

2015 Annual Letter

To our fellow shareholders:

Although another year has zoomed by, 2015 seems like it was 2014 all over again. The good news is that we are still here and we have used some of our excess cash for significant and cogent acquisitions. We will get into that shortly, but first a small commercial about broadcasting.

I have always, since childhood, been fascinated by magic and magicians. I even remember, very early in my life, reading the magazine PARADE that came with the Sunday newspaper. Inside the back page were small ads that promoted everything from the “best new rug shampooer” to one that seemed to run each week. It was about a three inch ad and the headline always stopped me — “MYSTERIES OF THE UNIVERSE REVEALED!”...Wow... All I had to do was write away and some organization called the Rosicrucian’s would send me a pamphlet and correspondent courses revealing all to me. Well, my mother nixed that idea really fast.

It didn’t stop my interest in magic and mysticism. I read all I could about Harry Houdini and, especially, Howard Thurston. Orson Welles called Howard Thurston “The Master” and, though today he is mostly forgotten except among magicians, he was truly a gifted magician and a magical performer. His competitor was Harry Houdini, whose name survived though his magic had a tragic end.

If you are interested, you should take some time and research these two performers. In many ways, their magic and their shows tie into what we do today in both radio and TV. Especially in radio, it is all about the illusion. It is the skill and the feeling that the audience has about our performances. It is what we do and, most importantly, we can’t rest on our laurels. We can’t repeat the same show day after day after day. We must develop and constantly search for new ideas to entertain and inform. Call it “new tricks” or “new magic.” If we do our job well, human nature tells us that you, our audience, will be

compelled to tell your friends. Before bottled water was the rage, we called this “water cooler chat.”

Everyone knew when Howard Thurston was coming to town. It was an event. He even needed eight train cars to move his show and equipment. It wasn't one man and a small table with a black top hat and cloth over it in the middle of the stage. That's Saga's mantra in broadcasting. Be bold, knock the cover off the ball, deliver the magic, but keep the secret sauce to yourself. We want that swagger. We want everyone to know that we are the consummate professionals and that we care about our communities. Just like in show business...when you have big audiences, you make money.

Speaking of money (notice the subtle segue), let's briefly recap our year in review for 2015:

Free cash flow for the year increased 2.9% to \$21.6 million. On a same station comparison, gross operating revenue adjusted for political revenue increased 1.3% for the year. During the year we used \$11.0 million of internally generated cash to purchase our new radio stations in Harrisonburg, VA and \$6.4 million to pay dividends to our shareholders. We have now returned over \$34 million in cash to our shareholders through dividends since December, 2012.

What's in store for 2016? If we were in the 1920's, I would defer to Harry Houdini and his friend Arthur Conan Doyle who genuinely believed that Houdini had psychic powers. Unfortunately, all I see is a swirl of events and occurrences that globally could either affect us or leave us in the bubble. I don't think that 2016 is going to be bad but, at the same time, I don't envision us dancing in the streets.

Here is what I know: The law of FOCUS is our mantra. Clarity and singularity of vision win. We know our component parts and run our business with that in mind. We know what works. We ignore negativism. We focus on what we do well every day. If you go back over our 30 year history, you can observe this. This is why I know we will do good in 2016 and successive years thereafter. I also have a

personal trait that abhors disappointment. I empower our group to do good broadcasting.

Oh, and as a final note, we added Iconic Rock WLVQ in Columbus, Ohio and Harrisonburg, Virginia stations WSVA AM/FM, WHBG AM/FM, WSIG FM, WQPO FM, WMQR FM, WWRE FM and V101 FM to our roster.

These are great stations and markets...and maybe, just maybe, there is something to this psychic karma stuff. Howard Thurston was born in Columbus, Ohio and went to school in Northfield Mass, which is within thirty minutes of our radio stations in Northampton, MA; Greenfield, MA; Brattleboro, VT; and Keene, NH...and his high school friend and classmate was Lee DeForest, the father of radio.

Talk to you next year. In between, come visit your stations. Saga people are always ready to show you the magic!

Ed Christian President/Chairman and CEO