



On target valuation and investment analysis

Bowman Valuation Services -- Valuation Outline

The metaphor for a well-constructed valuation is an archery target – a series of concentric rings which lead toward the center “bull’s eye.” Bowman Valuation Services (BVS, LLC) conducts a comprehensive, “out to in,” 360° review to provide “on target” valuations for our clients.

Economic Overview

- The current economic climate as evidenced by several economic barometers.

Industry Overview

- The current state of the industry from an economic, regulatory and technological standpoint.

Market Overview

- A breakdown and discussion of the most relevant demographic and economic characteristics of the market, and how these compare to the nation as a whole.
- Projected demographic and economic growth rates for the subject market, with comparisons to national and peer market averages.
- Consideration of the main economic drivers in the markets, including the major employers, government installations and institutions. A qualitative assessment is made of their current and future impact on the market’s economic viability.
- An overall assessment of the market’s business climate. Several economic and demographic metrics are considered for the subject market in comparison to national and similarly sized markets. The empirical data is synthesized and balanced against our qualitative understanding of the market and our findings are captured in our proprietary market ranking.

Competitive Overview

- A complete roster of all the stations comprising the market, including estimated revenues, audience shares and conversion ratios.
- The stations’ signals relative to the market’s population. Station contours are presented and where appropriate, compared to competing stations.
- The nature and extent of the other advertiser-supported media in the market. This exercise pegs radio or television’s relative strength to competing mediums such as Outdoor, TV, Radio, Newspapers, Direct Mail and Cable.
- A qualitative assessment of the caliber and nature of the market’s major radio operators.
- Radio advertising rates, including estimated average spot pacing, sell-out percentages and pricing trends.
- Concentration of ownership in the market relative to peer markets and national averages.
- Level of competitiveness as evidenced by several metrics such as radio revenues per viable radio station, and radio revenues per population. Ratio comparisons for the subject market are made to peer and national averages.

BVS, LLC Valuation Outline, *continued*

- The degree of future radio competition as measured by:
 1. Construction Permits on file with the FCC for existing stations
 2. Allocations and rule-makings for new stations.
 3. Outstanding Docket 80-90 drop-ins for new outlying stations.
 4. Announced or rumored format or ownership changes.
- Our overall competitive assessment is captured in our proprietary market rating.

Station Overview

- Description of the operating assets.
- Notation of owned real property
- Status of operating leases.
- General scope and condition of technical equipment.

Engineering Overview (Optional)

- Physical inspection of the stations' tangible assets.
- Expert opinion as to the caliber and nature of the stations' major broadcasting equipment.
- Any noted technical deficiencies.
- Evaluation of the stations' signal contours, with special attention to obvious discrepancies between FCC prescribed operating authority and actual performance.
- Redundancy capabilities.
- Noted environmental hazards, operational infractions, or red flags.
- An estimated capital budget for the next five years.
- Opportunities to improve the station's signal and technical operation.

Valuation

- Discounted Cash Flow model, empirically grounded with complete explanation and full analysis and interpretation.
- Capitalization of Earnings (Multiples Approach)
- Comparable Sales Analysis
- "Stick" Value Analysis
- Guideline Company Analysis
- Value per Household Analysis

Valuation Rationale & Conclusion

- Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis. The valuation conclusion is framed by a discussion of the underlying asset's strengths and weakness, potential or upside, and threats, or downside to the prospective investment. Special emphasis is placed on how these qualitative factors bear on the investment decision making process.

Appendices

- Valuation Methodology
- Professional Qualifications
- Glossary of Terms

Note: This is not intended as an exhaustive list of the factors considered. Likewise, some valuation components may not be applicable depending on the particular assignment.