

Dear Friends:

Where were you in '71? Some of you weren't born yet, I was in high school, and Pete Szabo was getting a phone installed in his new one-man office on Lenox Road in Atlanta. Forty years (and many phones and computers) later, Szabo Associates continues Pete's legacy to deliver superior service to our media clients.

Coincidentally, our 40th anniversary marks another important milestone for Szabo—the publication of our 100th issue of *Collective Wisdom*. When we began our newsletter in 1986, we saw it as an opportunity to expand our client services by providing timely information on media credit and collection issues. Your comments and suggestions over the years have been invaluable, so keep them coming!

Our spring calendar begins with the Commercial Law League of America (CLLA) conference, April 15-17 in Chicago. The Media Financial Management Association/Broadcast Cable Credit Association (MFM/BCCA) annual conference will follow on May 14-17 in Atlanta. To commemorate both MFM's 50th anniversary and our 40th, Szabo is sponsoring the association's May 15th opening night party, featuring the Alabama Blues Brothers, live onstage at the Luckie Food Lounge. We'll also attend the International Licensing Industry Merchandisers' Association (LIMA) expo, June 14-16 in Las Vegas, Nevada.

Best wishes for a wonderful spring,



Robin Szabo, President
Szabo Associates, Inc.

Szabo at 40 ... Continuing our Legacy of Leadership in Media Credit and Collections

We look forward to many more decades of change, growth, and leadership as we continue to serve our valued clients.

Pete Szabo

Collective Wisdom, 2006

This year, Szabo Associates proudly celebrates our 40th anniversary of leadership in media debt collections. Every day we appreciate being part of this vibrant, complex and ever-changing industry. Media today is unlike anything we could have imagined in 1971, when Pete Szabo started this company with only a telephone, one employee (himself) and a vision. Pete recognized an unmet need in the media community for a debt collection service with expertise in the industry's unique challenges. Szabo Associates became the first and ultimately the largest debt collection firm devoted exclusively to the service of media properties. But before Pete made the first phone call of his new venture, he outlined Szabo's core values—values that remain today, 40 years later, the framework of our company.

Superior client service.

Pete built a company, quite simply, on the central principle of superior client service. Personalized attention is our top priority, which is why our debtor case load is 180:1, the lowest in the commercial industry. Many of our

clients have been with us for decades, enabling us to develop a deep understanding of their organizations' cultures and goals. We regard our clients as partners, and many have become close friends over the years. Our commitment to their success has always been, and will always be, our top priority.

40 years of industry expertise.

We believe in the expression, "Pick just one thing and do it better than anyone else." So we did. In 1971, Pete Szabo seized the opportunity to be the only "pure play" debt collection firm for the media industry. We represent clients in new and traditional advertising media, content distribution, printing, production, and product licensing. Szabo is continually evolving to stay in tune with our client base as they embrace emerging platforms.

As with all industries experiencing transition, media's transition is generating uncertainty and confusion for many credit and collection professionals. Our clients' needs are evolving constantly as rulebooks and policies are being rewritten. Our job is to stay ahead of the shifts and trends in this rapidly changing environment so our clients can focus on their business. We have the historical perspective and in-depth knowledge of the industry's most

—continued on page 2

Szabo at 40—

—continued from page 1

complex and contentious issues, such as advertising liability, debtor and creditor rights, and the impact of digital media.

Adaptable to change.

The current evolution of the media industry is unlike anything we have seen in our 40-year history. The news is all “a-Twitter” about engaging communication channels, innovative business models and versatile technologies that connect us to our increasingly virtual environment. Media professionals are challenged to think differently about traditional business practices and to learn new skills. But some are slow to break from convention, and others are downright resistant. How will they survive if they refuse to evolve with the marketplace?

At Szabo Associates, adaptation is a business fundamental, and a key factor to our longevity. We are forward-thinking, continually expanding our capabilities and developing new and improved services that bring value to our clients. Virtually every facet of our business is designed with our clients’ convenience and satisfaction in mind. Recently we enhanced our website with a secure account management system, and implemented a “green” campaign that will yield environmental and cost-saving benefits.

Website improvements. Szabo’s secured-access website provides numerous tools to help streamline our clients’ everyday account management and reporting functions. They can now receive paperless, electronic monthly invoicing and reporting in addition to all current and historical account data. These new innovations offer instant “snapshots” of

information that allow our clients to monitor account progress, analyze customers’ behavioral patterns and uncover opportunities for improvement within their companies.

Going “green.” “Social responsibility” is the latest catch phrase circulating around the business world, but the concept is an old one: that each of us, individually or as a business entity, has an ethical obligation to act in the benefit of the greater society. Before the phrase gained popularity, Pete had already ingrained the concept of social responsibility into our company culture. We have attempted to capture that spirit in a new initiative we call, “Going Green,” an ongoing process of refinements that will benefit our company, clients and the environment.

We found our first green opportunity in our own backyard. Looking around our Atlanta office, our home for 40 years, we recognized that conservation could start here, by reducing, reusing and recycling office supplies. The changes seemed small—printing only when a hard copy was essential, recycling paper and toner cartridges, printing in black and white instead of color, and electronically archiving records. But by modifying a few old habits, we cut costs while reducing environmental waste. We estimate a 50% reduction in paper usage at Szabo!

That was just the beginning. We found more opportunities for progress. We upgraded our computer system with additional processing speed, memory and storage capacity, giving us a broader range of tasks that save time, labor, and paper. Our system now accepts input from multiple origins, including faxes, emails and scanners. New proprietary middleware and software was custom-developed for our UNIX system to provide desktop document imag-

ing and workflow solutions for electronic document access, review, delivery and storage, thus eliminating unnecessary printing and paper filing.

Like most companies with computer systems and peripherals, our electricity use was high, with our older model devices largely to blame. By investing in new servers, monitors and printers that utilize energy-saving technology, including optional energy-saving settings and sleep modes, we reduced our electricity usage by an incredible 60%.

Value-added services.

In this particularly strained economic climate, pressure on credit and collection managers to approve prospects is even greater. It is virtually impossible for them to keep up with every bit of data regarding current and potential clients, as well as the industry in general. Paperwork errors or information glitches can have disastrous consequences. Because up-to-date, accurate information is critical to making wise credit and collection decisions, Szabo believes that one of our most important value-added services is the information resources we provide our clients.

Information resources. Our unique credit information system, DebtorNet®, contains the world’s most detailed database of accounts that media and entertainment companies have placed for collection. Our proprietary software can access and analyze information on more than 500,000 agencies and advertisers worldwide, based on our own firsthand experiences. This database has saved our clients millions of dollars a year in potentially lost revenues.

Our Library Resource Center contains a wealth of information that helps our clients stay

abreast of industry trends. Industry surveys on such issues as DSO, aging, and bad debt help our clients determine how their companies' risks compare to those of the industry. Our library also contains up-to-date legal information that helps our clients determine risk factors. This includes debtor and creditor rights, advertising agency and advertiser liability, media/advertiser law, and the latest opinions on most areas of conflict. Our in-house paralegals, who are often aware of developments even before they are published, are available to our representatives as questions and issues arise.

Debtor bankruptcy. Szabo has a depth of experience in maneuvering through the complexities of debtor bankruptcy. Our people are regularly involved with creditors' committees and creditors' plans. We have an excellent track record of helping our clients protect their rights as creditors, negotiating good settlements in bankruptcy prefer-

ence actions, and advising clients who are considering issuing credit to Chapter 11 debtors.

Litigation. No one really wants to go to court. Only after all of the more attractive options for collecting unpaid receivables are exhausted should a lawsuit be considered. While we do all we can to help our clients avoid the courtroom, we also help them prepare to win should a lawsuit become the best option. Our network of legal resources is unsurpassed among collection services that work with media, entertainment and licensing companies. In every corner of the U.S. and in many foreign countries, we call on the services of more than 400 prescreened law firms, and qualified media, entertainment, and product licensing collection lawyers. This network of lawyers, built over years of experience and collaboration, works with us regularly and gives priority treatment to Szabo clients.

International collections. More and more business is transacted

globally these days. It takes trained experts to deal with the complexities of each country's special collection requirements—language, laws, customs, banking and government regulations, and exchange rates. Should legal action become necessary, we can call on proven attorneys and other legal resources with special expertise in foreign legal systems.

A/R management services.

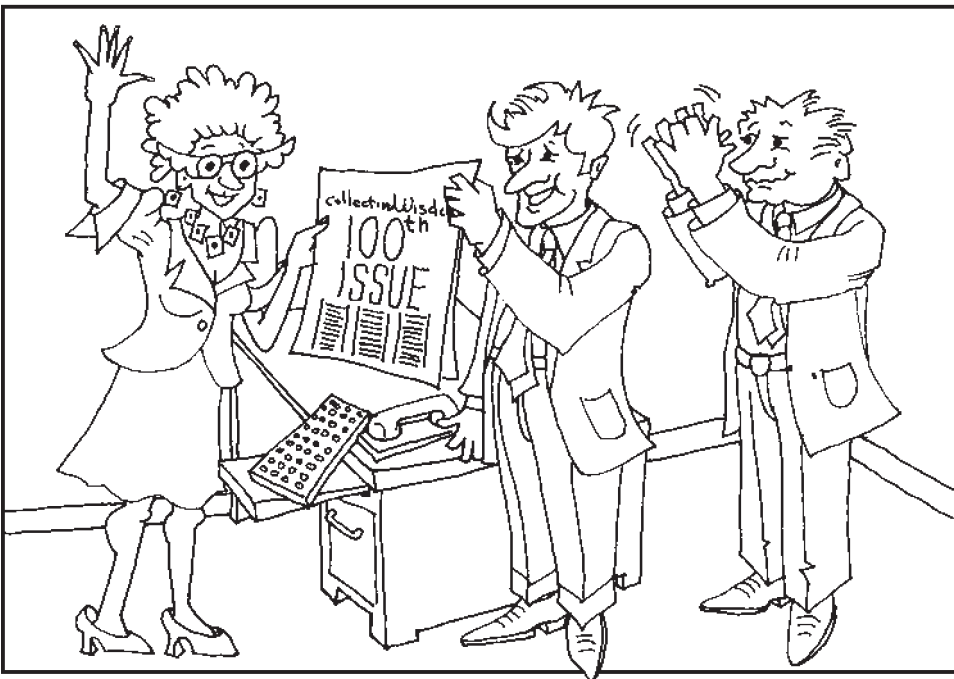
Some of our clients prefer that we manage all of their accounts receivable for them. Others just give us the tough ones. Either way, we can help. We also offer assistance in credit-sales coordination, internal policies, procedures, credit investigation, contracts and other issues.

Szabo 411. When our clients just need a little help—perhaps an unusual situation occurred, or an employee needs some on-the-job help with collection techniques—they can call Szabo for free advice.

Collective Wisdom. Our quarterly newsletter is also celebrating an anniversary—our 100th issue! Each edition offers an in-depth article spotlighting the issues most important to media credit and collections departments. The publication reaches more than 9,000 industry professionals, from credit and collection managers and lawyers to salespeople and CFOs.

Ahead of the pack.

Szabo team. The Szabo team is one of our most cherished assets. Our professionals are highly-experienced and tenured, averaging among them 16 years of commercial collection experience and 10 years on staff with Szabo. They are armed with techniques for countering excuses, deflecting antagonism,



"If it's worth saying once, it's worth saying a hundred times, 'Client service is the #1 priority!'"

—continued on page 4

Szabo at 40—

—continued from page 3

negotiating differences and clarifying repayment intentions. With the right mix of negotiation, diplomacy and persuasion, our representatives can collect what is owed while preserving the client-debtor relationship. We make contacts in person by phone, not through less urgent letters or emails. When a deft but firm tactic is employed, in a manner that preserves the debtor's dignity, many situations are settled quickly and equitably. More than 50% of collection problems we address are resolved within 90 days.

Industry leadership. For the last 40 years, Szabo has been an active member of more than a dozen professional organizations in the media, commercial credit, collections and general business categories. We contribute our

time and expertise to help shape industry-wide policy decisions, and frequently speak on the latest trends in media credit and collections for media industry financial and sales organizations.

Market watch. We believe it is critical to keep a close eye on market trends that could ripple through our industry. Because of our extensive industry connections, we are among the first to hear about potential industry developments that could affect our clients. Through constant vigilance, we anticipate changes and prepare strategies that will position our clients for success.

Bright future. It is hard to believe 40 years have passed since Pete Szabo first charged into the media arena. We owe our deepest gratitude to our clients throughout the years for inviting us in and entrusting us with their receivables. With the support of our

clients, employees and industry partners, we became—and remain—the recognized leader in the collection of media advertising accounts receivable.

“Szabo’s guiding principles are the same today as they were when Pete Szabo founded this firm in 1971: to give back to the industries we serve, to exceed client expectations by delivering professional service, to develop a unique culture that attracts and retains the best talent, and to provide leadership in a dynamic marketplace,” says Robin Szabo, president. “These principles have endured the test of time, and we will continue to embody them as we enter our next decade of service.”

Thank you for helping us celebrate the last 40 years of excellence. We hope you’ll join us as we continue our tradition of quality service and industry leadership. ♦



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