

Southwest Radio Group, Inc

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Business Plan

Business Concept

This proposal/plan has been created for the purpose of purchasing and changing the already-existing Religious format to a profitable, news/talk format. (Per the FCC, changing the call letters is permitted, but for the purpose of this document we will not identify the call letters.

Vision

- To be the leader in talk entertainment, news, and advertiser's success
- To promote Springfield and surrounding area businesses
- To become the leader in event promotion, public service, and entertainment
- To become the "watchdog" for local, state, and national political issues

Summary

We contend that our new news/talk format will be uniquely different from what currently exists in the Springfield metro area. We believe that the talk radio programming in Springfield in general does a poor job of involving and entertaining the local listeners, and of promoting Springfield area events and activities. The Arbitron numbers (industry ratings) support this theory, showing that KWTO has very poor numbers (somewhere around 2.3) and showing KSGF as only slightly higher. Therefore, the time is right to take advantage of the talk radio market.

We will strive to make this station the leader in the Springfield market. The following plan outlines our vision and capabilities in place to make this happen, but NOT AS WELL as a formal LIVE presentation. The whole point of the success in this venture, we believe, has everything to do with being "live."

Current Station Information

This station broadcasts at 5,000 watts, and is located the AM dial. This is currently a daytime-only signal. The equipment is located in the Springfield Mo metro area. At this point, we cannot give the exact location. See below for more information.

The purchase includes the FCC signal, the equipment located at the current location in the Springfield Mo area and includes:

- radio towers (2),
- 5,000 watt transmitter
- 1,000 watt transmitter (for backup)
- limited studio equipment
- Miscellaneous equipment and chattel currently on property.

IMPORTANT NOTE:

The FCC does not issue new licenses but WILL ALLOW sales of existing AM licenses. Also, since this is a daytime only signal, the FCC allows FM translators that can be used 24 hours a day, therefore, there will not total signoff.

Future Requirements

Once the transaction is executed, we will look to secure a location in the Springfield area for broadcast purposes. We suggest a high visibility location to help advertise this new talk/ news format station. This would include a minimum of two studios with broadcast capabilities and another studio with production capabilities.

The table below gives you the power-down times of the full 5,000 watt signal on the AM side. Since the AM is considered a daytime-only signal, we are not allowed to broadcast on the AM signal after 2 hours after sunrise through 2 hours before sunrise. The 2 hours of available broadcast time before and after sunrise is considered "Critical Hours" and the power drops down to 1,600 watts. This does not affect the FM side which is allowed to broadcast 24/7 through the FM translators.

Table of Approximate Local Monthly Sunrise and Sunset Times at North Latitude 37 19 9.0, West Longitude 92 57 43.0			
Monthly Local Sunrise Times		Monthly Local Sunset Times	
January	7:30	January	5:15
February	7:00	February	5:45
March	6:30	March	6:15
April	5:45	April	6:45
May	5:00	May	7:15
June	4:45	June	7:30
July	5:00	July	7:30
August	5:30	August	7:00
September	6:00	September	6:15
October	6:15	October	5:30
November	6:45	November	5:00
December	7:15	December	5:00

All times above correspond to Central Standard Time (CST) .

Key success factors

- Quality signal which can be heard in a very large area.
- experienced talent on-board
- experienced production staff on-board
- market assessments and tracking over two years
- market research over two years
- create a sales team

Market Analysis

Overall Market

The market area is Springfield, Missouri and surrounding areas which include Lebanon, Bolivar, Buffalo, Republic, and many more. FM Translators will be used in Springfield and eventually other area in the future.

Marketplace Changes

This market has substantially changed in the past 12 months. The FCC is now allowing FM Translators to be used in the broadcast area, therefore we will be able to broadcast on the AM and the FM band. The FM band allows us to broadcast on a 24 hour basis. The future holds with streaming technology to open the marketplace globally, which is a consideration, but not the primary focus. We also want to take advantage of the Escalated interest in politics. Since we will not be partisan, we feel that we will be able to draw listeners from both sides of the aisle.

Target Listener Market/Characteristics

The age group targeted is 30+ and families. Our audience will primarily include:

- High School graduates to post-graduate-degreed individuals.
- Small-business owners
- Sport fans
- Event/Theater goers
- Springfield/Branson entertainment enthusiasts
- Talk show participants

Marketplace Niche

Our goal is to be the Activist station for the Missouri citizens. With our connections with legislative research committees, we can keep the people of Missouri apprised of what their legislators are doing or not doing. We absolutely believe we can do this in an informative and entertaining way. Listeners of the news/talk format are hungry for such as what our station will provide. The need for a local government watchdog is overwhelming. We would become the watchdog for local, state and national issues.

Competitor Analysis

Industry Overview

AM radio has been reenergized by the likes of Rush Limbaugh, etc. creating a venue for the debate of ideology and current events. There is a huge selection of syndicated shows available for broadcast purposes.

Nature of the Competition

Competitively, nationally-syndicated shows take precedence during the broadcast day, making the interactive opportunities for listeners in the Springfield and surrounding communities very limited and not pertinent to the community's needs at large. Also, there is a lack of excitement, entertainment, humor and diversity in talk radio in this area, which is the primary purpose for developing unique programming to counter the competitors' line-up.

Primary Competitors

Within the market area, there are 3 existing major competitors, being KWTO-560 AM, KSGF-1260 AM simulcasting on 104.1 FM, and KADI. KSGF is primarily broadcasting nationally-syndicated shows for most of the broadcast day, with the exception of the morning drive-time (6:30am - 9am) Monday - Friday. We do consider the current stations very weak at this moment and leaves a huge opening for listeners who desire of well informed local hosts. Also, local hosted radio generally brings in more revenue. Our plans are to host an afternoon drive time show which is not being done in the Springfield area.

Competitive Products and Services

Live interactive shows throughout the day; in-depth news and commentary; morning and afternoon drive-time entertainment/news/weather/sports/humor programming. (See daily programming format)

Changes in the industry

Currently, the industry has the capability to offer streaming over the internet and in many mobile phones. We absolutely want to be the leader in technology and teaching our listeners how to take advantage of it.

Continuing Broadcast and Business Expansion Opportunities/Goals

Potential growth with this venture includes but is not limited to:

- Live remote broadcasts at local venues which produced more income.
- Remotes from events nationally/globally which will give us more notoriety.
- Platform to expose new local talent
- Platform for local businesses to expand their customer base

Strategy

Key competitive capabilities:

- Smaller/local therefore more responsive to local individuals/businesses and events
- Greater flexibility/spontaneity
- Caller/marketplace driven
- More entertaining and locally topical
- Innovative programming ideas and talent
- Interesting topics and slants on current event topics

Key competitive weaknesses:

- Small listenership to start
- Getting positive attention of community to start
- Marketing budget and time limitations
- Generating timely revenue
- Small staff size

Implementing strategy for initial start-up and format change

- Phase-in of prime programming ie morning and afternoon drive-time shows
- Creation of new tag lines and top-of-the-hour station ID breaks
- 60 second announcements of format/programming change
- Billboards
- Cable ads

Products/Services

Description

The station will be an AM dusk radio station, with a news/talk format. However, the AM limits have been lessened since we will be adding FM Translators to provide listeners with FM quality sound and 24/7 broadcasting. The primary purpose is to inform, entertain, generate revenue for advertisers, and interact with listeners, focusing upon the Springfield and surrounding communities.

Competitive evaluation of products/services

- Format is personality/talent driven
- Shows based upon entertainment value and content viability
- Creative media production
- Production quality excellence
- Community service priority by exposing new opportunities available in Springfield and area at large for community growth

Marketing and Sales

Marketing Strategy (Complete marketing plan is in development)

- Implementation of the time-line for new format introduction
- Use of billboards and cable ads
- Venues for parties to "meet the celebs," ie remote broadcasts
- Incentives for advertisers, ie co-op ads
- Materials creation and distribution, ie t-shirts, mugs, keychains, etc.
- Publicity/event creation

Avenues of Revenue

- Ad Revenue
 - Client advertising (Minutes and Packages)
- Time Rental
 - Advertiser Infomercial
 - Local business shows
- Streaming
 - Client advertising
- Website
 - Website Ads
- Events
 - Branson trips.
 - Remote broadcasts
 - Other trips
- Syndication

Monthly Income
9,000 available Minutes

Year 1 Totals

Month	Minutes	Avg Ad Price	Income
1	3,000	\$10.00	\$30,000
2	3,250	\$10.00	\$32,500
3	3,500	\$10.00	\$35,000
4	3,750	\$10.00	\$37,500
5	4,000	\$10.00	\$40,000
6	4,250	\$10.00	\$42,500
7	4,500	\$10.00	\$45,000
8	4,750	\$10.00	\$47,500
9	5,000	\$10.00	\$50,000
10	5,250	\$10.00	\$52,500
11	5,500	\$10.00	\$55,000
12	5,750	\$10.00	\$57,500
Year 1 Totals	52,500		\$525,000

Year 2 Totals

13	6,000	\$12.00	\$72,000
14	6,200	\$12.00	\$74,400
15	6,400	\$12.00	\$76,800
16	6,600	\$12.00	\$79,200
17	6,800	\$12.00	\$81,600
18	7,000	\$12.00	\$84,000
19	7,100	\$12.00	\$85,200
20	7,200	\$12.00	\$86,400
21	7,300	\$12.00	\$87,600
22	7,400	\$12.00	\$88,800
23	7,500	\$12.00	\$90,000
24	7,500	\$13.00	\$97,500
Year 2 Totals	83,000		\$1,003,500

Future Revenue – Year 1

• Sale of Stock	250,000
• Advertising Revenue	525,000
• Audio Production Revenue	50,000
• Special Events	25,000
• Hourly On-air Time Rental	15,000

TOTAL 845,000

Future Revenue – Year 2

• Sale of Stock	125,000
• Advertising Revenue	1,003,500
• Audio Production Revenue	50,000
• Special Events	25,000
• Hourly On-Air Time Rental	20,000

TOTAL 1,223,500

Future Revenue

Year 3 1,400,000

Year 4 1,600,000

Year 5 1,800.000

Summary

We expect Year 2 to be a very good year due to the election. Since we are basically a talk radio format and politics is our major subject, we expect that our advertising will probably surpass our predictions. That also means that our production department will probably surpass our predictions also. It is a very good time to get into the market!

EXPENSES

Start-up Expenses

• Acquisition Cost	350,000
• FM translator for Springfield	60,000
• FM Translator for Branson	40,000
• Studio/Equipment Set-up	75,000
• Attorney Fees	5,000
TOTAL	530,000

Daily Station Operation Considerations

- **Front Offices**
Staffing/positions
Materials acquisitions
- **Production**
Staffing/positions
Materials acquisitions
- **Sales/Marketing**
Staffing/positions
Materials acquisitions
Marketing identity/Logo
- **On-air Talent**
- **Departments**

Description	Monthly Amount	Yearly Total
Equipment Maintenance	\$500	\$6,000
Marketing/Advertising	\$1,000	\$12,000
Insurance	\$2,000	\$24,000
Office Expenses/Miscellaneous	\$2,000	\$24,000
Phones	\$400	\$4,800
Rent	\$1,250	\$15,000
Studio & Office Utilities	\$800	\$9,600
Translator Utilities	\$1,000	\$12,000
Salaries	\$16,000	\$192,000
Commission & Salaries	\$7,000	\$84,000
Note Payment	\$8,000	\$96,000
First Year Total	\$39,950	\$479,400

Future Operating Expenses

Year 2	500,000
Year 3	525,000
Year 4	575,000
Year 5	600,000