

Szabo Celebrates 35 Years of Leadership!

Dear Friends:

We're 35 and we're celebrating! It's hard to believe that it has been three and a half decades since I opened the doors of Szabo for the first time, armed with my one-and-only "high-tech" tool – the telephone. Even today, as we use sophisticated computer hardware and software to compile, analyze, and disseminate data, Szabo's most important tool is still the telephone!

Of course, our most important asset is, and has always been, our people, which is why we look forward to celebrating our employees' achievements at our annual Szabo Quality Awards Banquet on August 22nd here in Atlanta. We are very proud of our employees and of our employee tenure. We hire the best people, and they stay with us!

Thank you for helping to make Szabo, still the only "pure play" in media collections, a success.

Best wishes for a great summer,



Pete Szabo, President
Szabo Associates, Inc.

The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader is a servant.

Max DePree,
The Art of Leadership.

Thirty-five years ago, Pete Szabo recognized that the media community had an important unmet need. It had nowhere to turn for expertise in collecting media and advertising accounts receivable. So in 1971, he opened the doors of Szabo Associates, occupying a small office in Atlanta, with a single telephone. Even then, at the age of 23, Pete saw an opportunity to provide leadership in the relatively uncharted territory of specialized media collections. Through the years, Szabo Associates has retained its leadership position by embracing Max DePree's philosophy ... understanding the realities of the media industry and helping our clients understand the realities of debt collection; expanding our breadth and depth of service to meet the needs of a dynamic industry; and developing and appreciating long-term relationships with our employees, clients, and industry associations.

Defining the Reality.

Pure Play. As the only "pure play" in media collections, Szabo understands the realities of the

media industry. First and foremost, we understand that sacrificing customer relationships to achieve the short-term goal of collecting money is a self-defeating way to do business in our highly competitive industry. Our representatives use powerful techniques of negotiation and persuasion, which by definition preserve the self-esteem and goodwill of the debtor while reaping the highest possible return. As we know, many account difficulties are the result of short-term problems that, when handled in the right manner, can be solved without permanently damaging an otherwise good relationship. Szabo representatives contact debtors by phone rather than by less urgent letters or e-mails, employing persistence and firmness tempered with respect and fairness, resulting in faster, more substantial recoveries. And because they carry lighter caseloads than our competitors, our representatives are able to give our clients' accounts the attention they deserve, further enhancing the likelihood of a favorable outcome.

Convenience. Because time management is always a challenge for busy credit managers, Szabo offers a variety of ways to make filing claims and using our

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services easy and convenient. We have a longer history with computers than anyone else in the industry, dating back to 1979, and we have retained all of our clients' valuable information since that time. Later, in 1997, Szabo went on-line, offering an additional secure and convenient method for filing claims and accessing information. Of course, many of our clients still prefer to contact us by picking up the phone and talking directly to one of our representatives. Whichever method our clients determine is most convenient, they can be assured that their account will receive our prompt attention.

Industry News. Another important part of understanding the reality of the media industry is keeping abreast of events, trends, and court decisions that may portend potential customer risks or changes in industry practices. With our wide range of day-to-day contacts with media firms, from the smallest broadcast stations and newspapers to the largest international networks, we are among the first to hear rumblings of things to come and among the first to obtain substantiating information.

Expanding Depth and Breadth of Service.

In the decades since Szabo began doing business, the media industry has undergone change of a magnitude that few could have ever imagined. Information technology continues to open doors to opportunity while creating new and complex challenges for media properties. As our industry

continues to evolve, Szabo has continued to expand its breadth and depth of services to meet the growing demands of credit and collection managers.

Specialized Divisions. Since its inception, Szabo has worked for media clients in every medium, including related entertainment areas such as syndication and production. In 1993, the company reorganized to create specialized divisions for individual media—radio, television, newspaper (plus out-of-home media such as outdoor, transit, and POP), magazine, and cable. As the media industry evolved to include on-line advertising and the numerous other areas of internet services, our collection capabilities and organization have expanded to meet the needs of our clients.

International Collections. As our clients have been building global business, Szabo has built global collection skills and experience. Our international collection experts are trained and experienced in dealing with 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.

Information Resources. These days, information comes at us hard and fast. With all that credit and collection managers have to do, it is virtually impossible for them to keep up with every bit of data regarding prospects, customers, and the industry in general. Because up-to-date, accurate information is critical to making wise credit and collection

decisions, Szabo believes that one of its most important value-added services is the information resources it provides its clients.

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 400,000 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. The Center 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 record of helping our clients protect their

rights as creditors, negotiating good settlements in bankruptcy preference 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 for media and related companies. In every corner of the U.S. and in many foreign countries, we call on the services of more than 400 law firms, selected on the basis of two criteria—their knowledge of media collection law and the results they achieve. This network of attorneys, built over years of experience and collaboration, works with us

regularly and gives priority treatment to Szabo clients.

Reports. Szabo can also assemble all kinds of specialized, customized reports to provide our clients the exact information they need in the form they need it—year-to-dates, comparative reports among their divisions, budget projections for bad debt, placement age and recoveries, historical reports, and more.

A/R Management Services. Some of our clients prefer for us to manage all of their Accounts Receivable for them. Others give us just the tough ones. Additionally, we can help with 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 has occurred, or an employee needs some on-the-job help with collection techniques—they can call Szabo for free advice.

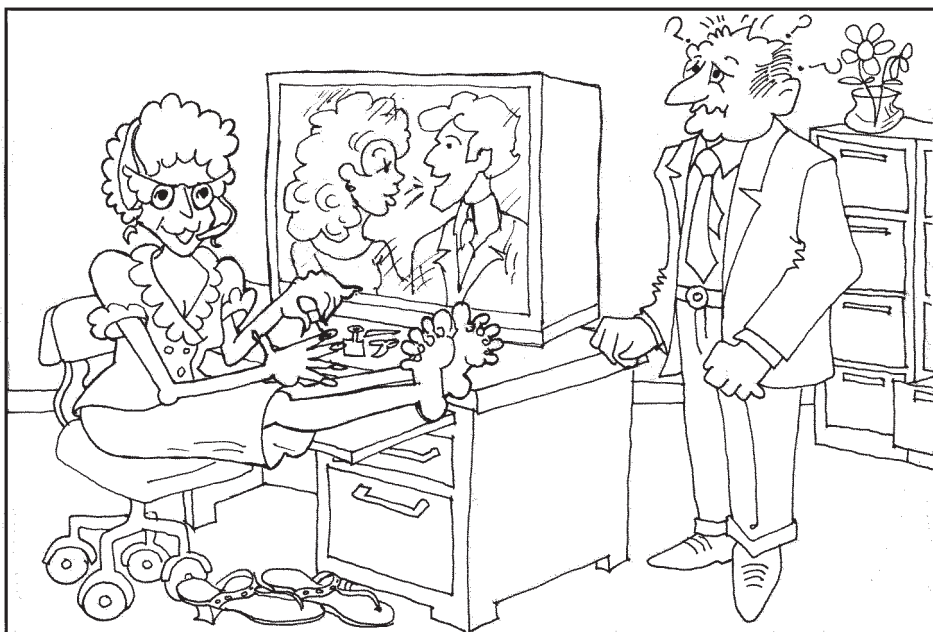
Developing and Maintaining Relationships.

Over the past 35 years, Szabo's proudest achievements have been the relationships it has built with its employees, with its clients, and with industry associations.

Our Employees. We believe that our greatest asset, by far, is our people. While technological innovation has been a great ally for us and for our clients, the fact remains that ours is a personal business. We accomplish what we do with personal conversations between people.

Forty-seven professionals work in Szabo's headquarters in Atlanta. All have been carefully chosen based on the qualities we feel are critical for success—self-reliance, self-control, persuasiveness, an ability to deal with people in person and by telephone—as well as other qualities that are more difficult to put into words but that we have come to recognize in high-performing individuals. We provide our employees with a wealth of support, knowledge, and training, enabling them to serve our clients with a level of competence and confidence that is unsurpassed in the industry. As a group, we have gathered invaluable information on techniques for countering excuses, deflecting antagonism, negotiating differences, and clarifying repayment intentions. Our team has the necessary diplomacy and negotiation techniques to collect as well as the sensitivity to protect our clients' valuable relationships.

Forty-one percent of our employees have been with us more than 10 years, and 15 percent have been with us more than 20 years. Regardless of how bizarre or difficult a



"I AM WORKING! JUST 45 MINUTES AGO I WAS TOLD HOW IMPORTANT OUR BUSINESS WAS AND THAT OUR PERSONAL CUSTOMER SERVICE REPRESENTATIVE WOULD BE WITH ME SHORTLY."

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collection problem may appear to be, chances are that someone in our organization has handled one like it. Our unsurpassed employee tenure attests to the training, experience, teamwork, and enthusiasm that our representatives bring to every collection effort, on every account.

Our Clients. We believe that successful business relationships begin with shared goals, mutual respect, and trust, which then form the basis for long-term partnerships. 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 not only as customers, but also as partners and friends. As such, we do our very best to remain sensitive to the issues and challenges that they and their organizations face every day. We want our clients to feel free to

call us, without hesitation, for assistance with any credit and collection problem, great or small.

Our Associations. Soon after founding the company, Pete Szabo recognized the value and opportunities that industry associations offered their members in the areas of professional and personal growth. Szabo Associates is a proud member of more than a dozen professional organizations in media, commercial credit, collections, and general business categories. Our media organization memberships and annual conference participation include the Broadcast Cable Financial Management Association, the Georgia Association of Broadcasters, the Indoor Billboard Advertising Association, the International Licensing Industry Merchandisers' Association, and the International Newspaper Financial Executives. Additionally, we attend annual meetings of the National Association of Broadcasters, the Advertising Media Credit

Executives Association, the National Media Credit Group, the Commercial Law League of America, and the joint conference of BCFM and the Broadcast Cable Credit Association. Pete and other Szabo representatives have been featured speakers and panel discussion participants through the years at association and media group conventions, and Pete has authored and co-authored numerous articles and books on credit and collections.

Pete and everyone at Szabo Associates would like to say "thank you" to our clients and friends for the past three and a half decades of success. We have enjoyed every one of our 35 years in this dynamic industry, which never ceases to fascinate, challenge, and entertain all who have the privilege of working in it. We look forward to many more decades of change, growth, and leadership as we continue to serve our valued clients. Once again, thank you. ♦



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