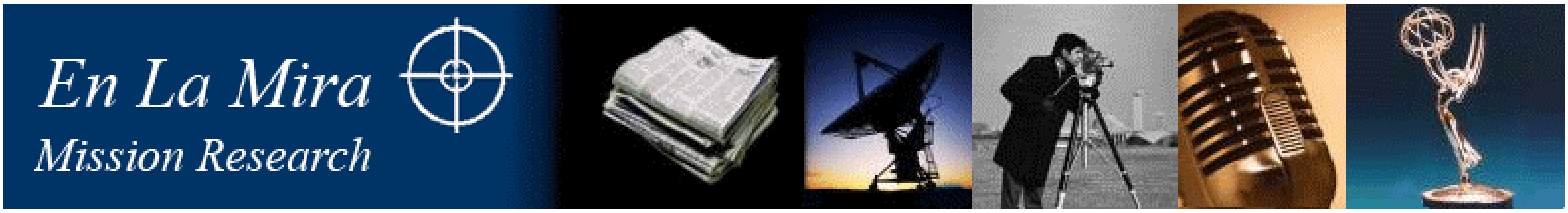

US Hispanic Media and Communications Monthly

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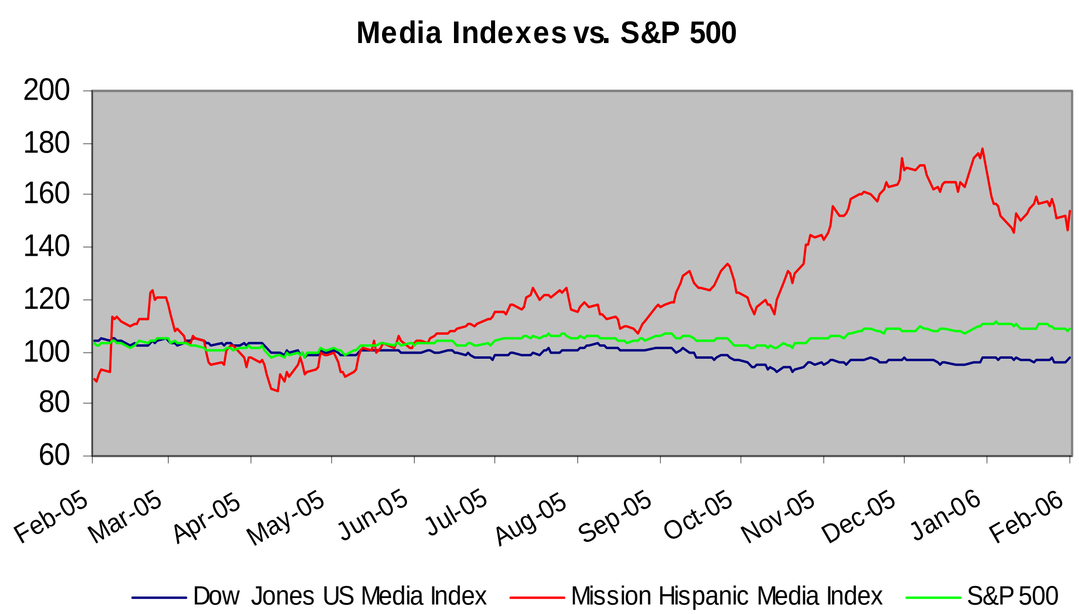
Mission Capital Group is an investment bank specialized in the US Hispanic media and communications sectors.

Advisory services include capital raising, mergers and acquisitions, and financial restructurings.



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Market Update

The strongest share price gainer in our Hispanic media universe over the past month has been Univision, at 12.4% (see Table below). Fueled by the news that the company had put itself up for sale, the stock jumped 12% on Feb 8th, the day of the announcement (see complete story on page 3).

Hispanic Media Share Performance

	1 mo	3 mos	1 year
Univision	12.4%	21.3%	33.7%
Televisa	-2.7%	9.0%	31.1%
Entravision	3.4%	-9.4%	-8.0%
SBSA	10.2%	-11.0%	-42.8%

Source: Mission Research

The Univision news also triggered shares of Spanish Broadcasting Systems (SBSA) to increase by 9.4%. A sudden focus on the high valuations being accorded to Hispanic media companies probably kindled interest among bargain-hunting investors. By contrast, Televisa's share price remained flat on dilution fears, as the company is the most likely candidate to acquire Univision.

Valuation – Premiums Expanding

In the wake of Univision's surprise announcement, valuation premiums for Hispanic media companies widened relative to US media peers. The premium of the former jumped to 35-40%, up from a historical 20-30% based on EV/EBITDA multiples.

Hispanic Media Valuation Comparison Table

	Share	P/E		EV/EBITDA	
	Price	2005	2006 E	2005	2006 E
Univision	$34.90	42.0x	33.2x	18.4x	15.3x
Televisa	$81.45	21.7x	16.8x	9.3x	8.1x
Entravision	$7.26	165.0x	62.6x	15.1x	13.5x
SBSA	$5.75	-10.3x	60.5x	13.1x	12.0x
Median		*31.9x*	*46.9x*	*14.1x*	*12.7x*

Source: Mission Research, Bloomberg, IBES

US Media Conglomerates Comparison Table

	Share	P/E		EV/EBITDA	
	Price	2005	2006 E	2005	2006 E
Viacom	$42.82	22.7x	21.3x	10.6x	9.4x
Time Warner	$18.35	23.8x	20.9x	9.6x	8.8x
News Corp	$16.48	23.9x	20.9x	12.4x	11.1x
Disney	$26.72	19.0x	19.1x	10.9x	9.3x
Median		*23.3x*	*20.9x*	*10.8x*	*9.3x*

Source: Mission Research, Bloomberg, IBES

Solid Q4 Expected for Televisa

Mexican media conglomerate Grupo Televisa is expected to report strong fourth quarter results on February 22nd, after the market close. Net earnings are forecasted to increase 20% to $1.40 per ADR, driven by robust sales growth and expanding operating margins.

Pay TV and Sky Mexico should continue to show strong performance during the quarter, with forecasted 30%+ sales growth and increasing subscriber additions ahead of the World Cup. Total fourth quarter revenues are expected to increase 12.5% to $915m, driven mainly by the strong pay TV performance. Broadcast TV revenue is expected to show a 4Q 2005 increase of 5% over the same quarter in 2004, while Publishing sales are expected to be largely flat. Televisa's EBITDA margin is on track to expand approximately 200bp to 42% in the quarter.

Expectations remain high for Televisa in 2006. The company should benefit from rising World Cup advertising, as well as political advertising from the Presidential election. New projects to be launched include a television venture in Spain (spring/early summer 2006) and betting operations in Mexico. In Spain, Televisa is a 40% owner in the Gestora de Inversiones Audiovisuales La Sexta consortium, which last year won a license to operate one analog and two digital television channels. Regarding gaming, the Mexican government granted Televisa a concession to operate 65 off-track and numbers-based betting sites in Mexico.

Monthly Features

Univision For Sale

Spanish-language media giant Univision (UVN) announced that it is considering putting itself on the block. The timing for a sale appears apt for several reasons:

1) **A banner year ahead**. Univision will enjoy favorable operating results in 2006, due to robust upfront sales and an additional advertising lift from the World Cup. Univision revenues are forecast to increase 15% this year to $2.2bn, with roughly half the growth coming from World Cup coverage. EBITDA should grow 18%-20%, boosted by a $50 million cost-cutting program initiated at the end of last year.

2) **Owner seeks an exit**. At 75 years of age, Chairman and CEO Perenchio is thought to be contemplating an exit strategy. Perenchio owns 11.5% of UVN shares and wields a 56% controlling interest via ownership of super-voting Class P shares. However, the Class P shares revert from a current 10 votes per share to 1 at the time of death or the sale of the company. As a result, a planned exit makes sense.

3) **Ongoing friction with Televisa**. Increasing tension between Univision and Televisa could be another reason for Perenchio to sell. Televisa owns an approximate 10% stake in Univision, and pursuant to a long-standing program licensing agreement (PLA), provides Univision with approximately 40% of its content at a very favorable cost, including 100% of Univision prime time programming. Televisa has become increasingly frustrated by the meager royalties received from Univision, as well as by the restrictive terms of the PLA. (The PLA runs to 2017 and is exclusive to Univision, even in the case of an ownership change). Televisa filed a lawsuit against Univision last year over royalty payments, and recently claimed Univision was in material breach of the PLA. Ultimately, Univision is likely to prevail in these legal disputes. But, it is clear that Televisa would like to renegotiate or possibly exit the PLA.

Deal Structures, Valuation and Suitors

Given Univision's growth and dominant market position, interest in a sale of the company would be high. While an outright acquisition could be feasible for some players (Disney, Time Warner, Comcast), other suitors would face regulatory hurdles, such as:

1) The FCC's cap limiting TV station penetration of the US market to 39% (which affects News Corp., CBS, and Viacom), and;
2) The limitation preventing foreign ownership of a TV station to only 25% (which impacts Televisa). The FCC also limits the number of stations a broadcaster can own within a given market, further complicating an acquisition by a fellow broadcaster.

While a broadcaster could always divest assets to comply with any FCC regulations, the real difficulty lies with the high multiple being paid for Univision. Any acquirer of the company would never be able to sell individual stations at a similarly high multiple; moreover, the sales will add incremental costs to the deal, affecting the overall IRR of the transaction.

It is also important to note that any acquisition of Univision will be carried out at a premium multiple. Univision currently trades at 15.3x 2006 EV/EBITDA, and we anticipate a winning bid would value the company at anywhere from 17.0x–19.0x 2006 EV/EBITDA (i.e., $38-$41 per share). By comparison, US media conglomerate multiples are around 9.0x–10.0x 2006 EV/EBITDA. Thus, dilution could be a deterrent for publicly-traded companies.

Below is a list of the potential suitors along with our initial thoughts on their feasibility and interest:

1) **Televisa** - Given the history and operating synergies, Televisa is the most logical buyer. However, given the foreign ownership restrictions Televisa would likely partner with one or more private equity firms and limit its participation to 25%. Alternatively, Televisa could acquire the network outright and then buy the TV and radio stations in conjunction with

private equity. A call option could enable Emilio Azcarraga to gain control at some point in the future after obtaining US citizenship. In any instance, Televisa has a very important card to play throughout the UVN auction: the PLA contract. While Univision's content agreement with Televisa is transferable to third parties, any potential buyer would be sure to confirm Televisa's intention to honor the PLA, and possibly extend it past 2017.

2) **Private Equity** – Private equity firms could seek to acquire Univision, either alone or with a strategic partner. While Univision's high valuation might appear to hinder LBO returns, it is our view that Univision's strong cash flow and rapid growth could support a transaction. At a takeout price of $40 per share, we estimate the 5-year IRR could reach 19% given a leverage target of 10.0x and an exit EV/EBITDA multiple of 12.0x (see table below). Attractive returns are also feasible with less debt (7-9x leverage) and a higher exit multiple (14.0x-15.0x).

Univision LBO Model

UVN Acquisition Price	
Fully diluted shares outstanding (mn)	374
Current share price	$35
Share price offered (15% premium)	$40
Total value ($mn)	$14,924
Private equity participation (75%)	$11,193
Leverage	
Target UVN Debt/EBITDA level (x)	10.0
2006E EBITDA	$800
Target LBO debt level	$8,000
Less: Current net debt	-$1,340
New debt assumed	$6,660
Private equity investment ($mn)	$4,533
Exit	
2011E EBITDA	$1,609
Exit EBITDA Multiple (x)	12.0
Forecast enterprise value	$19,309
Less: Forecast net debt	-$5,000
Target equity value	$14,309
Private equity participation (75%)	$10,732
IRR	**19%**

Source: Company reports and Mission estimates

3) **Disney** – Disney has expressed interest in the Spanish-language media market, and is free from the regulatory hurdles that other media broadcasters would face. However, given the company's recent acquisition of Pixar (see Page 10 for related article), its appetite for another large and dilutive acquisition may be low.

4) **News Corp** – Faced with FCC regulatory hurdles about market penetration, News Corp would need to divest a significant number of stations in order to comply with the 39% national coverage cap and the market duopoly rules. Univision's high valuation is also likely to prove unattractive for Chairman Rupert Murdoch. If News Corp were to bid, it would be more likely to act as part of a consortium rather than alone.

5) **Time Warner** – Regulatory hurdles would not present an issue for Time Warner, but the timing is off. Given Carl Icahn's highly publicized call for the company to break itself into 4 units, Time Warner would be vulnerable to further shareholder criticism if it acquired Univision.

6) **CBS or Viacom** – Both CBS and Viacom are constrained by FCC regulations limiting the extent of US TV-market penetration (CBS through its broadcasting footprint, and Viacom through Sumner Redstone's large equity position in both Viacom and CBS). Viacom could still potentially acquire Univision, but this move would require Sumner Redstone to reduce his controlling interest in CBS.

7) **Comcast –** As TV content increasingly migrates to the internet, cable MSO's such as Comcast need to accumulate their own programming in order to differentiate themselves and remain relevant. Comcast has already attempted to purchase content via an aborted bid to acquire Disney last year. However, any deal for Univision would need to come with an ironclad commitment from Televisa to honor the PLA, and probably to extend it. A joint bid between Comcast and Televisa could be another option.

In short, we believe Televisa, along with private equity or a strategic industry partner, will be the most like candidate to acquire Univision. Most importantly, Televisa's role as principal supplier of Univision's most lucrative programming ensures that it will play a role in any negotiation process.

The Market for Retail VoIP

Replacing Traditional Telephony

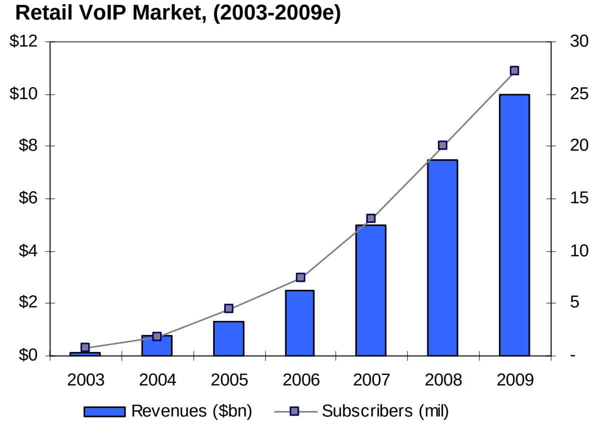
VoIP was launched in the 1990s as a means to provide cheap, international long-distance service. With the technology, voice is broken down into data packages and transmitted over internet connections, thereby avoiding traditional long-distance charges. For telecommunications service providers, VoIP has lower operating costs, and requires less capital expenditure than traditional telephony networks.

Residential VoIP : A Growth Opportunity

An estimated 1,000 VoIP providers currently operate in the US, although 6 companies control an estimated 80% share of the market (see **Top US Retail VoIP Providers** next column).

In general, the VoIP industry can be broken down into three types of players: 1) the independent enhanced service providers (ESPs); 2) cable multiple systems operators (MSOs), and; 3) regional bell operating companies (RBOCs).

Retail VoIP Market, (2003-2009e)



Source: Mission Research

It is estimated that total US residential VoIP users has grown over 200% to 4.4m users, up from 1.3m in 2004. As mentioned before, roughly 80% of the residential VoIP market is now concentrated among the top 6 players: Vonage, Time Warner, Cablevision, AT&T, 8x8 (Packet8) and Primus (Lingo).

ESPs like Vonage are the pioneers in the VoIP market, and continue to lead the way in terms of market recognition and consumer adoption. On a revenue and subscriber basis, Vonage has grown at a very rapid pace, and has succeeded in building a well-recognized industry brand.

Top US Retail VoIP Providers

Company	Subscribers 2004	2005 E	Growth
Vonage	400,000	1,328,603	232%
Lingo (Primus)	50,000	181,337	263%
Packet8	40,000	153,664	284%
AT&T CallVantage	53,000	203,605	284%
Time Warner Cable	220,000	937,318	326%
Cablevision	282,100	729,256	159%
Top 6 Total	**1,045,100**	**3,533,783**	
Industry Total	**1,306,375**	**4,417,228**	**238%**

Source: Mission Research, Company reports

However, given the continued entrance of large players into the market, the company needs to continue spending heavily to further develop the brand and accumulate more customers. Vonage completed a $200m financing last May, and recently announced its intention to go public with a $250m IPO later this year. Internet companies like AOL, Earthlink, MSN, Google, and Yahoo are also deploying VoIP in their Instant Messaging platforms increasing the competitive landscape.

It is worth noting that we are excluding Skype from the top VoIP providers list. Although it boasts a reach of almost 40 million users worldwide, the company has only 1.8 million users who subscribe on a fee basis, with customers dispersed globally and with the breakdown unclear. Moreover, since the company has been acquired by EBay, it is not clear if its strategic direction will shift.

Cable MSOs are also starting to gain momentum. These players posses not only established customer relationships, but also greater financial resources and the ability to provide on-site installation of the service. Most importantly, the cable companies' ability to bundle high-speed internet connection, cable television, and digital voice services (VoIP) into one package appeals greatly to consumers.

Still A Young Industry

Despite rapid adoption and high growth rates, the VoIP industry remains in a nascent stage. So far, the industry's economic impact in the country has been marginal. According to industry sources, consumer VoIP industry revenues were estimated at $1.3bn. By comparison, SBC alone reported consumer fixed-line revenues of $3.9bn in the first quarter of 2005 – more than 3 times the revenue of all the consumer VoIP providers combined.

At present, about 40 million customers in the US have broadband access, while just under 2 million customers have subscribed to VoIP services as of year-end 2005. This means that only 5% of people capable of VoIP service are currently VoIP subscribers. Clearly, consumers are still somewhat reluctant to swap their traditional fixed-line phone service for VoIP.

Nevertheless, the high growth rate in VoIP subscribers is expected to hold in the future due to a number of factors: higher broadband penetration rates, decreasing prices, service innovation, quality improvement, and increased awareness of the service. Nowadays, people are increasingly replacing their fixed-line phone service with wireless. Further price reductions on 'quadruple-play' bundled service offerings (voice, internet, TV and wireless) should also boost consumer adoption.

As a result, the number of consumer VoIP subscribers in the US could reach an estimated 7 million by year-end 2006, and by 2009, this figure could reach a total 27 million. In terms of industry revenues, the retail VoIP market could grow from $1.3bn last year to $10bn by 2009.

Industry surveys also point to further VoIP adoption. When Telegeography conducted a survey of 1,500 US households, 30% were unaware of VoIP. Out of the remaining 1,050 households, 50% said that they were more likely to subscribe than those who had not heard of VoIP before.

*A*s competition rises and prices decrease in the near future, VoIP ESPs will have to do more than simply offer a cheap service. We anticipate that ESPs will begin to partner with wireless operators, video providers, and/or Competitive Local Exchange Carriers (CLECs) in order to create synthetic consumer bundles. This should allow the ESPs' VoIP services to remain competitive with current RBOCs/MSO triple and quadruple plays.

Pricing Environment

ESPs typically offer the cheapest VoIP packages, with prices in the range of $20-$25. Some providers are even offering short-term promotions for as low as $9.99 per month in order to attract customers, particularly as cable MSOs have become more aggressive in pursuing customers. The cable MSOs have begun offering VoIP as part of their triple play bundles, and customers who purchase VoIP services as part as the bundle only pay around $29-$35 for the service, still higher than ESPs. However, if customers decide to purchase VoIP only from the cable MSOs, they would pay around $45-$55, making it a better deal to go with the product bundle.

VoIP Industry Pricing

Provider	Monthly Price
ESPs	
Lingo	$19.95
Packet 8	$19.95
Vonage	$24.99
MSOs	
Cablevision	$29.95 - $34.95
Time Warner	$39.95 - $49.95
Comcast	$39.95 - $54.95
RBOCs	
AT&T	$29.99
Qwest	$29.99 - $49.95
Bellsouth	$29.99
ISPs	
AOL	$29.99 - $39.99
Yahoo	$29.99
Earthlink	$29.99 - $69.95

Source: Mission Capital Group

RBOCs have been aggressively rolling out their VoIP services and have been pricing them cheaper than cable MSOs with monthly prices of $29 - $35. Qwest is the exception and they seem to be pursuing a different strategy by charging a much higher service rate than the RBOCs. Qwest's deployment plans are reported to have been relatively expensive, resulting in the need to charge more.

Business Customers: Wary Interest

Providers will also be forced to enhance their products to meet a growing demand: VoIP for business customers. Currently, VoIP services mainly cover a customer's simple call requirements. But business clients demand more complex services: unified messaging platforms, IP video-conferencing, and sophisticated inbound call management and routing features.

VoIP adoption surveys demonstrate some hesitation on the part of potential business customers. Today, 15% of US phone lines are managed by circuit-switched services such as Centrex. However, these clients could easily migrate to VoIP. Forrester recently surveyed 196 infrastructure decision-makers at small and medium-sized businesses in the US. In the survey, 29% expressed a strong interest in using managed VoIP services, 24% were unsure, and 47% were uninterested.

Lisa Pierce, a VoIP analyst at Forrester, believes that the findings reflect a number of VoIP realities:

1) For businesses, the technology is new and untested. VoIP is not yet viewed as reliable for enterprise use in order to justify implementation.

2) Small and medium-sized businesses tend to be late adopters of new technology.

3) Enterprises often place other priorities ahead of investing in new technologies, with VoIP low on the list.

Larger companies, by contrast, appear to be more open to adopting VoIP. Current players like AT&T, PBX, and Echoin are already providing some companies with VoiP call-managing services.

Managed Services Common Features

Account codes	Call pickup/directed
Alternate numbers	Call return
Anonymous call rejection	Call screening by digit pattern
Anonymous numbers	Call transfer three-way
Do not distrub	Call waiting
Authorization codes	Calling ID delivery
Auto attendant	Speed dial
Last number redial	Outlook integration
Call forwarding	Cancel call waiting per call
Call intercept	Communication manager
Call notify	Consultation hold
Three-way calling	Music on hold

Source: Forrester Research

Analysis of Industry Players

Enhanced Service Providers

While ESPs pioneered the industry, their first-mover advantage is eroding as RBOCs and cable MSOs enter into the market. For now, ESPs remain competitive through aggressive pricing and strong branding. We note that Vonage's IPO will provide free branding and marketing, as industry watchers and the press cover the deal. ESPs have also been aggressive in technology spending in order to maintain product differentiation.

The main threat to ESPs is the ability of cable MSOs and RBOCs to bundle services. ESPs will be forced to seek partnerships with wireless and/or video providers to offer product bundling capabilities, otherwise their market share will be lost against cable MSOs and RBOCs, as customers will migrate to "bundled bargains".

Another vulnerability ESPs suffer is their lack of broadband connection or network ownership. This factor compromises their ability to control quality as compared to those who own the broadband network. By not owning the network, they are also unable to guarantee security, prioritize call routing, and ensure an adequate power supply from the broadband providers. ESPs are particularly vulnerable to ISP network failures, which can interrupt service and severely damage customer relationships.

Regional Bell Operating Companies

Cannibalization is the largest threat that VoIP presents to RBOCs. A survey conducted by Telegeography noted that 76% of online households would eliminate their fixed-line service if they signed up for VoIP.

To date, RBOCs have approached the VoIP market tentatively. On the one hand, the RBOCs do not want to contribute to and expedite the migration of fixed-line customers to VoIP (a much lower margin product). However, if the loss of customers to VoIP is inevitable, they might as well offer a competing service themselves.

In the longer term, the RBOCs do enjoy some advantages in the VoIP market over the ESPs. In contrast to the independent VoIP providers, RBOCs have greater financial resources, an ability to bundle products, and are in control of their own broadband network. This ensures better quality and security, some of the features that consumers appear to value the most.

The ability to offer wireless services also gives RBOCs a competitive edge when it comes to pursuing deeper VoIP/wireless integration. Likewise, a large and growing DSL customer base should enhance their position in what will be a tough battle against cable MSOs.

One disadvantage of the RBOCs is their growing need to upgrade less-efficient infrastructure networks in order to reduce operating costs and to be able to offer a wider range of services. As VoIP becomes more popular, RBOCs will need to adapt and find ways to offer new products. In a first of its kind, Bellsouth recently entered into an agreement with Packet 8 to offer VoIP service. We expect the RBOCs to enter the VoIP market more aggressively as the migration trend continues.

Cable MSOs

Similar to RBOCs, the cable operators benefit from strong balance sheets, an existing customer base, and the ability to offer triple or quadruple play bundles. Moreover, as the cable operators already manage broadband networks and services, they are able to rollout VoIP without incurring the huge capital expenditures that the RBOCs will need to make.

In terms of pricing, cable MSOs are more flexible than the RBOCs, as they don't have the expensive overhead associated with fixed-line operations. Additionally, the cable MSOs are not hindered by issues of cannibalization to their core business that hamper the RBOC VoIP providers.

What places cable MSOs at a disadvantage to RBOCs is that they don't have wireless capability, and will be in a difficult position if they want to offer wireless/VoIP capabilities in the future. Moreover, the cable MSOs do not own long-haul networks for traffic carriage or have access to backup power sources, which makes them susceptible to service interruptions.

VoIP Regulatory Environment

The more prevalent adoption of VoIP is causing the Federal Communications Commission (FCC) to take an increasing role in regulating the market. Until now, the FCC has taken a wait-and-see approach, by encouraging the adoption of VoIP services and delaying the recognition that IP telephony will require its own regulatory framework.

When the VoIP industry first emerged, state legislatures provided operators with a barrier to entry by ordering them to obtain certain carrier certificates in order to do business. The FCC, however, drew a preemptive line over state legislation, stating that IP telephony was more of an *inter*state rather than an *intra*state matter. Because of this, VoIP providers were exempt from any certificate requirement that state authorities demanded.

The FCC has attempted to accommodate both VoIP providers as well as the RBOCs. On the one hand, the FCC has prohibited per-minute access charges on pure VoIP conversations (IP to IP). However, fees are incurred in the case when a call begins or ends on a traditional phone network.

The former regulation allowed peer-to-peer players such as Skype and World Dial-Up the opportunity to provide PC-to-PC services for free, which in turn, helped spur strong growth in consumer adoption. At the same time, RBOCs have been given the chance to recover costs when any VoIP call requires use of their facilities.

FCC Overturns Naked DSL Rules

In a further measure to protect independent VoIP providers, some state regulators have been enforcing 'naked' DSL, in which RBOCs are forced to let customers buy DSL without having to also sign up for their local phone service.

However, in a deeply divided ruling in March of last year, the FCC suspended the state rules that forced phone providers to offer naked DSL. Interestingly enough, the FCC did force SBC and Verizon to offer naked DSL for a temporary period when those companies were undergoing large mergers (ATT with SBC and Verizon with MCI). The naked DSL enforcement in these cases most likely being tied to competition concerns.

Today, cable MSOs, ESPs, and state regulators are still pushing the FCC to revert its prior ruling against naked DSL, in a bid to foster VoIP expansion for many different players, keep the RBOCs in check and ensure enough competition to keep broadband and VoIP pricing under control.

Net Neutrality Debate Heats Up

Politicians in both the House and Senate have been exploring ways to update the Telecommunications Act of 1996 in order to account for the internet. Spearheading the effort in the House has been Rep. Joe Barton, who chairs the House Energy and Commerce Committee.

Last fall, the Committee published a draft proposal that was roundly criticized for failing to spell out a clear mandate on network neutrality. In essence, broadband providers are seeking the right to charge web sites or web-based application providers should these sites want additional bandwidth (i.e., faster download speeds). Broadband providers would also like to have the right to deliver their own video content faster than a similar service provided by a rival.

Various internet and VoIP companies have been vocal in their protest over Broadband providers requests and have claimed that the internet needs to remain neutral with equal access permitted to anyone. In principal, internet companies appear comfortable with the concept of paying more for bandwidth. However, it's the concept that Broadband providers could impair or impede access to content or services that make internet and VoIP companies nervous.

So far, the Commerce Committee has not commented on what its revised draft proposal – expected at the end of this month – will look like. Nevertheless, we expect this debate to remain heated given what is at stake.

VoIP Taxes?

As VoIP continues to displace traditional telephony services, it is believed that state and local governments will tax VoIP providers in order to make up for lost revenues in traditional phone services. VoIP callers could be faced with monthly assessment charges in the future to make up for these lost revenues.

It is presumed that these taxes will be used to ensure the sustainability of the Universal Service Fund (USF), a multibillion-dollar fund created in a 1996 Act that subsidizes telecommunications services in rural and other high-cost areas such as, schools and libraries.

Deal Activity

Hispanic Media

Norsan Group Accelerates Expansion

Norsan Broadcasting, the radio broadcasting affiliate of the Norsan Group, has stepped up its expansion plan through a series of acquisitions. The group intends to reinforce its presence in existing markets, as well as expand into new regions. In the past month alone, the company has added three radio stations to its portfolio:

1) WFAY-AM	Fayetteville, NC	$850K
2) WKGN-AM	Knoxville, TN	$500K
3) WSOS-AM	Jacksonville, NC	$300K

Norsan Group is best known for its retail and wholesale food holdings, which include: Don Taco Taqueria, Frontera Tex-Mex Grills, Pampas Steakhouse, La Mexicana Supermarket, Prime Meats and Norsan Foods.

To date, Norsan Broadcasting owns a mix of radio stations in promising, high-growth Hispanic markets:

WXNC-AM	Monroe, NC
WGSP-AM	Charlotte, NC
WEWC-AM	Jacksonville, FL
WNNR-AM	Jacksonville, FL
WVOJ-AM	Jacksonville, FL

Impremedia Enters Florida

Newspaper publishing group Impremedia is acquiring La Prensa, a weekly Spanish-language newspaper in Orlando. The transaction represents the fifth acquisition by Impremedia since 2004, as the company continues to execute on its national roll-up strategy.

La Prensa has an audited circulation of 50,000 issues per week and will be distributed as part of ImpreMedia's Domingo Network, a network of free Sunday tabloid newspapers. Including La Prensa, the Domingo Network's weekly circulation rises to a total 800,000.

The acquisition of La Prensa will bring further competitive pressures to the Florida Hispanic-newspaper market, which also counts the Tribune company- owned titles El Nuevo Dia Orlando and El Sentinel, as well as Knight Ridder's El Nuevo Herald.

Looking forward, Impremedia intends to continue expanding in the state. The Impremedia Group's main publications include Los Angeles' La Opinion, New York's El Diario La Prensa, and Chicago's La Raza.

Davidson Acquires La Mega

Davidson Media Group (DMG) has purchased Philadelphia's largest Spanish-language radio station, La Mega 1310 AM for $8.25m. DMG will team with Nueva Caliente Inc. in Philadelphia to sell ads and manage local programming. La Mega is the 34^{th} radio station purchased by DMG since the group's inception.

New Joint Venture for Crossfone

Argentine media and communications mogul Daniel Hadad, in conjunction with other partners, has acquired UOL Argentina. UOL Argentina is one of the most important ISPs in Argentina, with more than 100,000 paying subscribers, of which approximately 17,000 have broadband connections.

Through an agreement with the new owners of UOL, Crossfone Argentina, the retail VoIP arm of US-based Latinode Inc., will begin offering UOL customers telecommunications products and services. Crossfone Argentina aims to convert the dial-up customers to a broadband connection, and then ultimately offer retail VoIP services.

Crossfone Argentina began operations in September 2004, as a 50/50 joint venture between Latinode and Daniel Hadad. The company has had an aggressive expansion plan since inception, and has already deployed a variety of different services, including prepaid calling cards, pinless service, corporate telephony and Crossbox, a broadband telephony solution.

In January 2006, Crossfone achieved record traffic of 13.5 million minutes, representing a sequential increase of 8% over the previous month. With the new UOL asset, coupled with the Latinode and Hadad Group support, Crossfone could become the retail VoIP leader in Argentina, and eventually a potential important player in the region.

General Market Media

Disney Acquires Pixar

Disney has acquired Pixar in an all-share transaction. Accordingly, Pixar Chairman and CEO Steve Jobs will assume a seat on Disney's board and become the company's largest individual shareholder.

Under the terms of the deal, 2.3 Disney shares are being exchanged for each Pixar share, valuing the latter's equity at $7.6bn. Subtracting Pixar's $1bn in cash (net of debt) yields an enterprise value of $6.6bn for the company.

From a strategic perspective, Pixar's animated film operations are a perfect fit with Disney. Pixar will enhance Disney's own flagging animation division, which remains a critical driver for corporate growth. Disney will also gain ownership of Pixar's many popular characters, which can be used in future films, cable channels, product merchandising and in the theme parks.

From a financial perspective, the acquisition appears rich. Given the high valuation accorded to Pixar (31.0x 2005E EV/EBITDA vs. 10.9x for Disney), the deal is most likely dilutive to Disney's earnings. A planned share buyback will help to either partially – or fully – offset any dilution.

Google Extends Its Reach into Radio

Google will acquire radio advertising firm dMarc Broadcasting Inc. for $102m in cash plus earn-outs of $1.14bn over the next 3 years if certain targets are met. DMarc's technology enables advertisers to purchase and track radio ads automatically, and allows broadcasters to schedule and place the spots.

Google already places ads on behalf of clients in the print world, and in addition to radio, the company looks set to eventually broker TV ads as well. Ultimately, Google would like to bring packaged advertising solutions – across all media – to the smaller and mid-size clients that get overlooked by the larger players. Through its online ad model, Google already has a presence with many of these potential customers.

In addition, Google would like to automate and facilitate the process of buying and placing ads in traditional media outlets, much as it does on the internet. We believe this strategy will work with smaller clients, especially those that are looking for more localized ad spending. Larger national clients more concerned with brand or image will remain with the traditional ad agency and media planning and buying model.

CBS and Time Warner Merge Networks

CBS and Warner Brothers will close their respective UPN and WB networks to form a 50/50%-owned new combined network called "The CW". The CW will combine programs from both networks, and this should lead to higher ratings, increased reach, and greater profits. The combined network should also improve the chances for a developed show to reach the syndication market.

The CBS/Tribune stations to be used will reach 48% of the US market. In markets not covered by Tribune or CBS, The CW will round out the coverage with the best stations in each market. The combination of the two networks will leave a number of stations without affiliation, which will likely remain independent for now.

ABC Radio Merges with Citadel

Disney finally announced the sale of ABC Radio to Citadel Broadcasting for $2.7bn. In the deal, ABC Radio will receive anywhere from $1.4bn-$1.6bn in cash from leveraging up the radio assets and $1.1bn-$1.3bn in Citadel equity. The deal is positive for Disney, as it values ABC Radio at 13.0x EV/EBITDA, vs. current radio company multiples of 10.0x-12.0x.

Under the terms of the transaction, Citadel will receive 22 radio stations (14 FM and 8 AM), as well as ABC's radio networks. However, Disney will keep ESPN and Disney Radio assets. As part of the deal, Citadel has entered into a 10-year licensing agreement for ABC News.

Prior to the merger, Disney is spinning-off ABC Radio assets into a new company called Spinco. Disney will then borrow against Spinco, keep the cash raised, and then merge the company with a Citadel subsidiary called Alphabet Acquisition Corp. Citadel will make a special dividend payment to its former shareholders and then deliver new stock (roughly 52%) in the newly combined company to Spinco shareholders. The deal has been structured in this manner (reverse Morris Trust transaction) to avoid capital gains taxes.

RealNetworks Acquires Gaming Firm

RealNetworks has acquired Dutch gaming firm Zylom Media Group for $21m. This is RealNetwork's third major acquisition in the gaming sector, following the purchase of Gameshouse in Jan 2004 for $36m and Mr Goodliving in May 2005 for $15m.

Zylom, a distributor and developer of games, has a library of more than 70 titles in seven languages, including localized versions of the popular Bejeweled game. In 2005, the company said it had annual revenue of $7.9m and net income of $750,000.

Vonage Files For $250 Million IPO

In a bid to capitalize on the strong VoIP industry growth, Vonage has filed for a $250 million IPO, planned for the second half of this year. Given the increased media attention on the sector following EBay's high-profile acquisition of Skype last year, it appears that Vonage has determined that now is the right time to become a publicly traded company. In addition to raising capital, a Vonage IPO should also serve as a high-profile branding and marketing event for the company.

In the first nine months of 2005, Vonage has generated revenues of $170 million and losses of $189.6 million, due to the company's significant marketing and customer acquisition spend. While Vonage has recorded impressive customer and revenue growth since inception, industry and market watchers have viewed the IPO with some initial skepticism given the company's accumulating losses.

Rising competition is not only pressuring pricing, but also pushing up customer acquisition costs. As a result, pressure on operating margins is likely to continue for the foreseeable future, and only ease as the industry begins to consolidate and mature.

NEWS CLIPS

Print Media

Magazine Ad Pages Slip 1.9% in January

According to reports by Mediapost, total consumer magazine ad pages decreased 1.9% in January compared to last year, marking the second consecutive year of January declines. Magazine ad pages increased 3.4% in 2005 compared to 2004.

Spanish Language Venture in Chattanooga

The Chattanooga Times Free Press has introduced a Spanish-language weekly newspaper entitled Noticias Hoy. The newspaper is the second title in the Tennessee area, after Mundo Hispano, owned by Hispanic World Incorporated. The Chattanooga Times Free Press is owned by Wehco Media Inc.

Fuego Magazine Folded

Fuego, Harris Publication's first Hispanic magazine, has folded after less than a year in existence. Issued quarterly and targeting English-speaking 2nd and 3rd generation Latino men, the publication had a circulation of 200,000.

Sentinel's Parent Buys Spanish Weekly

Ottaway Newspapers Inc, parent company of the Sentinel, announced it has purchased La Ganga, a free weekly Spanish-language publication based in Watsonville with a circulation of 20,000. The publication is distributed in 70 cities along the Central Coast.

Hispanic Business Launches Digital Edition

Hispanic Business is introducing a digital edition of its flagship publication. This edition will offer subscribers faster delivery, direct links to advertisers, and convenient text search ability, all in an electronic format. The annual price for the digital edition is $9.99.

Fox to Launch Spanish Sports Monthly

Fox will launch Fox Sports en Español this April, a monthly Spanish-language sports magazine. The new magazine is a product of the licensing agreement between Cuatro Media, Inc. and Fox Pan American Sports.

The publication will launch with a circulation of 750,000 and be distributed as a free insert in Spanish-language newspapers in the top Hispanic DMAs, as well as nationally via paid subscription. Two monthly editions will be produced, one catering more toward the more baseball passionate Caribbean Latino, and the other edition with a stronger emphasis on soccer.

Vida En La Valle Grows Circulation

Vida en el Valle, a bilingual weekly newspaper published in California's Central Valley by The McClatchy Company, is expected to increase its audited circulation to 167,000 from 107,000. The paper will expand its distribution north from Fresno into Stockton and Sacramento, according to the company.

LatCom Creates High School Magazine

LatCom Communications, a privately owned company, has launched a quarterly magazine targeting high school Latinas. According to CEO David Chitel, the free magazine – Latino U – High School Edition, will have a set base of 100,000, and has applied for BPA audit as of February 2006. The high school edition magazine will be distributed at high-density Latino schools nationwide.

Broadcast – TV and Cable

SBS Unveils La Mega TV

SBS has planned a reception on February 16th for the local media in Miami to introduce its first TV show, Polos Opuestos, to be hosted by the seasoned TV reporter María Elvira Salazar. Polos Opuestos has been aired in the past by CBS TeleNoticias, and broadcasted in different countries in Latin America.

In our view, Maria Elvira Salazar's show should help improve investor's attitude towards SBS's commitment to create quality TV. While not innovative, Maria Elvira Salazar is a well-recognized and highly regarded TV personality, which should help bring much-needed credibility to SBS's TV effort.

SBS expects to start broadcasting its recently acquired Mega TV station (WSBS-TV Channel 22) on March 1st. According to Raúl Alarcón Jr., the new TV station "wants to go with something totally distinguishable from the rest". We would question how distinguishable the format is, as Howard Stern has been utilizing a similar format for some time.

Sí TV to Syndicate The Rub

Sí TV began syndicating its sex talk show, The Rub, via a distribution agreement with Sony Entertainment Television Latin America. The program has 40 episodes that will be subtitled in Spanish or Portuguese, and will be broadcast in over 20 countries including Mexico, Central America, the Caribbean, and South America.

ESPN Deportes Hits a Home Run

In a deal reached with the Major League Baseball and the MLB Players Association, ESPN Deportes has obtained the Spanish-Language broadcast rights to the first-ever World Baseball Classic. The network will broadcast all 39 games of the championship and will be the only network where these games will be broadcasted in another language other than English.

LTV Networks launches Latin Television

LTV Networks has recently launched Latin Television after a merger with Mega Mania Interactive. Latin Television is a Spanish-Language media company, targeting 18-39 year-old Hispanics with movies, sports, news, and entertainment programming.

Caracol TV Enters Venture in South Florida

Caracol Television and Dr. William De La Peña, owner of WGEN-TV and other television broadcasting interests in the Miami/Ft. Lauderdale market, entered into an agreement to produce provide programming services to stations within the South Florida market.

Una Vez Mas Secures Funding

Azteca America affiliate group Una Vez Mas (UVM), secured a minority investment from Boston private equity firm Alta Communications. A total of $45m was raised, including Alta as well as proceeds from a Wells Fargo credit facility and the sale of two signals.

Proceeds will be used to penetrate additional DMAs and elevate UVM's presence to reach up to 23 markets or more, in order to cover 30% of the total US Hispanic population. At present, UVM operates most of its low-power stations in the Southwest of the country.

TV Stations partner with Metro Schools to reach out to Latino parents

"Metro-Minutes", a one-minute information piece aimed at Latino parents began broadcasting in Nashville, TN. Nashville's only Spanish-language TV station, Telefutura, and other stations partnered with local Metro schools to create this daily program. The purpose of the program is to inform Latino parents on the metro school system in Nashville and make them feel more connected to the school system and their children's education. Nashville's Hispanic population continues to grow, therefore it makes sense to reach this target.

Radio

Baseball Owner Buys LA Hispanic Station

Arte Moreno, owner of the Los Angeles Angels baseball team, agreed to purchase KMXE AM in LA from Radiovisa for $42m. The purchase follows a trend among league team owners to operate their own media stations. Dan Snyder, owner of the Washington Redskins recently formed Red Zebra Broadcasting, a three suburban station chain to broadcast Redskins Games.

KMXE AM, whose current format is Spanish/Talk, will serve as the Hispanic flagship station for Angels games, as well as NASCAR, Chivas USA soccer, University of Southern California football, and Los Angeles Galaxy game coverage. The station plans to expand their broadcast line-up to a bilingual format in the future.

W Radio Debuts with GLR's Programming

W Radio, a popular radio format that originated in Mexico and Latin America more than 75 years ago, has recently debuted in Los Angeles on XTRA 690 AM, previously known as the Mighty 690.

W Radio 690 will feature a news, talk and sports format, and will air the show Futbol Mexicano. The station currently airs programming provided by GLR networks, and will also soon feature additional programming specially targeted to the LA and Southern Californian Mexican audience.

Radio Caracol Boosts Signal

WSUA 1260 AM, otherwise known as Radio Caracol in Miami, has increased its broadcasting signal from 5,000W to 50,000W during the daytime, and from 5,000W to 20,000W in the evenings. The upgrade will allow the station to extend its coverage with a strong signal throughout Miami-Dade County to Broward, Monroe, and the Palm Beach Counties.

Clear Channel Forms La Preciosa

Clear Channel recently branded and launched a Hispanic radio network, called La Preciosa. The network will target Spanish-dominant Latinos, aged 18-54, featuring Spanish hits from the 70s through the 90s.

La Preciosa will air in 14 markets, 6 of which are in the top 20 Hispanic DMAs, and 2 of which are in the top 10. Clear Channel currently airs Spanish formats on 28 stations throughout 23 markets, reaching roughly 8% of the US Hispanic population.

Spanish Broadcasting Monetizes Ratings

Spanish Broadcasting System's (SBS) WSKQ FM in New York and KLAX FM in Los Angeles were the top-billing Spanish-language radio stations in the US, according to the CPA radio monitoring firm of Miller, Kaplan, Arase, and Company.

According to SBS COO Marko Radlovic, the company's success has been due in part to SBS's ability to win business from non-Hispanic advertising agencies that until recently had not been aware of the Latino community's growing purchasing power. SBS's flagship station, Miami's WXDJ El Zol, recorded annual revenues of $23.3m last year.

Oldies Still Strong on Latin Radio

As Spanish-language radio keeps growing and diversifying, many stations continue to favor old Spanish hits. In the past three months, more than a dozen Nielsen-BDS monitored stations switched to Latin Oldies formats. While Latin Pop and Reggaeton continue to appeal to a younger demographic, the Latin Oldies format is considered the preferred draw for an older Hispanic demographic.

Internet

Voy Launches Portal, Joins with StarMedia

Spanish-language internet portal StarMedia and Voy Music, an online music platform, have signed a long - term partnership to deliver music content and services online. Through the alliance, Voy Music will provide a digital music channel for the StarMedia portal. One of the first services to be launched under the partnership will be StarMedia Radio, to be supplied by Voy Music.

Voy Music operates its own bilingual music sites where listen to 26 different internet radio stations, an open podcasting platform and music news. Voy also plans to introduce new talent to the Latino music industry through eLable, a virtual record label that will distribute and promote music. In the future, Voy also plans to launch a subscription online service, with more than 100 channels and high streaming quality by the end of this year.

Batanga Goes Mobile

Online Hispanic internet portal Batanga has begun to offer music content via Barrio Mobile. Barrio Mobile is owned by Lagardere Active North America, a subsidiary of the Lagardere Group (owner of Hachette-Filipacchi Magazines). Batanga is owned by Hispanic Media Inc.

Barrio Mobile provides Hispanic-themed ring tones and wallpaper for cellular phones, as well as streaming radio and television over 3G mobile networks.

Denver Post Goes Spanish Online

The Denver Post launched Denver Post al Dia, a Spanish-Language website offering local news about Denver and Colorado. The site also includes national, world, business, and sports news, a well as news from Mexico and Latin America. Hispanics are currently the fastest-growing demographic in Denver.

Univision Online Uses Behavioral Targeting

Univision Online has selected Revenue Science, a behavioral targeting provider, in order to deliver more relevant advertising though behavioral targeting. Behavioral targeting is the ability to deliver specific ads online to consumers, based upon their recent history of viewing web pages. Through the technology, advertisers should be able to get better effectiveness and higher ROI from their marketing efforts.

Advertising & Marketing

M&A Activity to Remain Strong in 2006

Merger & acquisition activity in the advertising and marketing sectors will remain strong this year, according to a recent study by Admedia.

The company surveyed over 1,000 senior executives in the field and discovered that 75% of respondents felt there was a significant demand for deals, a figure that was 64% higher than last year. The majority of respondents predicted M&A activity would be strong in interactive marketing, database marketing/CRM, and specialist advertising.

Valuation multiples for marketing services firms are expected to increase to 6.0x-7.0x EV/EBITDA, up from 5.0x-6.0x last year. Internet marketing firms should see the biggest valuation boost to 6.0x-10.0x EV/EBITDA (vs.5.0x-7.0x last year). In terms of industry revenues, respondents predicted a 5% increase in overall advertising spending.

Latin Music Places Target on Teens

Record Labels are increasingly scouting younger artists and marketing them to consumers under the age of 18. The teen artists range from pop/rock singer-songwriters, to regional urban acts that blend hip-hop with traditional Mexican sounds.

Artists recently signed include JD Natasha, Yolanda Perez, Ha*ash, Jae-P, Yahir, Kalimba and Belinda. While Hispanic radio and TV has traditionally favored Adult-oriented formats, there have been a number of new media outlets focusing on the younger-teen age bracket, including AOL Latina, Mun2 TV network, AIM TV and the new MTV Puerto Rico.

Hispanic Agency Adds Interactive Unit

Hispanic advertising agency Lopez Negrete has hired Moses Robles, a former VP of account services at Beyond Interactive to educate the agency’s clients on how to reach Hispanics online. Besides that, Robles will asses the department’s staffing needs and hire employees to build it out. Online publishers have been aggressively moving toward the Hispanic marketplace due to high broadband penetration rates among Hispanics and staggering Hispanic population growth rates. Furthermore, Robles commented that the Hispanic online media world is lagging far behind the general market, partly because agencies don’t yet have the expertise to drive a hard bargain with publishers.

Spanish-Language Entertainment Marketing Firm Launches

Anita Santiago Advertising joins Arenas Group, American Entertainment Marketing, and others to provide custom Spanish-language marketing and advertising campaigns for motion pictures. The agency is being headed by industry veteran Anita Santiago along Linda Ortiz and Patricia Gutierrez.

Amistad Media Shuts Down

Amistad Media, the country’s 11th largest Hispanic media buying agency with a reported peak annual billings of around $40m, decided to shut down on January after 11 years of service. According to Amistad’s managing director, new business prospects had dried up and some key accounts had been lost.

Mindshare Interactive Reaches Hispanics

The D.C. based communications and marketing firm recently announced the launch of “Redes” to target the US Hispanic market. The program will be run out of Mindshare’s headquarters in DC and will also operate in the Los Angeles and Austin markets. Redes will provide Mindshare’s full range of existing services and resources to its clients in Spanish. The company has also launched a Spanish website to offer its online marketing services.

Communications

Cordia Corporation announces VOZSIP

Cordia Corporation, a global communications service provider, has released a fully-integrated Spanish-language VoIP service, VOZSIP. The service will provide approximately 330 million Spanish-speaking people around the world with Cordia’s VoIP services in Spanish. The launch of VOZSIP is a significant step in Cordia’s global expansion according to company executives.

Carlyle Invests in Hispanic Call Center Firm

The Carlyle group purchased a majority stake in Hispanic Teleservices Corp. (HTC), a provider of call-center services aimed at US Hispanics. No figures were disclosed, but analysts valued the deal at around $50m.

Founded in 1999, HTC operates two call centers out of Mexico and manages a headcount of around 1,350 employees. Most of HTC’s clients are US-based technology and financial services companies that want to provide a call service for their Spanish-speaking clients. According to a company spokesperson, HTC represents Carlyle’s third investment in businesses that serve the Mexican or Mexican-American markets.

Viacom Outdoor Latino Launches Campaign

Viacom outdoor Latino is launching its largest out-of-home media campaign in the San Francisco/San Jose market. The campaign is currently promoting Spanish Broadcasting System’s new station in the market, KRZZ FM La Raza. The campaign also includes SBSs’ KLAX-FM radio host Renan Almendarez Coello and utilizes billboards located on buses, bus shelters, car displays, billboards and the BART rail system.

Media Valuation Comparison Table

Figures in millions of US$ except share price and multiples data

			Valuation Multiples								
	Share Price	Enterprise Value	P/E			EV/EBITDA			EV/Sales		
Hispanic Media Companies			2004	2005	2006	2004	2005	2006	2004	2005	2006
Univision (UVN)	$34.90	$12,063	44.2x	42.0x	33.2x	20.1x	18.4x	15.3x	6.8x	6.2x	5.4x
Grupo Televisa (TV)	$81.45	$10,888	476.6x	21.7x	16.8x	11.6x	9.3x	8.1x	4.7x	3.6x	3.3x
Entravision (EVC)	$7.26	$1,361	-80.7x	165.0x	62.6x	17.0x	15.1x	13.5x	5.2x	4.9x	4.6x
Spanish Broadcasting (SBSA)	$5.75	$696	44.2x	-10.3x	60.5x	12.7x	13.1x	12.0x	4.4x	4.1x	3.8x
Media Conglomerates											
News Corp (NWS)	$16.48	$53,640	30.0x	23.9x	20.9x	14.8x	12.4x	11.1x	2.6x	2.2x	2.1x
Walt Disney (DIS)	$26.72	$62,422	23.5x	19.0x	19.1x	12.0x	10.9x	9.3x	2.0x	1.8x	1.8x
Viacom (New) (VIA)	$42.82	$30,274	27.1x	22.7x	21.3x	11.9x	10.6x	9.4x	3.7x	3.2x	2.9x
CBS Corp (CBS)	$25.63	$68,659	16.0x	16.1x	14.7x	20.5x	21.7x	20.9x	4.7x	4.7x	4.5x
Time Warner Inc (TWX)	$18.35	$101,621	24.8x	23.8x	20.9x	10.3x	9.6x	8.8x	2.4x	2.3x	2.2x
Clear Channel Outdoor (CCO)	$19.54	$10,957	NA	100.2x	47.1x	17.4x	15.2x	13.4x	4.5x	4.1x	3.8x
Radio											
Clear Channel (CCU)	$28.89	$23,203	20.5x	23.9x	21.0x	9.8x	10.6x	10.3x	2.5x	2.5x	3.3x
Cox Radio (CXR)	$13.86	$1,810	20.4x	19.0x	17.5x	11.3x	11.2x	10.8x	4.1x	4.1x	4.0x
Citadel Broadcasting (CDL)	$11.71	$2,028	20.2x	21.3x	19.4x	13.8x	11.9x	11.4x	4.9x	4.8x	4.7x
Cable											
Comcast Corp (CMCSA)	$26.61	$79,568	61.9x	45.1x	33.3x	10.6x	9.3x	8.4x	3.9x	3.6x	3.3x
Cablevision Systems (CVC)	$25.27	$17,078	-10.7x	-41.6x	191.4x	13.3x	11.1x	9.6x	3.5x	3.3x	3.0x
Mediacom (MCCC)	$5.76	$3,738	52.3x	-37.6x	960.0x	9.0x	9.2x	8.6x	3.5x	3.4x	3.1x
Television											
Hearst Argyle TV (HTV)	$23.68	$3,114	17.9x	28.4x	19.3x	9.2x	12.5x	10.2x	4.0x	4.4x	4.0x
Lin TV Corp (TVL)	$11.00	$1,284	5.9x	46.4x	18.0x	9.0x	11.6x	8.5x	3.4x	3.4x	2.7x
Gray Television INC (GTN)	$9.15	$1,075	11.0x	33.9x	26.9x	7.8x	11.0x	7.6x	3.1x	3.5x	2.7x
Advertising Agencies											
Omnicom Group (OMC)	$82.86	$17,100	318.7x	19.0x	17.0x	12.2x	11.3x	10.4x	1.8x	1.6x	1.5x
WPP Group (WPPGY)	$54.96	$15,360	47.8x	1.6x	1.4x	22.9x	19.0x	16.5x	3.6x	2.9x	2.7x
Publicis Groupe (PUB)	$38.18	$8,704	33.2x	25.8x	21.9x	11.8x	11.5x	10.6x	2.3x	2.1x	2.0x
Monster Worldwide (MNST)	$47.22	$5,540	76.2x	51.3x	37.8x	36.6x	18.8x	14.9x	6.6x	5.6x	4.6x
Interpublic Group (IPG)	$9.99	$5,201	-7.3x	-23.2x	124.9x	57.7x	29.6x	12.2x	0.8x	0.8x	0.8x
Newspaper											
Gannet (GCI)	$62.19	$20,244	12.5x	12.6x	11.9x	8.5x	8.7x	8.3x	2.8x	2.7x	2.5x
Washington Post (WPO)	$747.69	$7,369	21.5x	25.2x	20.8x	9.9x	10.5x	9.4x	2.3x	2.1x	1.9x
New York Times (NYT)	$27.81	$5,328	14.0x	17.9x	17.3x	8.1x	10.4x	9.1x	1.6x	1.6x	1.5x
Tribune Co. (TRB)	$29.99	$10,443	17.7x	14.2x	14.8x	6.6x	7.2x	7.3x	1.8x	1.9x	1.8x
Knight Ridder (KRI)	$63.82	$6,269	15.3x	18.2x	18.4x	9.2x	10.3x	10.3x	2.1x	2.1x	2.0x
Magazine Companies											
Primedia Inc. (PRM)	$2.15	$1,920	26.9x	-143.3x	22.6x	9.1x	10.3x	9.7x	1.5x	1.8x	1.7x
Martha Stewart Living (MSO)	$16.87	$750	-17.8x	-18.7x	443.9x	-15.0x	-24.2x	75.0x	4.0x	3.6x	2.7x
Meredith Corp. (MDP)	$53.97	$3,239	20.8x	18.9x	18.8x	11.0x	12.3x	10.3x	2.7x	2.0x	2.0x
Reader's Digest (RDA)	$15.29	$2,063	21.2x	17.6x	16.4x	10.5x	10.8x	9.6x	0.8x	0.8x	0.9x

Source: Bloomberg, Yahoo Finance

Values as of 2/9/2006

Recent Media Transactions

	Buyer	Seller	Target	State	Value	Format
1.	WEAZ Radio Inc.	Estate of David Kurtz	WBEB FM	PA	$85,160,000	Soft Rock
2.	Granite Broadcasting	Television Station Group Holdings	WBNG TV	NY	$45,000,000	
3.	USFR Media Group	Channel 55 Broadcasting	KTBU TV	TX	$30,000,000	
4.	Bahakel Communications	GE Media Inc	WFXB TV	SC	$19,500,000	
5.	Bustos Media Enterprises	Superior Broadcasting	KKCS FM	CO	$18,500,000	Spanish/Mexican
6.	Davidson Media Group	Mega Communications	WEMG AM	PA	$8,500,000	Spanish
7.	Triad Broadcasting Corp.	AAA Entertainment	WDQX and WXCL FM	IL	$5,200,000	Classic Rock, Country
8.	Whitfield Communications	Clear Channel Communications	2 FM and 2 AM Stations	GA	$3,850,000	Country, Spanish, News, AC
9.	Cumulus Media	Clear Channel Communications	WXQW and WWXQ FM	AL	$3,300,000	Adult Hits
10.	FM Idaho Co.	College Creek Broadcasting Inc	2 new FM stations	ID	$2,910,000	NA
11.	Whitfield Communications	Cleal Channel Communications	WTUN FM	GA	$2,150,000	Country
12.	Sagamore Hill Broadcasting	Equity Broadcasting Corp.	WBMM TV	AL	$2,000,000	
13.	Tacket Boazman	Watts Communications	3 FM and 2 AM Stations	TX	$1,900,000	Ranchera, News, Country,Rock
14.	NRG Media LLC	Central Radio Inc.	KNEN FM	NE	$1,800,000	AC
15.	Ronald C Meredith	Cumberland OmniMedia	WXJB FM	TN	$1,000,000	Country
16.	Lazer Broadcasting	Philip J. Plank	KSSB FM	CA	$925,000	Classic Rock
17.	Bustos Media Enterprises	Alexandra Communications Inc	KHTO FM	OR	$900,000	CHR
18.	Cumberland OmniMedia	Estate of Warren A. Pursiful	2 AM and 1 FM station	TN	$900,000	Oldies, Country
19.	Two Rivers Communications Inc	Windmill Communications Inc	WNDJ FM	VA	$700,000	Adult Standard
20.	SATV 10 LLC	Ortix Broadcasting Corp	KRTG TV	TX	$550,000	
21.	KUOW/Puget Sound Radio	Evergreen Broadcasting Inc	KSVSN AM	WA	$500,000	Christian
22.	Summit Media Broadcasting	Radioactive LLC	WKQV FM	VA	$482,500	NA
23.	The Sportzmax Inc	New Mind Broadcasting LLC	WGTX AM	FL	$325,000	
24.	Jerry Marth	Trinity Broadcasting	K35 FH	AZ	$60,000	
25.	Christian Essentials	MD Broadcasting	WODL LP	FL	$10,000	

Share Price Performance

		Performance				
	Current Price	1-month	3-month	6-Month	1-Year	3-Years
Hispanic Media Companies						
Univision (UVN)	**$34.90**	12.4%	21.3%	30.3%	33.7%	48.1%
Grupo Televisa (TV)	**$81.45**	-2.7%	9.0%	24.3%	31.1%	257.6%
Entravision (EVC)	**$7.26**	3.4%	-9.4%	-10.5%	-8.0%	-27.4%
Spanish Broadcasting Systems (SBSA)	**$5.75**	10.2%	-11.0%	-28.4%	-42.8%	-16.1%
Media Conglomerates						
News Corp (NWS)	**$16.48**	-0.2%	8.4%	-3.2%	-6.2%	31.2%
Walt Disney (DIS)	**$26.72**	8.0%	7.3%	6.0%	-9.6%	68.3%
Viacom (New) (VIA)	**$42.82**	0.3%	NA	NA	NA	NA
CBS Corp. (CBS)	**$25.63**	-5.9%	NA	NA	NA	NA
Time Warner Inc (TWX)	**$18.35**	3.5%	4.5%	2.0%	2.7%	73.4%
Clear Channel Outdoor (CCO)	**$19.54**	-0.1%	NA	NA	NA	NA
Radio Companies						
Clear Channel Communications (CCU)	**$28.89**	-11.5%	-2.5%	-8.5%	-9.2%	-15.6%
Cox Radio INC (CXR)	**$13.86**	-2.3%	-7.5%	-10.8%	-9.6%	-38.5%
Citadel Broadcasting Corp (CDL)	**$11.71**	-13.6%	-15.2%	-4.6%	-15.3%	NA
Cable Companies						
Comcast Corp (CMCSA)	**$26.61**	-2.5%	0.6%	-15.1%	-16.3%	5.1%
Cablevision Systems (CVC)	**$25.27**	2.4%	-1.1%	-18.3%	-6.8%	55.5%
Mediacom Communications (MCCC)	**$5.76**	-0.3%	-0.3%	-16.9%	-3.2%	-24.9%
TV Companies						
Hearst Argyle TV (HTV)	**$23.68**	-1.7%	-1.8%	-4.9%	-6.3%	6.8%
Lin TV Corp (TVL)	**$11.00**	-0.8%	-16.5%	-23.1%	-40.8%	-51.9%
Gray Television INC (GTN)	**$9.15**	-0.5%	8.2%	-19.7%	-31.6%	10.5%
Advertising Agencies						
Omnicom Group (OMC)	**$82.86**	-3.6%	-0.3%	-1.0%	-4.0%	51.4%
WPP Group (WPPGY)	**$54.96**	-2.1%	9.5%	3.1%	4.6%	69.9%
Publicis Groupe (PUB)	**$38.18**	2.5%	16.7%	12.8%	24.3%	94.5%
Monster Worldwide (MNST)	**$47.22**	9.6%	1.5%	56.1%	61.2%	368.5%
Interpublic Group (IPG)	**$9.99**	-2.3%	-4.5%	-17.7%	-26.3%	-5.2%
Newspaper Companies						
Gannet Co. INC (GCI)	**$62.19**	-2.6%	-4.9%	-12.8%	-21.9%	-9.9%
Washington Post (WPO)	**$747.69**	-4.9%	0.6%	-10.1%	-19.1%	5.2%
New York Times Co. (NYT)	**$27.81**	0.5%	-2.4%	-11.4%	-26.8%	-37.8%
Tribune Co. (TRB)	**$29.99**	-2.9%	-10.5%	-17.0%	1.2%	-32.0%
Knight Ridder (KRI)	**$63.82**	-0.9%	1.9%	3.8%	-1.4%	3.9%
Magazine Companies						
Primedia Inc. (PRM)	**$2.15**	16.2%	-3.6%	-47.6%	-43.4%	4.9%
Martha Stewart Living (MSO)	**$16.87**	-8.2%	-9.3%	-36.7%	-52.2%	96.2%
Meredith Corp. (MDP)	**$53.97**	1.8%	7.1%	11.3%	15.0%	37.6%
Reader's Digest (RDA)	**$15.29**	0.1%	0.8%	-0.9%	-5.7%	38.1%

Values as of 2/9/2006

Source: Bloomberg;Yahoo Finance