie, television and other entertainment content, including movie descriptions and reviews, digitized movie trailers and photos, movie showtimes listings, entertainment news, box office results, interactive games, movie soundtracks, television listings, concert information, celebrity profiles and biographies, comprehensive coverage of entertainment awards shows and film festivals and exclusive video coverage of movie premieres.

We sell sponsorships and banner advertising on Hollywood.com through relationships with advertising representative firms and through an internal sales staff. Some of our recent advertisers include Disney, Fox Home Entertainment, Verizon Wireless, The History Channel, The Sci-Fi Channel, HBO, Purina, People Magazine, Verisign, VISA, Showtime and movie studios including New Line, Universal, Warner Brothers and Sony.

Effective January 2000, we entered into a strategic, seven-year relationship with CBS that provides for extensive promotion of the Hollywood.com and Broadway.com web sites. Viacom has agreed to provide Hollywood.com and Broadway.com with $105.5 million of promotion across certain of its media properties, including the CBS television network, CBS owned and operated television stations, the TNN and CMT cable networks, Infinity Broadcasting Corporation's radio stations and Viacom Outdoor billboards and CBS syndicated television and radio programs. The advertising provided by Viacom is valued based upon the average price charged by Viacom for similar advertisements. To supplement our internal sales efforts, we also have the right to reallocate a portion of each year's advertising and promotion budget provided by Viacom and require Viacom to sell up to $1.5 million of advertising on the Hollywood.com and Broadway.com web sites. We have already exercised this right through 2003. We will pay an 8% commission on any additional advertising revenues generated by Viacom for us in excess of the $1.5 million guaranteed amount selected by us each year.

BROADWAY.COM. We launched Broadway.com on May 1, 2000. Broadway.com features the ability to purchase Broadway, off-Broadway and London's West End theater tickets online; theater showtimes for professional live theater venues throughout the U.S. as well as London's West End and hundreds of college and local live theater venues; the latest theater news; interviews with stage actors

and playwrights; opening-night coverage; original theater reviews; and video excerpts from selected shows. Broadway.com also offers current box office results, show synopses, cast and crew credits and biographies, digitized show previews, digitized showtunes, and an in-depth Tony Awards(R) area. Broadway.com generates revenue from the sale of tickets and advertising.

INTELLECTUAL PROPERTIES BUSINESS

INTELLECTUAL PROPERTIES. Our intellectual properties division owns the exclusive rights to intellectual properties, which are complete stories and ideas for stories, created by best-selling authors and media celebrities. Some examples of our intellectual properties are Anne McCaffrey's Acorna the Unicorn Girl, Leonard Nimoy's Primortals, and Mickey Spillane's Mike Danger. We license rights to our intellectual properties to companies such as book publishers, film and television studios, multi-media software companies and producers of other products. These licensees develop books, television series and other products based on the intellectual properties licensed from us. We generally obtain the exclusive rights to the intellectual properties and the right to use the creator's name in the titles of the intellectual properties (e.g., Mickey Spillane's Mike Danger and Leonard Nimoy's Primortals).

NETCO PARTNERS. In June 1995, Hollywood Media and C.P. Group Inc. ("C.P. Group"), entered into an agreement to form NetCo Partners. NetCo Partners owns Tom Clancy's NetForce. Hollywood Media and C.P. Group are each 50% partners in NetCo Partners. Tom Clancy is a shareholder of C.P. Group. At the inception of the partnership, C.P. Group contributed to NetCo Partners all rights to Tom Clancy's NetForce, and Hollywood Media contributed to NetCo Partners all rights to Tad Williams' MirrorWorld, Arthur C. Clarke's Worlds of Alexander, Neil Gaiman's Lifers, and Anne McCaffrey's Saraband. NetCo Partners licensed Tom Clancy's NetForce to Putnam Berkley for a series of mass market paperbacks and to ABC Television for a television mini-series and video distribution in accordance with the terms of the partnership agreement and the other properties have reverted back to Hollywood Media.

BOOK DEVELOPMENT AND BOOK LICENSING. Our intellectual properties division also includes a book development and book licensing business through our 51% owned subsidiary, Tekno Books, that develops and executes book projects, typically with best-selling authors. Tekno Books has worked with approximately 50 New York Times best-selling authors, including Tom Clancy, Jonathan Kellerman, Dean Koontz, Tony Hillerman, Robert Ludlum and Scott Turow, and numerous media celebrities, including David Copperfield, Louis Rukeyser and Willard Scott. Our intellectual properties division has licensed books for publication with more than 60 book publishers, including HarperCollins, Bantam Doubleday Dell, Random House, Simon & Schuster, Penguin Putnum and Warner Books. The book development and book licensing division has a library of more than 1,300 books. Another 2,620 foreign editions and other editions (audio, paperback, etc.) of these books have been sold to 330 publishers around the world, and published in 33 languages. Tekno Books has approximately 300 forth-coming books under contract. We believe the library of books is valuable as many of the books can be resold and reissued in future years, and also moved into various electronic formats. We are expanding into one of the largest areas of publishing, which is romance fiction, and the fastest growing area of publishing, which is the Christian book market. The Chief Executive Officer of Tekno Books, Dr. Martin H. Greenberg, is also a director of Hollywood Media and owner of the remaining 49% interest in Tekno Books. Tekno Books also owns a 50% interest in Mystery Scene Magazine, a trade journal of the mystery genre of which Dr. Greenberg is co-publisher. Hollywood Media also owns a direct 25% interest in the magazine.

RESULTS OF OPERATIONS

The following table summarizes Hollywood Media's revenues, cost of revenues and gross margin by reportable segment for the three months ended March 31, 2002 ("Q1-02") and 2001 ("Q1-01"), respectively:

	TICKETING	BUSINESS TO BUSINESS	INTERNET AD SALES AND OTHER	INTELLECTUAL PROPERTIES (A)	E-COMMERCE	TOTA
MARCH 31, 2002						
Net Revenues	$ 9,040,155	$ 1,424,601	$ 1,497,346	$ 948,651	$ --	$12,91
Cost of Revenues	7,894,378	47,115	100,833	399,146	--	8,44
Gross Margin	$ 1,145,777	$ 1,377,486	$ 1,396,513	$ 549,505	$ --	$ 4,46
MARCH 31, 2001						
Net Revenues	$ 7,254,222	$ 1,666,756	$ 1,464,902	$ 475,991	$ 15,901	$10,877
Cost of Revenues	6,372,918	77,299	7,029	284,339	25,580	6,767
Gross Margin	$ 881,304	$ 1,589,457	$ 1,457,873	$ 191,652	$ (9,679)	$ 4,110

(A) This does not include our 50% interest in NetCo Partners which is accounted for under the equity method of accounting and is reported as equity in earnings of investments.

COMPOSITION OF OUR SEGMENTS IS AS FOLLOWS:

- TICKETING - Includes our TDI ticketing business as well as our Broadway.com online ticketing operations and our 1-800-BROADWAY operations.

- BUSINESS TO BUSINESS - Includes our CinemaSource, EventSource, AdSource, and Baseline/FilmTracker syndication operations.

- INTERNET AD SALES AND OTHER - Includes advertising sold on the web sites Hollywood.com and Broadway.com, the AlwaysI subscription service which offers films to subscribers over the Internet and barter revenues derived from the collection and compilation of movie showtimes data and the hosting of web sites for movie theaters in exchange for advertising services from the theaters.

- INTELLECTUAL PROPERTIES - Includes our book development and book licensing operation through our 51% owned subsidiary Tekno Books and our 50.5% interest in Fedora, publisher of Mystery Scene Magazine. This segment does not include our 50% interest in NetCo Partners.

- E-COMMERCE - Hollywood Media exited the e-commerce business in January 2001.

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NET REVENUES

Total net revenues were $12,910,753 for Q1-02 as compared to $10,877,772 for Q1-01, an increase of $2,032,981 or 19%. The increase in revenue was primarily due to an increase in net ticketing revenues. We recorded $757,869 and $798,568 in non-cash barter revenue during Q1-02 and Q1-01, respectively. Barter revenue as a percentage of total net revenue was 6% and 7% for Q1-02 and

Q1-01, respectively. In Q1-02 net revenues were derived 70% from ticketing, 11% from business to business, 12% from Internet ad sales and other and 7% from intellectual properties.

Ticketing revenues were $9,040,155 for Q1-02 as compared to $7,254,222 for Q1-01, an increase of $1,785,933 or 25%. Ticketing revenues increased in part due to our participation in the NYC & Co. "Red, White and Blue Freedom Package" promotion aimed at bringing tourists to New York City, following the events of September 11, 2001. TDI is the exclusive supplier of Broadway theater tickets for these packages. Ticketing revenue is generated from the sale of live theater tickets for Broadway, off-Broadway and London both online (Broadway.com) and offline (1-800-BROADWAY), to domestic and international travel professionals, traveling consumers and New York area theater patrons. Ticketing revenue is recognized on the date of performance of the show.

Business to business revenues (which includes CinemaSource, EventSource, AdSource and Baseline/FilmTracker) were $1,424,601 for Q1-02 as compared to $1,666,756 for Q1-01, a decrease of $242,155 or 15%. Revenues decreased predominately from the loss of technology-based customers of CinemaSource that ceased operations during fiscal year 2001. Our CinemaSource business began to rebound, beginning in the fourth quarter of 2001. Our growth trend has been positive for two consecutive quarters. During Q1-02 we had a net increase to our customer base of 10, with a net gain in annualized revenue of $200,000. Revenue for CinemaSource and EventSource is generated by the licensing of movie, event and theater showtimes and other information to other media outlets and Internet companies including newspapers such as the New York Times and The Washington Post, Internet companies including AOL's Digital City, Lycos, and Yahoo! and wireless providers such as AT&T Wireless, Sprint PCS and Verizon. AdSource generates revenues by creating exhibitor paid director ads for insertion in newspapers around the country. Baseline/FilmTracker generates revenues from the syndication of its data, licensing information to professionals in the feature film and television industries as well as operating a pay-per-use subscription web site geared towards professionals in the entertainment industry. Revenues from the Baseline/FilmTracker division increased moderately from Q1-01 to Q1-02. The increase in revenue is a result of the combination of Baseline with FilmTracker.com on January 14, 2002, and reflects revenue generated from studios under the new subscription model which allows customers unlimited data access for one monthly fee. This model is used to target the larger customer, mainly film studios. We signed multi-year licensing agreements with two major film studios during Q1-02.

Internet ad sales and other were $1,497,346 for Q1-02 as compared to $1,464,902 for Q1-01, an increase of $32,444 or 2%. While the increase in Internet ad sales appears to be minimal, revenues generated from national advertising campaigns doubled in Q1-02 as compared to Q1-01 as revenues from barter and syndication decreased. Our traffic levels continue to increase as the number of unique visitors to Hollywood.com increased from 5,887,000 in the fourth quarter of 2001 to 6,791,000 for Q1-02, as reported by Media Metrix. The number of unique visitors was 2,407,000 for Q1-01. Internet ad sales revenue is generated from the sale of sponsorships and banner advertisements on

Hollywood.com and Broadway.com. Included in Internet ad sales and other are non-cash barter revenues of $757,869 and $798,568 for Q1-02 and Q1-01, respectively. As a percentage of Internet ad sales and other, barter revenues comprised 51% and 55% of Internet ad sales and other for Q1-02 and Q1-01, respectively. Hollywood Media records two types of barter revenue related to Internet advertising as more fully described below.

Barter transactions that generate non-cash advertising revenue (included in Internet ad sales and other revenues), in which Hollywood Media received advertising in exchange for content advertising on its web site was $12,431 for Q1-02 and $53,130 for Q1-01, a reduction of $40,699 or 77% and accounted for less than 1% of total net revenue for Q1-02 and Q1-01. Hollywood Media records barter revenue only in instances where the fair value of the advertising surrendered can be determined based on our historical practice of receiving cash for similar advertising. Although management is focused on maximizing cash advertising revenue, we will continue to enter into barter relationships when deemed appropriate as a cashless method to market our business.

Hollywood Media also records barter revenue and an equal amount of expense earned under a contract with The National Association of Theater Owners ("NATO"), which Hollywood Media acquired through its acquisition of hollywood.com, Inc. on May 20, 1999. This income is included in Internet ad sales and other revenue. Through the NATO contract, Hollywood Media promotes its web site to movie audiences by airing movie trailers about Hollywood.com, 40 out of 52 weeks per year, before feature films that play in most NATO-member theaters. In exchange, Hollywood Media hosts web sites for member theaters and collects and compiles movie showtimes for exhibiting NATO members as well as providing promotional materials and movie information and editorial content. Hollywood Media recorded $745,438 in promotional non-cash revenue and non-cash expense included in selling and marketing expense under the NATO contract in both Q1-02 and Q1-01. Barter revenue from NATO recorded accounted for 6% and 7% of total net revenue for Q1-02 and Q1-01 respectively.

Revenues from our intellectual properties division were $948,651 for Q1-02 as compared to $475,991 for Q1-01, an increase of $472,660 or 99%. The increase in revenues is attributable to a greater number of manuscripts being delivered in Q1-02 as compared to Q1-01 and an increase in royalties earned. The intellectual properties division generates revenues from several different activities including book development and licensing, intellectual property licensing. Revenues vary quarter to quarter dependent on the timing of the delivery of the manuscripts to the publishers. Revenues are recognized when the earnings process is complete and ultimate collection of such revenues is no longer subject to contingencies.

E-commerce revenue was $15,901 for Q1-01. This division was closed in January 2001.

COST OF REVENUES

Cost of revenues was $8,441,472 for Q1-02 as compared to $6,767,165 for Q1-01, an increase of $1,674,307 or 25%. The increase in the cost of revenues is primarily the result of an increase in ticketing revenues. The ticketing segment accounts for 94% of the cost of revenues for both Q1-02 and Q1-01. Cost of revenue consists primarily of the cost of tickets and credit card fees for the ticketing segment; commissions due to advertising agencies, advertising rep firms and other third parties for revenue generated from the business to business and Internet ad sales and other segments; and fees and royalties paid to authors and co-editors for the intellectual properties segment.

GROSS MARGIN

Gross margin was $4,469,281 for Q1-02 as compared to $4,110,607 for Q1-01, an increase of $358,674 or 9%. Gross margin increased predominately because of the increase in revenue in Q1-02 from Q1-01 from the ticketing and intellectual properties segments. As a percentage of net revenues the gross margin percentage in Q1-02 was 35% as compared to 38% in Q1-01. The decrease in gross margin percentage is attributable to an increased percentage of our revenues being generated from ticketing, which generate lower gross margins than our other business segments. In addition, the gross margins generated from our participation in the "Red, White and Blue Freedom Package" promotion were lower than normal due to the nature of the campaign.

EQUITY IN EARNINGS OF INVESTMENTS

Equity in earnings of investments consists of the following:

	Three Months Ended March 31,	
	2002	2001
NetCo Partners (a)	$ 287,074	$ 498,258
MovieTickets.com (b)	(70,691)	(50,383)
	$ 216,383	$ 447,875

(a) NetCo Partners

NetCo Partners owns Tom Clancy's NetForce and is primarily engaged in the development and licensing of Tom Clancy's Net Force. NetCo Partners recognizes revenues when the earnings process has been completed based on the terms of the various agreements, generally upon the delivery of the manuscript to the publisher and at the point where ultimate collection is substantially assured. When advances are received prior to completion of the earnings process, NetCo Partners defers recognition of revenue until the earnings process has been completed. Hollywood Media owns 50% of NetCo Partners and accounts for its investment under the equity method of accounting. Hollywood Media's 50% share of earnings was $287,074 for Q1-02 as compared to $498,258 for Q1-01, a decrease of $211,184.

(b) MovieTickets.com

Hollywood Media owns 26.4% of the total equity in MovieTickets.com, Inc. joint venture at March 31, 2002. Hollywood Media records its investment in MovieTickets.com, Inc. under the equity method of accounting, recognizing its percentage of ownership of MovieTickets.com income or loss as equity in earnings of investments. Excluding AOL's three percent convertible preferred equity interest, Hollywood Media shares in 27.1% of the losses or income generated by the joint venture. We recorded losses of $70,691 and $50,383 in Q1-02 and Q1-01, respectively on our investment in MovieTickets.com. The web site generates revenues from service fees charged to users for the purchase of tickets and the sale of advertising which includes ads on the "print-at-home" ticket.

OPERATING EXPENSES

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses decreased $68,212 or 4% to $1,628,521 for Q1-02 from $1,696,733 for Q1-01. General and administrative expenses consist of occupancy costs, production costs, human resources and administrative expenses, professional and consulting fees, telecommunication costs, provision for doubtful accounts receivable and general insurance costs. As a percentage of revenue, general and administrative expenses decreased to 13% for Q1-02 from 16% for Q1-01.

SELLING AND MARKETING EXPENSES. Selling and marketing expenses remained flat year over year, increasing $339 to $925,932 for Q1-02 from $925,593 for Q1-01. Selling and marketing expenses includes advertising, marketing, promotional, business development and public relations expenses. Also included in selling and marketing expenses are non-cash barter transactions of $757,869 and $798,568 for the three months ended March 31, 2002 and 2001, respectively. Barter transactions accounted for approximately 82% and 86% of selling and marketing expense for the three months ended March 31, 2002 and 2001, respectively. As a percentage of revenue, selling and marketing expenses decreased to 7% for Q1-02 from 9% for Q1-01.

SALARIES AND BENEFITS. Salaries and benefits increased $443,284 or 14% to $3,563,120 for Q1-02 from $3,119,836 for Q1-01. This increase is predominately attributable to the increase in non-cash amortization of deferred compensation of $519,113. Excluding the non-cash amortization of deferred compensation, salaries and benefits decreased $75,829 or 3% in Q1-02 as compared to Q1-01. As a percentage of revenue, salaries and benefits decreased to 28% for Q1-02 from 29% for Q1-01.

AMORTIZATION OF CBS ADVERTISING. Amortization of CBS advertising relating to the agreement with Viacom was $4,577,598 and $5,048,292 for Q1-02 and Q1-01, respectively. Under the agreement with Viacom, Hollywood Media issued shares of common stock and warrants in exchange for cash and CBS's advertising and promotional efforts over seven years across its full range of media properties. The fair value of the common stock and warrants issued to Viacom has been recorded in the balance sheet as deferred advertising and is being amortized as the advertising is used each related contract year. The advertising contract year begins on October 1 and ends September 30.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization was $905,055 and $2,150,078 for Q1-02 and Q1-01, respectively, representing a decrease of $1,245,023. The decrease is primarily attributable to the cessation of amortization of goodwill on January 1, 2002 in accordance with SFAS No. 142.

INTEREST EXPENSE. Interest expense for Q1-02 was $179,685 compared to $55,636 for Q1-01, representing an increase of $124,049. The increase is primarily attributable to non-cash charges of $93,609 related to the extension of a promissory note guaranteed by Hollywood Media and a $50,000 fee to extend the term of notes payable.

INTEREST INCOME. Interest income was $3,022 for Q1-02 as compared to $49,725 for Q1-01.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2002, we had cash and cash equivalents of $1,337,451 compared to cash and cash equivalents of $1,980,966 at December 31, 2001. Working capital at March 31, 2002, which included $13,054,321 in deferred CBS advertising was $9,284,349 as compared to working capital of $10,307,769 at December 31, 2001 which included $13,054,321 in deferred CBS advertising. Net cash used in operating activities during the first quarter of 2002 was $486,682, primarily representing an increase in ticketing inventory, deferred revenue, and accounts receivable for our ticketing division. Net cash used in investing activities was $390,323, while $233,490 in cash was provided by financing activities. As a result of the above, cash and cash equivalents decreased by

$643,515 for the three months ended March 31, 2002. In comparison, during the three months ended March 31, 2001, net cash used in operating activities was $954,952, net cash provided by investing activities was $269,994, and $372,968 in cash was provided by financing activities. Net cash used in operating activities improved by $468,270 or 49% from $954,952 for Q1-01 to $486,682 for Q1-02. Included in cash is $650,625 in proceeds held by Hollywood Media's agent on our behalf in connection with our intellectual property division, which has been transferred to Hollywood Media.

In the event that we require additional funding, Hollywood Media's Chairman of the Board and Chief Executive Officer and Hollywood Media's Vice Chairman and President, have indicated their intention to provide to Hollywood Media, if required, with an amount not to exceed $5 million in order to enable us to meet our working capital requirements during 2002; provided, however, that the commitment will be reduced dollar for dollar to the extent Hollywood Media raises no less than $5 million from other sources and such additional funding is not expended on acquisitions. This commitment terminates January 1, 2003.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Hollywood Media and all majority-owned subsidiaries. The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. As such, we are required to make certain estimates, judgments and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The significant accounting policies which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

Ticketing Revenue Recognition

Ticket revenue is derived from the sale of live theater tickets for Broadway, off-Broadway and London shows to individuals, groups, travel agencies, tour groups and educational facilities. Revenue recognition is deferred on ticket sales until performance has taken place. Ticket revenue and cost of revenue are recorded on a gross basis.

Advertising Costs

Hollywood Media expenses the cost of advertising as incurred or when such advertising initially takes place. In the first quarter of 2000, Hollywood Media issued common stock and warrants to CBS with a fair value of approximately $137 million in exchange for approximately $105 million of advertising on CBS properties to be received over a period of seven years. Hollywood Media is entitled to utilize a specified portion of this advertising each contract year. The deferred advertising is carried on Hollywood Media's balance sheet as a deferred asset and is being amortized over the contract period as the advertising is utilized. Advertising expense recorded related to CBS advertising for three months ended March 31, 2002 and 2001 was $4,577,598 and $5,048,292, respectively, and is separately reported in the accompanying consolidated statements of operations under the caption "Amortization of CBS advertising." These CBS advertising expenses are non-cash.

Barter Transactions

Hollywood Media records barter revenue and expense under the NATO contract, which Hollywood Media acquired through its acquisition of hollywood.com, Inc. in 1999. In connection with the NATO contract, Hollywood Media also acquired rights and obligations under ancillary agreements with individual theaters that participate in the NATO organization. Pursuant to these agreements, Hollywood Media collects and compiles movie showtimes data for NATO member theaters and hosts web sites for each of the theaters so as to display the movie showtimes and other information about the theater. In addition, Hollywood Media provides ongoing web site maintenance services for each of the theaters including providing promotional materials, movie and theater information, advertising and editorial content. In exchange, the theaters promote the hollywood.com web site to movie audiences by airing movie trailers about Hollywood.com, 40 out of 52 weeks per year, before feature films that play in most NATO-member theaters. Hollywood Media records revenue and expense from these activities measured at the fair value of the services exchanged in accordance with Accounting Principles Board Opinion ("APB") No. 29, "Accounting for Nonmonetary Transactions." During the three months ended March 31, 2002 and 2001 we recorded $745,438, in revenue and expense under the NATO contract. Additionally for the three months ended March 31 2002 and 2001 we recorded $12,431 and $53,130, respectively in other non-cash Internet barter transactions.

Stock Based Compensation

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," allows either adoption of a fair value method of accounting for stock-based compensation plans or continuation of accounting under APB No. 25, "Accounting for Stock Issued to Employees," and related interpretations with supplemental disclosures. Hollywood Media has chosen to account for all stock-based arrangements under which employees receive shares of Hollywood Media's stock under APB 25 and make the related disclosures required by SFAS No. 123. Stock options and warrants granted to non-employees are accounted for under the fair value method prescribed by SFAS No. 123 and related interpretations.

Impairment of Long-Lived Assets

Beginning on January 1, 2002, Hollywood Media applies the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under the provisions of this statement, Hollywood Media has evaluated its long-lived assets for financial impairment, and will continue to evaluate them as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable.

Hollywood Media evaluates the recoverability of long-lived assets to be held and used by comparing the carrying amount of the assets to the estimated undiscounted cash flows associated with them. At the time such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying values of such assets, the assets are adjusted to their fair values. Hollywood Media determines fair value as the net present value of future cash flows. Based on these evaluations, there were no adjustments to the carrying value of long-lived assets in 2002 or 2001.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and intangible assets acquired after June 30, 2001 were no longer subject to amortization. Goodwill and intangibles with indefinite lives acquired prior to June 30, 2001 ceased to be amortized beginning January 1, 2002. In addition, SFAS 142 will change the way we evaluate goodwill and intangibles for impairment. On January 1, 2002, goodwill and certain intangibles are no longer amortized; however, they will be subject to evaluation for impairment at least annually using a fair value based test. The fair value based test is a two-step test. The first step involves comparing the fair value of each of our reporting units to the carrying value of those reporting units. If the carrying value of a reporting unit exceeds the fair value of the reporting unit, we will be required to proceed to the second step. In the second step, the fair value of the reporting unit will be allocated to the assets (including unrecognized intangibles) and liabilities of the reporting unit, with any residual representing the implied fair value of goodwill. An impairment loss will be recognized if and to the extent that the carrying value of goodwill exceeds the implied value.

Hollywood Media has not yet completed its evaluation in order to determine if an impairment exists and therefore is unable to quantify the impact, if any, on the results of operations and financial position. The transition provisions of SFAS 142 allow until June 30, 2002 to complete step one of the test and, if required, until December 31, 2002 to complete step 2. Effective January 1, 2002, we ceased to amortize approximately $40.7 million of goodwill. Our annual goodwill amortization was approximately $5.3 million.

INFLATION AND SEASONALITY

Although Hollywood Media cannot accurately determine the precise effects of inflation, it does not believe inflation has a material effect on sales or results of operations. Hollywood Media considers its business to be somewhat seasonal and expects net revenues to be generally higher during the second and fourth quarters of each fiscal year for its Tekno Books book licensing business as a result of the general publishing industry practice of paying royalties semi-annually. The ticketing business is also effected by seasonal variations with net revenues generally higher in the second quarter as a result of increased sales volumes due to the Tony Awards(R) and in the fourth quarter due to increased levels during the holidays. In addition, although not seasonal, Hollywood Media's intellectual properties division and NetCo Partners both experience fluctuations in their respective revenue streams, earnings and cash flow as a result of the amount of time that is expended in the creation and development of the intellectual properties and their respective licensing agreements. The recognition of licensing revenue is typically triggered by specific contractual events which occur at different points in time rather than on a regular periodic basis.

PART II - OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On January 2, 2002, Hollywood Media issued 520,682 shares of common stock to Hollywood Media's Chairman of the Board and Chief Executive Officer and Hollywood Media's Vice Chairman and President in accordance with the cancellation on December 14, 2001, of 1,045,000 stock options. The shares issued vest 50% on June 30, 2002 and 50% on January 1, 2003. The approximate fair value of the stock options, $2,280,587 at December 14, 2001, was equal to the fair value of the restricted stock for which it was exchanged.

We issued a total of 40,344 shares of common stock valued at $187,217 during the three months ended March 31, 2002 for the extension of the term of a promissory note that Hollywood Media guaranteed. The borrower on the note, the former owner of CinemaSource (currently an employee of CinemaSource) is obligated to pay Hollywood Media an amount equal to 50% of the costs incurred for payment of the extension by Hollywood Media.

In February 2002, Hollywood Media issued 1,163 shares of common stock valued at $6,390 in connection with an amendment to a settlement agreement. The shares were valued at the market price of the common stock on the date the amendment was entered into.

On March 27, 2002, Hollywood Media issued 20,777 shares of common stock valued at $136,920 for payment of Hollywood Media's 401(k) employer match for calendar year 2001.

During 2002, Hollywood Media issued 54,392 shares of unrestricted common stock valued at $293,095, calculated using the closing market price on the various dates of issuance in accordance with the Hollywood Media 2000 Stock Incentive Plan.

During the three months ended March 31, 2002, Hollywood Media issued stock options and warrants valued at $77,228 for consulting services rendered and recorded such amount as consulting expense in the accompanying consolidated statement of operations.

During the three months ended March 31, 2002, Hollywood Media completed net issuances of 34,644 shares of common stock upon the exercise of outstanding stock options and warrants for which no proceeds were received.

During the quarter ended March 31, 2002, Hollywood Media issued stock options and warrants to purchase an aggregate of 105,500 and 10,000 shares of common stock, respectively, at exercise prices ranging from $5.05 to $6.50 per share. Options granted to employees are subject to vesting periods ranging from six months to four years and generally expire from the date of issuance.

The securities described above were issued without registration under the Securities Act of 1933 by reason of the exemption from registration afforded by the provisions of Section 4 (2) thereof, as transactions by an issuer not involving a public offering, each recipient of securities having delivered appropriate investment representations to Hollywood Media with respect thereto and having consented to the imposition of restrictive legends upon certificates evidencing such securities.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(A) EXHIBITS:

EXHIBIT	DESCRIPTION
3.1	Third Amended and Restated Articles of Incorporation
3.2	Articles of Amendment to Articles of Incorporation of Hollywood Media Corp. for Designation of Preferences, Rights and Limitations of 7% Series D Convertible Preferred Stock

3.3	Articles of Amendment to Articles of Incorporation of Hollywood Media Corp. for Designation of Preferences, Rights and Limitations of 7% Series D-2 Convertible Preferred Stock
3.4	Articles of Amendment to Articles of Incorporation of Hollywood Media Corp. amending Designation of Preferences, Rights and Limitations of Series A Variable Rate Convertible Preferred Stock
3.5	Articles of Amendment to Articles of Incorporation of Hollywood Media Corp. amending Designation of Preferences, Rights and Limitations of Series B Variable Rate Convertible Preferred Stock
3.6	Bylaws
4.1	Form of Common Stock Certificate
4.2	Rights Agreement dated as of August 23, 1996 between Hollywood Media Corp. and American Stock Transfer & Trust Company, as Rights Agent
10.1	Transfer and Shareholders Agreement dated January 14, 2002 by and among Baseline Acquisitions Corp., Baseline, Inc., Hollywood Media Corp. and Fountainhead Media Services, Inc.
10.2	Employment Agreement as of January 14, 2002 between Baseline, Inc. and Alex Amin
10.3	Employment Agreement as of January 14, 2002, between Baseline, Inc. and Rafi Gordon
10.4	Pledge Agreement, as of January 14, 2002 between Fountainhead Media Services, Inc. and Hollywood Media Corp.
10.5	Management Service Agreement as of January 14, 2002 between Hollywood Services, Inc. and Baseline, Inc.
10.6	Stock Purchase Agreement, as of January 14, 2002 between Fountainhead Services, Inc. and Hollywood Media Corp.

10.7	Secured Promissory Note between Fountainhead Media Services and Hollywood Media Corp., dated January 14, 2002 Schedule 1 to Promissory Note

(1) Incorporated by reference from the exhibit filed with Hollywood Media's Annual Report on Form 10-K for the year ended December 31, 2000.

(2) Incorporated by reference from the exhibit filed with Hollywood Media's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1998.

(3) Incorporated by reference from the exhibit filed with Hollywood Media's Registration Statement on Form S-3 (No. 333-68209).

(4) Incorporated by reference from exhibits filed with Hollywood Media's Quarterly Report on Form 10-QSB for the quarter ended June 30, 1999.

(5) Incorporated by reference from the exhibit filed with Hollywood Media's Registration Statement on Form SB-2 (No. 33-69294).

(6) Incorporated by reference from exhibit 1 to Hollywood Media's Current Report on Form 8-K filed on October 20, 1999.

(7) Incorporated by reference from the exhibit filed with Hollywood Media's Annual Report on Form 10-K for the year ended December 31, 2001.

(a) REPORTS ON FORM 8-K

We did not file any Current Report on Form 8-K during the quarter ended March 31, 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOLLYWOOD MEDIA CORP.

Date: May 15, 2002

By: /s/ Mitchell Rubenstein

Mitchell Rubenstein, Chairman of the Board and Chief Executive Officer (Principal executive, financial and accounting officer)