.
.
.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FOR TO

COMMISSION FILE NUMBER 1-11588
SAGA COMMUNICATIONS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	38-3042953
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
73 KERCHEVAL AVENUE GROSSE POINTE FARMS, MICHIGAN	48236
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(313) 886-7070

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
NONE

TITLE OF EACH CLASS NAME OF EACH EXCHANGE ON WHICH REGISTERED
- Class A Common Stock, $.01 par value New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2) Yes [X] No [ ]

Aggregate market value of the Class A Common Stock and the Class B Common Stock (assuming conversion thereof into Class A Common Stock) held by nonaffiliates of the registrant, computed on the basis of $19.45 per share (the closing price of the Class A Common Stock on June 30, 2003 on the American Stock Exchange): $357,985,837.

The number of shares of the registrant's Class A Common Stock, $.01 par value, and Class B Common Stock, $.01 par value, outstanding as of March 5, 2004 was 18,442,780 and 2,360,370, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

1. Proxy Statement for the 2004 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission on or before April 29, 2004) is incorporated by reference in Part III hereof.

SAGA COMMUNICATIONS, INC.
2003 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

We are a broadcast company primarily engaged in acquiring, developing and operating radio and television stations.

RECENT DEVELOPMENTS

Since January 1, 2003, we have entered into the following transactions regarding acquisitions, dispositions, Time Brokerage Agreements ("TBAs"), and Shared Services Agreements for stations serving the markets indicated. The following are included in our results of operations for the year ended December 31, 2003:

- On March 7, 2003, we entered into an agreement of understanding with Surtsey Productions, Inc. ("Surtsey"), whereby we have guaranteed up to $1,250,000 of the debt that Surtsey has incurred in closing the acquisition of a construction permit for KFJX-TV station in Pittsburg, Kansas. The station, a new full power Fox affiliate, went on the air for the first time on October 18, 2003. Under the Federal Communications Commission's ("FCC's") ownership rules, we are prohibited from owning this station. In consideration for our guarantee, Surtsey has entered into various agreements with us relating to the station, including a Shared Services Agreement, Technical Services Agreement, Agreement for the Sale of Commercial Time and Broker Agreement. Surtsey is a multi-media company that is 100% owned by the daughter of Edward K. Christian, our President and CEO.

- On March 11, 2003, we acquired an AM radio station (WOXL-AM) serving the Asheville, North Carolina market for approximately $350,000.

- On March 28, 2003, we acquired an FM radio station (WODB-FM) serving the Columbus, Ohio market for approximately $10,432,000. We began operating this station under the terms of a TBA on January 1, 2003. In conjunction with this transaction we sold our AM radio station (WVKO-AM) serving the Columbus, Ohio market for approximately $941,000. The buyer began brokering time on WVKO under the terms of a TBA on January 1, 2003. We recognized a gain on the disposal of this station of approximately $425,000.

- On April 1, 2003, we acquired an FM radio station (WINQ-FM) in the Winchendon, Massachusetts market for approximately $290,000 plus an additional $500,000 if within five years of closing we obtain approval from the FCC for a city of license change. The radio station was owned by a company in which a member of our Board of Directors has a 26% beneficial ownership interest, which was disclosed to our Board prior to its approval of the transaction. The interested director did not participate in voting on this transaction when it came before the Board. The purchase price was determined on an arm's length basis. We began operating this station under the terms of a TBA on February 1, 2003.

- On April 1, 2003, we sold an AM radio station (WLLM-AM) serving the Lincoln, Illinois market for approximately $275,000. We recognized a gain on the sale of the station of approximately $29,000.

- On October 1, 2003, we acquired two FM radio stations (WJZA-FM Lancaster, Ohio and WJZK-FM Richwood, Ohio) serving the Columbus, Ohio market for approximately $13,242,000 including approximately $1,063,000 of our Class A common stock plus up to an additional $2,000,000 if we obtain approval from the FCC for a city of license change.

- On November 17, 2003, we acquired an AM radio station (WIDE-AM) serving the Portland, Maine market for approximately $386,000. We began operating this station under the terms of a TBA on August 1, 2003.

- On December 1, 2003, we acquired an FM and AM radio station (WQEL-FM and WBCO-AM) serving the Bucyrus, Ohio market for approximately $2,375,000. We began operating these stations under the terms of a TBA on October 1, 2003.

In addition, the following transactions were either pending at December 31, 2003 or were entered into subsequent to that date:

- On December 22, 2003, we entered into an agreement to acquire three FM radio stations (WRSI-FM, WPVQ-AM and WRSY-FM) serving the Springfield, Massachusetts, Greenfield, Massachusetts and Brattleboro, Vermont markets, respectively, for approximately $7,000,000. This transaction, which is subject to the approval of the FCC, is expected to close during the second quarter 2004.

- On January 21, 2004, we entered into agreements to acquire one FM radio station (WOXL-FM) and one AM radio station (WISE-AM), both serving the Asheville, North Carolina market, for approximately $10,000,000. We are currently providing programming to WISE-AM under a TBA and to WOXL-FM under a Sub-TBA. These transactions are subject to the approval of the FCC and have been contested; however we expect to get approval and close on the acquisitions during the fourth quarter 2004.

- On January 23, 2004, we entered into an agreement to acquire the Minnesota News Network and the Minnesota Farm Network for approximately $3,250,000. We acquired these networks on March 1, 2004.

For additional information with respect to these acquisitions and disposals, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources.

BUSINESS

As of February 29, 2004 we owned and/or operated five television stations and three low-power television stations serving three markets, three state radio networks, and forty-nine FM and twenty-seven AM radio stations serving twenty-one markets, including Columbus, Ohio; Norfolk, Virginia; Manchester, New Hampshire and Milwaukee, Wisconsin.

The following table sets forth information about our radio stations and the markets they serve as of February 29, 2004:

STATION	MARKET(A)	2003 MARKET RANKING BY RADIO REVENUE(B)	2003 MARKET RANKING BY RADIO MARKET(B)	STATION FORMAT	FALL 2003 TARGET DEMOGRAPHICS RANKING (BY TARGET LISTENERS)(C)	TARGET DEMOGRAPHICS
FM:						
WSNY.................	Columbus, OH	30	35	Adult Contemporary	2	Women 25-54
WODB.................	Columbus, OH	30	35	Oldies	7	Adults 45-64
WJZA.................	Columbus, OH	30	35	Smooth Jazz	11(d)	Adults 35-54
WJZK.................	Columbus, OH	30	35	Smooth Jazz	11(d)	Adults 35-54
WKLH.................	Milwaukee, WI	34	33	Classic Hits	1	Men 35-49
WLZR.................	Milwaukee, WI	34	33	Active Rock	1	Men 18-34
WJMR-FM..............	Milwaukee, WI	34	33			

Urban Adult 2(e)
Women 25-49
Contemporary
WFMR.................
Milwaukee, WI 34 33
Classical 8 Adults
45+
WNOR.................
Norfolk, VA 41 40
Active Rock 1 Men
18-34
WAFX.................
Norfolk, VA 41 40
Classic Hits 1 Men
35-49
KSTZ.................
Des Moines, IA 76 91
Hot Adult
Contemporary 1 Women
25-44
KIOA.................
Des Moines, IA 76 91
Oldies 2 Adults 45-
64
KAZR.................
Des Moines, IA 76 91
Active Rock 1 Men
18-34

2003 2003 FALL 2003
MARKET MARKET TARGET
RANKING RANKING
DEMOGRAPHICS BY
RADIO BY RADIO
RANKING (BY TARGET
STATION MARKET(A)
REVENUE(B) MARKET(B)
STATION FORMAT
LISTENERS)(C)
DEMOGRAPHICS - -----
-- --------- -------
--- --------- ------
-------- -----------
-- ------------
KLTI.................
Des Moines, IA 76 91
Soft Adult
Contemporary 2 Women
35-54
WZID.................
Manchester, NH 103
186 Adult
Contemporary 1
Adults 25-54
WQLL.................
Manchester, NH 103
186 Oldies 2 Adults
45-64
WAQY.................
Springfield, MA 102
81 Classic Rock 1
Men 25-49
WLZX.................
Springfield, MA 102
81 Active Rock 2(e)
Men 18-34
WHAI.................
Greenfield, MA N/A
N/A Adult
Contemporary 1 Women
18+
WMGX.................
Portland, ME 116 165
Adult Contemporary 1
Women 25-54
WYNZ.................
Portland, ME 116 165
Oldies 1 Adults 45-
64
WPOR.................
Portland, ME 116 165
Country 1 Adults 35+
WLRW.................
Champaign, IL 154
216 Hot Adult
Contemporary 2 Women
18-44
WIXY.................
Champaign, IL 154
216 Country 1 Adults
25-54
WKIO.................
Champaign, IL 154
216 Oldies 4 Adults
45-64
WYMG.................
Springfield, IL 161
206 Classic Hits N/R
Men 25-54
WQQL.................
Springfield, IL 161
206 Oldies N/R
Adults 45-64
WDBR.................
Springfield, IL 161
206 Contemporary
Hits N/R Women 18-34
WMHX.................
Springfield, IL 161
206 Adult
Contemporary N/R
Women 25-54

WOXL.................
Asheville, NC 176
160 Oldies 2 Adults
35-64
WNAX.................
Yankton, SD 209 261
Country N/S Adults
35+
KDEZ.................
Jonesboro, AR 249
280 Classic Rock 1
Men 25-54
KDXY.................
Jonesboro, AR 249
280 Country 1 Adults
25-54
KJBX.................
Jonesboro, AR 249
280 Adult
Contemporary 2 Women
25-54
WCVQ.................
Clarksville- 259 204
Hot Adult
Contemporary 2(e)
Women 25-54
Hopkinsville, TN-KY
WVVR.................
Clarksville- 259 204
Country 3(e) Adults
25-54 Hopkinsville,
TN-KY
WZZP.................
Clarksville- 259 204
Active Rock 2 Men
18-34 Hopkinsville,
TN-KY
WJOI.................
Springfield, TN N/A
N/A Contemporary
Christian N/R Adults
18+
KISM.................
Bellingham, WA N/A
N/A Classic Rock N/R
Men 25-49
KAFE.................
Bellingham, WA N/A
N/A Adult
Contemporary N/R
Women 25-54
KICD.................
Spencer, IA N/A N/A
Country N/R Adults
35+
KLLT.................
Spencer, IA N/A N/A
Adult Contemporary
N/R Women 25-54
KMIT.................
Mitchell, SD N/A N/A
Country N/R Adults
35+
KUQL.................
Mitchell, SD N/A N/A
Oldies N/R Adults
45-64
WKVT.................
Brattleboro, VT N/A
N/A Classic Rock N/R
Men 25-49
WKNE.................
Keene, NH N/A N/A
Hot Adult
Contemporary N/R
Women 25-54
WOQL.................
Keene, NH N/A N/A
Oldies N/R Adults
45-64
WINQ.................
Keene, NH N/A N/A
Country N/R Adults
35+
WQEL.................
Bucyrus, OH N/A N/A

Classic Hits N/R Men
25-54

(footnotes on next page)

2003 2003 FALL 2003
MARKET MARKET TARGET
RANKING RANKING
DEMOGRAPHICS BY
RADIO BY RADIO
RANKING (BY TARGET
STATION MARKET(A)
REVENUE(B) MARKET(B)
STATION FORMAT
LISTENERS)(C)
DEMOGRAPHICS - -----
-- --------- -------
--- --------- ------
-------- -----------
-- ----------- AM:
WJYI.................
Milwaukee, WI 34 33
Contemporary
Christian N/A Adults
18+
WJOI.................
Norfolk, VA 41 40
Nostalgia N/A Adults
45+
KRNT.................
Des Moines, IA 76 91
Nostalgia/Sports 5
Adults 45+
KPSZ.................
Des Moines, IA 76 91
Contemporary
Christian N/A Adults
18+
WFEA.................
Manchester, NH 103
186 Adult Standards
2 Adults 45+
WHNP.................
Springfield, MA 102
81 News/Talk 14(e)
(d) Adults 35+
WHMP.................
Northampton, MA 102
81 News/Talk 14(e)
(d) Adults 35+
WHMQ.................
Greenfield, MA N/A
N/A News/Talk 14(e)
(d) Adults 35+
WGAN.................
Portland, ME 116 165
News/Talk 3 Adults
35+
WZAN.................
Portland, ME 116 165
News/Talk 8(e) Men
35-54
WBAE.................
Portland, ME 116 165
Nostalgia N/A Adults
45+
WVAE.................
Portland, ME 116 165
Nostalgia/Sports N/A
Adults 35+
WTAX.................
Springfield, IL 161
206 News/Talk N/S
Adults 35+
WISE.................
Asheville, NC 176
160 News/Talk 7(e)
Adults 35+ WOXL-
AM..............
Asheville, NC 176
160 Oldies 2(d)
Adults 35-64
WNAX.................
Yankton, SD 209 261
News/Talk N/S Adults
35+
WJQI.................
Clarksville- 259 204

Contemporary
Christian N/A Adults
18+ Hopkinsville,
TN-KY
WKFN.................
Clarksville- 259 204
Sports N/A Men 18+
Hopkinsville, TN-KY
WJQY.................
Springfield, TN N/A
N/A Contemporary
Christian N/R Adults
18+
KGMI.................
Bellingham, WA N/A
N/A News/Talk N/R
Adults 35+
KPUG.................
Bellingham, WA N/A
N/A Sports/Talk N/R
Men 18+
KBAI.................
Bellingham, WA N/A
N/A Adult Standards
N/R Adults 45+
KICD.................
Spencer, IA N/A N/A
News/Talk N/R Adults
35+
WKVT.................
Brattleboro, VT N/A
N/A News/Talk N/R
Adults 35+
WKBK.................
Keene, NH N/A N/A
News/Talk N/R Adults
35+
WZBK.................
Keene, NH N/A N/A
News/Talk N/R Men
35-54
WBCO.................
Bucyrus, OH N/A N/A
Full Service/Oldies
N/R Adults 45+

- ---------------

(a) Actual city of license may differ from metropolitan market actually served.
(b) Derived from Investing in Radio 2003 Market Report.
(c) Information derived from most recent available Arbitron Radio Market Report.
(d) Since stations are simulcast, ranking information pertains to the combined stations.
(e) Tied for position.
N/A Information is currently not available.
N/R Station does not appear in Arbitron Radio Market Report.
N/S Station is a non-subscriber to the Arbitron Radio Market Report.

The following table sets forth information about our television stations and the markets they serve as of February 29, 2004:

STATION	MARKET(A)	2003 MARKET RANKING BY NUMBER OF TV HOUSEHOLDS(B)	STATION AFFILIATE	FALL 2003 STATION RANKING (BY NUMBER OF STATION VIEWERS)(B)
KOAM.....	Joplin, MO -- Pittsburg, KS	145	CBS	1
KFJX(d)...	Joplin, MO -- Pittsburg, KS	145	FOX	N/A
WXVT.....	Greenwood -- Greenville, MS	182	CBS	2
KAVU.....	Victoria, TX	204	ABC	1
KVCT(c)...	Victoria, TX	204	FOX	2
KUNU-LP...	Victoria, TX	204	Univision	3
KVTX-LP...	Victoria, TX	204	Telemundo	5
KXTS-LP...	Victoria, TX	204	NBC	4

- ---------------

(a) Actual city of license may differ from metropolitan market actually served.
(b) Derived from Investing in Television Market Report 2003, based on A.C. Nielson ratings and data.
(c) Station operated under the terms of a TBA.
(d) Station operated under the terms of a Shared Services Agreement.
N/A Information is currently unavailable.

STRATEGY

Our strategy is to operate top billing radio and television stations in mid-sized markets. We seek to operate in mid-sized markets, which we define as markets ranked from 20 to 200 out of the markets summarized by Investing in Radio Market Report and Investing in Television Market Report. As of February 29, 2004, we believe we owned and/or operated at least one of the top three billing stations in each of our radio and television markets for which independent data exists.

Based on the most recent information available, 15 of our 32 FM radio stations that subscribe to independent ratings services were ranked number one (by number of listeners), and 2 of our 7 television stations were ranked number one (by number of viewers), in their target demographic markets. Programming and marketing are key components in our strategy to achieve top ratings in both our radio and television operations. In many of our markets, the three or four most highly rated stations (radio and/or television) receive a disproportionately high share of the market's advertising revenues. As a result, a station's revenue is dependent upon its ability to maximize its number of listeners/viewers within an advertiser's given demographic parameters. In certain cases we use attributes other than specific market listener data for sales activities. In those markets where sufficient alternative data is available, we do not subscribe to an independent listener or viewer rating service.

Our radio stations employ a variety of programming formats, including Classic Hits, Adult Contemporary, Album Oriented Rock, News/Talk, Country and Classical. We regularly perform extensive market research, including music evaluations, focus groups and strategic vulnerability studies. Our stations also employ audience promotions to further develop and secure a loyal following.

Our television stations are comprised of two CBS affiliates, one ABC affiliate, two Fox affiliates, one Univision affiliate, one NBC affiliate and one Telemundo affiliate. In addition to securing network programming, we also carefully select available syndicated programming to maximize viewership. We also develop local programming, including a strong local news franchise in each of our television markets.

In operating our stations, we concentrate on the development of strong decentralized local management, which is responsible for the day-to-day operations of the station. We compensate local management based on the station's financial performance, as well as other performance factors that are deemed to effect the long-term ability of the stations to achieve financial performance objectives. Corporate management is responsible for long-range planning, establishing policies and procedures, resource allocation and monitoring the activities of the stations.

We actively seek and explore opportunities for expansion through the acquisition of additional broadcast properties. Under the Telecommunications Act of 1996 (the "Telecommunications Act"), a company is now permitted to own as many as 8 radio stations in a single market. See "Federal Regulation of Radio and Television Broadcasting." The Telecommunications Act also eliminated the limitations on the total number of radio stations one organization can own. We seek to acquire reasonably priced broadcast properties with significant growth potential that are located in markets with well-established and relatively stable economies. We often focus on local economies supported by a strong presence of state or federal government or one or more major universities. Future acquisitions will be subject to the availability of financing and compliance with the Communications Act of 1934 (the "Communications Act") and FCC rules. Although we review acquisition opportunities on an ongoing basis, we have no other present understandings, agreements or arrangements to acquire or sell any radio or television stations, other than those discussed.

ADVERTISING SALES

Our primary source of revenue is from the sale of advertising for broadcast on our stations. Depending on the format of a particular radio station, there are a predetermined number of advertisements broadcast each hour. The number of advertisements broadcast on our television stations may be limited by certain network affiliation and syndication agreements and, with respect to children's programs, federal regulation. We determine the number of advertisements broadcast hourly that can maximize a station's available revenue dollars without jeopardizing listening/viewing levels. While there may be shifts from time to time in the number of advertisements broadcast during a particular time of the day, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year. Any change in our revenue, with the exception of those instances where stations are acquired or sold, is generally the result of pricing adjustments, which are made to ensure that the station efficiently utilizes available inventory.

Advertising rates charged by radio and television stations are based primarily on a station's ability to attract audiences in the demographic groups targeted by advertisers, the number of stations in the market competing for the same demographic group, the supply of and demand for radio and television advertising time, and other qualitative factors including rates charged by competing radio and television stations within a given market. Radio rates are generally highest during morning and afternoon drive-time hours, while television advertising rates are generally higher during prime time evening viewing periods. Most advertising contracts are short-term, generally running for only a few weeks. This allows broadcasters the ability to modify advertising rates as dictated by changes in station ownership within a market, changes in listener/viewer ratings and changes in the business climate within a particular market.

Approximately $109,666,000 or 81% of our gross revenue for the year ended December 31, 2003 (approximately $102,849,000 or 80% in fiscal 2002 and approximately $93,021,000 or 81% in fiscal 2001) was generated from the sale of local advertising. Additional revenue is generated from the sale of national advertising, network compensation payments, barter and other miscellaneous transactions. In all our markets, we attempt to maintain a local sales force that is generally larger than our competitors. The principal goal in our sales efforts is to develop long-standing customer relationships through frequent direct contacts, which we believe represents a competitive advantage. We also typically provide incentives to our sales staff to seek out new opportunities resulting in the establishment of new client relationships, as well as new sources of revenue, not directly associated with the sale of broadcast time.

Each of our stations also engage national independent sales representatives to assist us in obtaining national advertising revenues. These representatives obtain advertising through national advertising agencies and receive a commission from us based on our net revenue from the advertising obtained. Total gross revenue resulting from national advertising in fiscal 2003 was approximately $25,470,000 or 19% of our gross revenue (approximately $25,111,000 or 20% in fiscal 2002 and approximately $21,678,000 or 19% in fiscal 2001).

COMPETITION

Both radio and television broadcasting are highly competitive businesses. Our stations compete for listeners/viewers and advertising revenues directly with other radio and/or television stations, as well as other media, within their markets. Our radio and television stations compete for listeners/viewers primarily on the basis of program content and by employing on-air talent which appeals to a particular demographic group. By building a strong listener/viewer base comprised of a specific demographic group in each of its markets, we are able to attract advertisers seeking to reach these listeners/viewers.

Other media, including broadcast television and/or radio (as applicable), cable television, newspapers, magazines, direct mail, the internet, coupons and billboard advertising, also compete with us for advertising revenues.

The radio and television broadcasting industries are also subject to competition from new media technologies that may be developed or introduced, such as the delivery of audio programming by cable and satellite television systems, direct reception from satellites, and streaming of audio on the internet. We cannot predict what effect, if any, any of these new technologies may have on us or the broadcasting industry.

SEASONALITY

Our revenue varies throughout the year. Advertising expenditures, our primary source of revenue, is generally lowest is the first quarter.

EMPLOYEES

As of December 31, 2003, we had approximately 830 full-time employees and 359 part-time employees, none of whom are represented by unions. We believe that our relations with our employees are good.

We employ several high-profile personalities with large loyal audiences in their respective markets. We have entered into employment and non-competition agreements with our President and with most of our on-air personalities, as well as non-competition agreements with our commissioned sales representatives.

AVAILABLE INFORMATION

You can find more information about us at our Internet website located at www.sagacommunications.com. Our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports are available free of charge on our Internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC").

FEDERAL REGULATION OF RADIO AND TELEVISION BROADCASTING

Introduction. The ownership, operation and sale of radio and television stations, including those licensed to us, are subject to the jurisdiction of the FCC, which acts under authority granted by the Communications Act. Among other things, the FCC assigns frequency bands for broadcasting; determines the particular frequencies, locations and operating power of stations; issues, renews, revokes and modifies station licenses; determines whether to approve changes in ownership or control of station licenses; regulates equipment used by stations; adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations; and has the power to impose penalties for violations of its rules or the Communications Act. For additional information on the impact of FCC regulations and the introduction of new technologies on our operations, see "Forward Looking Statements; Risk Factors" below.

The following is a brief summary of certain provisions of the Communications Act and of specific FCC regulations and policies. Reference should be made to the Communications Act, FCC rules and the public notices and rulings of the FCC for further information concerning the nature and extent of federal regulation of broadcast stations.

License Renewal. Radio and television broadcasting licenses are granted for maximum terms of eight years, and are subject to renewal upon application to the FCC. Under its "two-step" renewal process, the FCC must grant a renewal application if it finds that during the preceding term the licensee has served the public interest, convenience and necessity, and there have been no serious violations of the Communications Act or the FCC's rules which, taken together, would constitute a pattern of abuse. If a renewal applicant fails to meet these standards, the FCC may either deny its application or grant the application on such terms and conditions as are appropriate, including renewal for less than the full 8-year term. In making the determination of whether to renew the license, the FCC may not consider whether the public interest would be served by the grant of a license to a person other than the renewal applicant. If the FCC, after notice and opportunity for a hearing, finds that the licensee has failed to meet the requirements for renewal and no mitigating factors justify the imposition of lesser sanctions, the FCC may issue an order denying the renewal application, and only thereafter may the FCC accept applications for a construction permit specifying the broadcasting facilities of the former licensee. Petitions may be filed by third parties for the FCC to deny the renewal applications of our stations, but any such petitions must raise issues that would cause the FCC to deny a renewal application under the standards adopted in the "two-step" renewal process. Under the Communications Act, if a broadcast station fails to transmit signals for any consecutive 12-month period, the FCC license expires at the end of that period.

The following table sets forth the market and broadcast power of each of our broadcast stations (or pending acquisitions) and the date on which each such station's FCC license expires:

STATION	MARKET(1)	POWER (WATTS)(2)	EXPIRATION DATE OF FCC AUTHORIZATION
FM:			
WSNY.......	Columbus, OH	50,000	October 1, 2004
WODB.......	Columbus, OH	6,000	October 1, 2004
WJZA.......	Columbus, OH	6,000	October 1, 2004
WJZK.......	Columbus, OH	6,000	October 1, 2004
WQEL.......	Bucyrus, OH	3,000	October 1, 2004
WKLH.......	Milwaukee, WI	50,000	December 1, 2004
WLZR.......	Milwaukee, WI	50,000	December 1, 2004
WFMR.......	Milwaukee, WI	6,000	December 1,

2004
WJMR.......
Milwaukee,
WI 6,000
December 1,
2004
WNOR.......
Norfolk, VA
50,000
October 1,
2011
WAFX.......
Norfolk, VA
100,000
October 1,
2011
KSTZ.......
Des Moines,
IA 100,000
February 1,
2005
KIOA.......
Des Moines,
IA 100,000
February 1,
2005
KAZR.......
Des Moines,
IA 100,000
February 1,
2005
KLTI.......
Des Moines,
IA 100,000
February 1,
2005
WMGX.......
Portland, ME
50,000 April
1, 2006
WYNZ.......
Portland, ME
25,000 April
1, 2006
WPOR.......
Portland, ME
50,000 April
1, 2006
WLZX.......
Northampton,
MA 6,000
April 1,
2006
WAQY.......
Springfield,
MA 50,000
April 1,
2006
WZID.......
Manchester,
NH 50,000
April 1,
2006
WQLL.......
Manchester,
NH 6,000
April 1,
2006

(footnotes follow tables)

POWER EXPIRATION DATE OF
STATION MARKET(1) (WATTS)
(2) FCC AUTHORIZATION - ---
---- --------- ---------- -

WYMG....... Springfield, IL
50,000 December 1, 2004
WQQL....... Springfield, IL
50,000 December 1, 2004
WDBR....... Springfield, IL
50,000 December 1, 2004
WMHX....... Springfield, IL
25,000 December 1, 2004
WLRW....... Champaign, IL
50,000 December 1, 2004
WIXY....... Champaign, IL
25,000 December 1, 2004
WKIO....... Urbana, IL
25,000 December 1, 2004
WNAX....... Yankton, SD
100,000 April 1, 2005
KISM....... Bellingham, WA
100,000 February 1, 2006
KAFE....... Bellingham, WA
100,000 February 1, 2006
KICD....... Spencer, IA
100,000 February 1, 2005
KLLT....... Spencer, IA
25,000 February 1, 2005
WCVQ.......
Clarksville,TN/Hopkinsville,
KY 100,000 August 1, 2004
WZZP.......
Clarksville,TN/Hopkinsville,
KY 6,000 August 1, 2004
WVVR.......
Clarksville,TN/Hopkinsville,
KY 100,000 August 1, 2004
KMIT....... Mitchell, SD
100,000 April 1, 2005
KUQL....... Mitchell, SD
100,000 April 1, 2005
WHAI....... Greenfield, MA
3,000 April 1, 2006
WKNE....... Keene, NH
50,000 April 1, 2006
WRSI(6).... Northampton, MA
3,000 April 1, 2006
WRSY(6).... Brattleboro, VT
3,000 April 1, 2006
WPVQ(6).... Greenfield, MA
3,000 April 1, 2006
WKVT....... Brattleboro, VT
6,000 April 1, 2006
WOQL....... Keene, NH 6,000
April 1, 2006 WOXL(6)(7)
(8)... Asheville, NC 25,000
N/A(8) WINQ(9).... Keene,
NH 3,000 April 1, 2006
WEGI(10)...
Springfield/Clarksville, TN
6,000 August 1, 2004
KDEZ....... Jonesboro, AR
50,000 June 1, 2004
KDXY....... Jonesboro, AR
25,000 June 1, 2004
KJBX....... Jonesboro, AR
6,000 June 1, 2004

POWER
EXPIRATION
DATE OF
STATION
MARKET(1)
(WATTS)(2)
FCC
AUTHORIZATION
- ------- --
------- ----
------ -----

- AM:

WJYI.......
Milwaukee,
WI 1,000
December 1,
2004
WJOI.......
Norfolk, VA
1,000
October 1,
2011
KRNT.......
Des Moines,
IA 5,000
February 1,
2005
KPSZ.......
Des Moines,
IA 10,000
February 1,
2005
WGAN.......
Portland, ME
5,000 April
1, 2006
WZAN.......
Portland, ME
5,000 April
1, 2006
WBAE.......
Portland, ME
1,000 April
1, 2006
WVAE.......
Portland, ME
1,000 April
1, 2006
WHNP.......
Springfield,
MA 2,500(5)
April 1,
2006

(footnotes follow tables)

STATION	MARKET(1)	POWER (WATTS)(2)	EXPIRATION DATE OF FCC AUTHORIZATION
WHMP.......	Northampton, MA	1,000	April 1, 2006
WFEA.......	Manchester, NH	5,000	April 1, 2006
WTAX.......	Springfield, IL	1,000	December 1, 2004
WNAX.......	Yankton, SD	5,000	April 1, 2005
KGMI.......	Bellingham, WA	5,000	February 1, 2006
KPUG.......	Bellingham, WA	10,000	February 1, 2006
KBAI.......	Bellingham, WA	1,000(5)	February 1, 2006
KICD.......	Spencer, IA	1,000	February 1, 2005
WKFN.......	Fort Campbell, KY	1,000(5)	August 1, 2004
WDXN.......	Clarksville, TN	1,000(5)	August 1, 2004
WHMQ.......	Greenfield, MA	1,000	April 1, 2006
WKBK.......	Keene, NH	5,000	April 1, 2006
WZBK.......	Keene, NH	1,000(5)	April 1, 2006
WKVT.......	Brattleboro, VT	1,000	April 1, 2006
WISE(6)(7)...	Asheville, NC	5,000(5)	December 1, 2011
WOXL (AM).....	Asheville, NC	5,000(5)	December 1, 2011
WJQY.......	Springfield, TN	1,000(5)	August 1, 2004
WBCO.......	Bucyrus, OH	500(5)	October 1, 2004

TV/CHANNEL:
KOAM (Ch 7)....... Joplin, MO/Pittsburg, KS 316,000(vis), June 1, 2006 61,600(aur)
KAVU (Ch 25)...... Victoria, TX 2,140,000(vis), August 1, 2006 214,000(aur)
KVCT(3) (Ch 19)...... Victoria, TX 155,000(vis), August 1, 2006 15,500(aur)
KUNU-LP(4) (Ch 21)...... Victoria, TX 1,000(vis) August 1, 2006
KVTX-LP(4) (Ch 45)...... Victoria, TX 1,000(vis) August 1, 2006
KXTS-LP(4) (Ch 41).. Victoria, TX 1,000(vis) August 1, 2006
WXVT (Ch 15)...... Greenville, MS 2,746,000(vis), June 1, 2005 549,000(aur)

- ---------------

(1) Some stations are licensed to a different community located within the market that they serve.

(2) Some stations are licensed to operate with a combination of effective radiated power ("ERP") and antenna height, which may be different from, but provide equivalent coverage to, the power shown. The ERP of television stations is expressed in terms of visual ("vis") and aural ("aur") components. WOXL, WISE, KPSZ (AM), KPUG (AM), KGMI (AM), KBAI (AM), WZBK (AM) and WBCO (AM) operate with lower power at night than the power shown.

(3) We program this station pursuant to a TBA with the licensee of KVCT, Surtsey Productions, Inc. See note 11 of the Consolidated Financial Statements for additional information on our relationship with Surtsey Productions, Inc.

(4) KUNU-LP, KXTS-LP and KVTX-LP are "low power" television stations that operate as "secondary" stations (i.e., if they conflict with the operations of a "full power" television station, the low power stations must change their facilities or terminate operations).

(5) Operates daytime only or with greatly reduced power at night.

(6) Pending acquisition.

(7) We program this station pursuant to a TBA with Ashville Radio Partners, LLC.

(8) WOXL-FM operates on program test authority under a construction permit. An application is pending for a new license.

(9) Holds a construction permit for 6,000 watts.

(10) An application is pending to relocate WEGI (formerly known as WJOI) to the Clarksville, TN, market (Oak Grove, KY).

Ownership Matters. The Communications Act prohibits the assignment of a broadcast license or the transfer of control of a broadcast licensee without the prior approval of the FCC. In determining whether to grant or renew a broadcast license, the FCC considers a number of factors pertaining to the licensee, including compliance with the Communications Act's limitations on alien ownership; compliance with various rules limiting common ownership of broadcast, cable and newspaper properties; and the "character" and other qualifications of the licensee and those persons holding "attributable or cognizable" interests therein.

Under the Communications Act, broadcast licenses may not be granted to any corporation having more than one-fifth of its issued and outstanding capital stock owned or voted by aliens (including non-U.S. corporations), foreign governments or their representatives (collectively, "Aliens"). The Communications Act also prohibits a corporation, without FCC waiver, from holding a broadcast license if that corporation is controlled, directly or indirectly, by another corporation in which more than 25% of the issued and outstanding capital stock is owned or voted by Aliens. The FCC has issued interpretations of existing law under which these restrictions in modified form apply to other forms of business organizations, including partnerships. Since we serve as a holding company for our various radio station subsidiaries, we cannot have more than 25% of our stock owned or voted by Aliens.

The Communications Act and FCC rules also generally prohibit or restrict the common ownership, operation or control of a radio broadcast station and a television broadcast station serving the same geographic market. The FCC's rules permit the ownership of up to two television stations by the same entity if (a) at least eight independently owned and operated full-power commercial and noncommercial TV stations would remain in the Designated Market Area ("DMA") in which the communities of license of the TV stations in question are located, and (b) the two merging stations are not both among the top four-ranked stations in the market as measured by audience share. The FCC established criteria for obtaining a waiver of the rules to permit the ownership of two television stations in the same DMA that would not otherwise comply with the FCC's rules. Under certain circumstances, a television station may merge with a "failed" or "failing" station or an "unbuilt" station if strict criteria are satisfied. Additionally, the FCC now permits a party to own up to two television stations (if permitted under the modified TV duopoly rule) and up to six radio stations (if permitted under the local radio ownership rules), or one television station and up to seven radio stations, in any market where at least 20 independently owned media voices remain in the market after the combination is effected ("Qualifying Market"). The FCC will permit the common ownership of up to two television stations and four radio stations in any market where at least 10 independently owned media voices remain after the combination is effected. The FCC will permit the common ownership of up to two television stations and one radio station notwithstanding the number of voices in the market. The FCC also adopted rules that make television time brokerage agreements or TBA's count as if the brokered station were owned by the brokering station in making a determination of compliance with the FCC's multiple ownership rules. TBA's entered into before November 5, 1996, are grandfathered until the FCC announces the required termination date when it conducts its review of the rules in 2004. As a result of the FCC's rules, we would not be permitted to acquire a television broadcast station (other than low power television) in a non-Qualifying Market in which we now own any television properties. The FCC revised its rules to permit a television station to affiliate with two or more major networks of television broadcast stations under certain conditions (major existing networks are still subject to the FCC's dual network ban).

We are permitted to own an unlimited number of radio stations on a nationwide basis (subject to the local ownership restrictions described below). We are permitted to own an unlimited number of television stations on a nationwide basis so long as the ownership of the stations would not result in an aggregate national audience reach (i.e., the total number of television households in the Arbitron Area of Dominant Influence ("ADI") markets in which the relevant stations are located divided by the total national television households as measured by ADI data at the time of a grant, transfer or assignment of a license) of 35%. This so-called "national television station ownership rule" was appealed to the court, and on February 21, 2002, the United States Court of Appeals for the District of Columbia Circuit remanded the rule to the FCC for further consideration and vacated outright a related rule that prohibited a cable television system from carrying the signal of any television station it owned in the same local market. As a result, on July 2, 2003, the FCC released a "Report and Order and Notice of Proposed Rulemaking" in MB Docket No. 02-277 that significantly modified the FCC's multiple ownership rules. The new multiple ownership rules expand the opportunities for newspaper-broadcast combinations, as follows:

- In markets with three or fewer TV stations, no cross-ownership is permitted among TV, radio and newspapers. A company may obtain a waiver of that ban if it can show that the television station does not serve the area served by the cross-owned property (i.e. the radio station or the newspaper).

- In markets with between 4 and 8 TV stations, combinations are limited to one of the following:

  (A) A daily newspaper; one TV station; and up to half of the radio station limit for that market (i.e. if the radio limit in the market is 6, the company can only own 3) OR

  (B) A daily newspaper; and up to the radio station limit for that market; (i.e. no TV stations) OR

  (C) Two TV stations (if permissible under local TV ownership rule); up to the radio station limit for that market (i.e. no daily newspapers).

- In markets with nine or more TV stations, the FCC eliminated the newspaper-broadcast cross-ownership ban and the television-radio cross-ownership ban.

Numerous parties, including the Company, have sought reconsideration of the new rules. In Prometheus Radio v. FCC, Case No. 03-3388, on September 3, 2003, the U.S. Court of Appeals for the Third Circuit granted a stay of the effective date of the FCC's new rules. If the new rules take effect, they could restrict the Company's ability to acquire additional radio and television stations in some markets and could require the Company to terminate its arrangements with Surtsey Productions, Inc. The Court and FCC proceedings are ongoing and we cannot predict what action, if any, the Court may take or what action the FCC may take to modify its rules. The statements herein are based solely on the FCC's multiple ownership rules in effect as of the date hereof and do not include any forward-looking statements concerning compliance with any future multiple ownership rules.

Under the Communications Act, we are permitted to own radio stations (without regard to the audience shares of the stations) based upon the number of radio stations in the relevant radio market as follows:

NUMBER OF STATIONS IN RADIO MARKET	NUMBER OF STATIONS WE CAN OWN
14 or Fewer.............	Total of 5 stations, not more than 3 in the same service (AM or FM) except the Company cannot own more than 50% of the stations in the market.
15-29..................	Total of 6 stations, not more than 4 in the same service (AM or FM).
30-44..................	Total of 7 stations,

not more than 4 in the same service (AM or FM). 45 or More..............
Total of 8 stations, not more than 5 in the same service (AM or FM).

The FCC has eliminated its previous scrutiny of some proposed acquisitions and mergers on antitrust grounds and that was manifest in a policy of placing a "flag" soliciting public comment on concentration of control issues based on advertising revenue shares or other criteria, on the public notice announcing the acceptance of assignment and transfer applications. Notwithstanding this action, we cannot predict whether the FCC will adopt rules that would restrict our ability to acquire additional stations.

New rules to be promulgated under the Communications Act may permit us to own, operate, control or have a cognizable interest in additional radio broadcast stations if the FCC determines that such ownership, operation, control or cognizable interest will result in an increase in the number of radio stations in operation. No firm date has been established for initiation of this rule-making proceeding.

In April 2003, the FCC issued a Report and Order resolving a proceeding in which it sought comment on the procedures it should use to license "non-reserved" broadcast channels (i.e., those FM channels not specifically reserved for noncommercial use) in which both commercial and noncommercial educational ("NCE") entities have an interest. The FCC adopted a proposal to allow applicants for NCE stations to submit applications for non-reserved spectrum in a filing window, subject to being returned as unacceptable for filing if there is any mutually exclusive application for a commercial station, and to allow applicants for AM stations and secondary services a prior opportunity to resolve their mutually exclusive applications through settlements. Applicants for NCE stations in the full-power FM and TV services also have an opportunity to reserve channels at the allocation stage of the licensing process we use for those channels; however, this opportunity is not available to commercial applicants such as the Company.

The FCC generally applies its ownership limits to "attributable" interests held by an individual, corporation, partnership or other association. In the case of corporations holding broadcast licenses, the interests of officers, directors and those who, directly or indirectly, have the right to vote 5% or more of the corporation's stock (or 20% or more of such stock in the case of certain passive investors that are holding stock for investment purposes only) are generally attributable, as are positions of an officer or director of a corporate parent of a broadcast licensee. Currently, three of our officers and directors have an attributable interest or interests in companies applying for or licensed to operate broadcast stations other than us.

In 2001, the FCC revised its ownership attribution rules to (a) apply to limited liability companies and registered limited liability partnerships the same attribution rules that the FCC applies to limited partnerships; and (b) create a new equity/debt plus ("EDP") rule that attributes the other media interests of an otherwise passive investor if the investor is (1) a "major-market program supplier" that supplies over 15% of a station's total weekly broadcast programming hours, or (2) a same-market media entity subject to the FCC's multiple ownership rules (including broadcasters, cable operators and newspapers) so that its interest in a licensee or other media entity in that market will be attributed if that interest, aggregating both debt and equity holdings, exceeds 33% of the total asset value (equity plus debt) of the licensee or media entity. We could be prohibited from acquiring a financial interest in stations in markets where application of the EDP rule would result in us having an attributable interest in the stations. In reconsidering its rules, the FCC also eliminated the "single majority shareholder exemption" which provides that minority voting shares in a corporation where one shareholder controls a majority of the voting stock are not attributable; however, in December 2001 the FCC "suspended" the elimination of this exemption until the FCC resolved issues concerning cable television ownership.

In addition to the FCC's multiple ownership rules, the Antitrust Division of the United States Department of Justice and the Federal Trade Commission have the authority to examine proposed transactions for compliance with antitrust statutes and guidelines. The Antitrust Division has become more active recently in reviewing proposed acquisitions. It has issued "civil investigative demands" and obtained consent decrees requiring the divestiture of stations in a particular market based on antitrust concerns.

Programming and Operation. The Communications Act requires broadcasters to serve the "public interest." Licensees are required to present programming that is responsive to community problems, needs and interests and to maintain certain records demonstrating such responsiveness. Complaints from listeners concerning a station's programming often will be considered by the FCC when it evaluates renewal applications of a licensee, although such complaints may be filed at any time and generally may be considered by the FCC at any time. Stations also must follow various rules promulgated under the Communications Act that regulate, among other things, political advertising, sponsorship identification, the advertisement of contests and lotteries, obscene and indecent broadcasts, and technical operations, including limits on radio frequency radiation. The FCC now requires the owners of antenna supporting structures (towers) to register them with the FCC. As an owner of such towers, we are subject to the registration requirements. The Children's Television Act of 1990 and the FCC's rules promulgated thereunder require television broadcasters to limit the amount of commercial matter which may be aired in children's programming to 10.5 minutes per hour on weekends and 12 minutes per hour on weekdays. The Children's Television Act and the FCC's rules also require each television licensee to serve, over the term of its license, the educational and informational needs of children through the licensee's programming (and to present at least three hours per week of "core" educational programming specifically designed to serve such needs). Licensees are required to publicize the availability of this programming and to file quarterly a report with the FCC on these programs and related matters. Television stations are required to provide closed captioning for certain video programming according to a schedule that gradually increases the amount of video programming that must be provided with captions.

Equal Employment Opportunity Rules. In March 2003, new equal employment opportunity (EEO) rules and policies for broadcasters went into effect. The rules prohibit discrimination by broadcasters and multichannel video programming distributors. They also require broadcasters to provide notice of job vacancies and to undertake additional outreach measures, such as job fairs and scholarship programs. The rules mandate a three part outreach program: 1.) widely disseminate information concerning each full-time (30 hours or more) job vacancy, except for vacancies filled in exigent circumstances; 2.) provide notice of each full-time job vacancy to recruitment organizations that have requested such notice; and 3.) complete two (for broadcast employment units with five to ten full-time employees or that are located in smaller markets) or four (for employment units with more than ten full-time employees located in larger markets) longer-term recruitment initiatives within a two-year period. These include, for example, job fairs, scholarship and internship programs, and other community events designed to inform the public as to employment opportunities in broadcasting. The rules mandate extensive record keeping and reporting requirements. The EEO rules will be enforced through review at renewal time, at mid-term for larger broadcasters, and through random audits and targeted investigations resulting from information received as to possible violations. The FCC has not yet decided on whether and how to apply the EEO rule to part-time positions.

Failure to observe these or other rules and policies can result in the imposition of various sanctions, including monetary forfeitures, the grant of "short" (less than the full eight-year) renewal terms or, for particularly egregious violations, the denial of a license renewal application or the revocation of a license.

Time Brokerage Agreements. As is common in the industry, we have entered into what have commonly been referred to as Time Brokerage Agreements, or "TBA's." While these agreements may take varying forms, under a typical TBA, separately owned and licensed radio or television stations agree to enter into cooperative arrangements of varying sorts, subject to compliance with the requirements of antitrust laws and with the FCC's rules and policies. Under these types of arrangements, separately-owned stations agree to function cooperatively in terms of programming, advertising sales, and other matters, subject to the licensee of each station maintaining independent control over the programming and station operations of its own station. One typical type of TBA is a programming agreement between two separately-owned radio or television stations serving a common service area, whereby the licensee of one station purchases substantial portions of the broadcast day on the other licensee's station, subject to ultimate editorial and other controls being exercised by the latter licensee, and sells advertising time during such program segments. Such arrangements are an extension of the concept of time brokerage agreements, under which a licensee of a station sells blocks of time on its station to an entity or entities which purchase the blocks of time and which sell their own commercial advertising announcements during the time periods in question.

Historically, the FCC has determined that issues of joint advertising sales should be left to antitrust enforcement. Furthermore, the staff of the FCC's Mass Media Bureau has held that such agreements are not contrary to the Communications Act provided that the licensee of the station from which time is being purchased by another entity maintains complete responsibility for and control over operations of its station and assures compliance with applicable FCC rules and policies. The FCC adopted rules that permit, under certain circumstances, the ownership of two or more television stations in a Qualifying Market and requires the termination of certain non-complying existing television TBA's. We currently have a television TBA in the Victoria, Texas market with Surtsey. Even though the Victoria market is not a Qualifying Market such that the duopoly would otherwise be permissible, we believe that the TBA is "grandfathered" under the FCC's rules and need not be terminated earlier than 2004. See "Ownership Matters" above.

The FCC's rules provide that a station purchasing (brokering) time on another station serving the same market will be considered to have an attributable ownership interest in the brokered station for purposes of the FCC's multiple ownership rules. As a result, under the rules, a broadcast station will not be permitted to enter into a time brokerage agreement giving it the right to purchase more than 15% of the broadcast time, on a weekly basis, of another local station that it could not own under the local ownership rules of the FCC's multiple ownership rules. The FCC's rules also prohibit a broadcast licensee from simulcasting more than 25% of its programming on another station in the same broadcast service (i.e., AM-AM or FM-FM) whether it owns the stations or through a TBA arrangement, where the brokered and brokering stations serve substantially the same geographic area.

On March 7, 2003 we entered into an agreement of understanding with Surtsey, whereby we have guaranteed up to $1,250,000 of the debt incurred by Surtsey in closing on the acquisition of a construction permit for KFJX-TV station in Pittsburg, Kansas. In consideration for our guarantee, Surtsey has entered into various agreements with us relating to the station, including a Shared Services Agreement, Technical Services Agreement, Agreement for the Sale of Commercial Time, Option Agreement and Broker Agreement. Under the FCC's ownership rules, we are prohibited from owning or having an attributable or cognizable interest in this station. In the order adopting the new multiple ownership rules, the FCC stated that it would issue a future Notice of Proposed Rulemaking to seek comment on whether or not to attribute television joint sales agreements ("JSA") for purposes of the FCC's multiple ownership rules. If the FCC decides to attribute JSA's, we would be required to terminate the Agreement for the Sale of Commercial Time.

OTHER FCC REQUIREMENTS

The "V-Chip." The FCC adopted methodology that will be used to send program ratings information to consumer TV receivers (implementation of "V-Chip" legislation contained in the Communications Act). The FCC also adopted the TV Parental Guidelines, developed by the Industry Ratings Implementation Group, which apply to all broadcast television programming except for news and sports. As a part of the legislation, television station licensees are required to attach as an exhibit to their applications for license renewal a summary of written comments and suggestions received from the public and maintained by the licensee that comment on the licensee's programming characterized as violent.

Digital Television. The FCC's rules provide for the conversion by all U.S. television broadcasters to digital television ("DTV"), including build-out construction schedules, NTSC (current analog system) and DTV channel simulcasting, and the return of NTSC channels to the government by 2006. The FCC has attempted to provide DTV coverage areas that are comparable to the NTSC service areas. DTV licensees may use their DTV channels for a multiplicity of services such as high-definition television broadcasts, multiple standard definition television broadcasts, data, audio, and other services so long as the licensee provides at least one free video channel equal in quality to the current NTSC technical standard. Our television stations have begun providing low power DTV service on channels separate from their NTSC channels. Our television stations are required to cease broadcasting on the NTSC channels by December 31, 2006, and return the NTSC channels to the government. On November 15, 2001, the FCC released a Memorandum Opinion and Order on Reconsideration, and on January 27, 2003, the FCC released notice of proposed rule making that temporarily deferred its earlier requirement that commercial broadcasters replicate their entire current grade B NTSC analog service area with their DTV signal by December 31, 2004, or lose interference protection to the unreplicated areas. As a result of these decisions licensees can now construct and operate facilities that offer DTV services to serve at least their communities of license while retaining interference protection to their allotted service areas. The FCC temporarily deferred its requirement that stations granted construction permits for maximized facilities construct such facilities by May 1, 2002, in order to retain interference protection. On January 27, 2003, the FCC released a notice of proposed rule making that proposes to establish May 1, 2005, as the date by which commercial stations with both NTSC and DTV channel assignments elect which channel they will use for their post-transition DTV channel and proposed July 1, 2006 (or the date by which 85% of the television households in a licensee's market are capable of receiving DTV signals, whichever is later) for replication and maximization. A DTV station must provide a DTV signal at least 50% of the time it transmits an analog signal; beginning on April 1, 2004, 75%; and on April 1, 2005, 100%. Commercial DTV stations must meet increased city-grade signal strength requirements by December 31, 2004.

Under the Balanced Budget Act, the FCC is authorized to extend the December 31, 2006, deadline if (1) one or more television stations affiliated with ABC, CBS, NBC, or Fox in a market are not broadcasting in DTV and the FCC determines that such stations have "exercised due diligence" in attempting to convert to DTV; or (2) less than 85% of the television households in the station's market subscribe to a multichannel video service that carries at least one DTV channel from each of the local stations in that market and less than 85% of the television households in the market can receive DTV signals off the air using either set-top converters for NTSC broadcasts or a new DTV set. At present KOAM-TV is providing NTSC service on Channel 7 and DTV service on Channel 13. KAVU-TV is providing NTSC service on Channel 25 and DTV service on Channel 15. WXVT is providing NTSC operations on Channel 15 and DTV service on Channel 17. Brokered Station KVCT is providing NTSC service on Channel 19 and DTV service on Channel 11. By the date the FCC finally establishes (now proposed for January 1, 2005), our stations will elect one of their channels for permanent DTV operation and by the FCC's final deadline will cease broadcasting on the NTSC channel. On January 22, 2001, the FCC adopted rules on how the law requiring the carriage of television signals on local cable television systems should apply to DTV signals. The FCC decided that a DTV-only station could immediately assert its right to carriage on a local cable television system; however, the FCC decided that a television station may not assert a right to carriage of both its NTSC and DTV channels. On January 10, 2003, in a Further Notice of Proposed Rule Making, the FCC sought comment on proposed rules for "plug and play" cable compatibility that will allow consumers to plug their cable directly into their digital TV set without the need for a set-top box. The notice seeks comment on a Memorandum of Understanding ("MOU") filed with the FCC by the cable and consumer electronics industries detailing an agreement on a cable compatibility standard for an integrated, one-way digital cable television receiver, as well as other unidirectional digital cable products. On November 19, 1998 the FCC decided to charge television licensees a fee of 5% of gross revenue derived from the offering of ancillary or supplementary services on DTV spectrum for which a subscription fee is charged.

Low Power and Class A Television Stations. In the Community Broadcasters Protection Act of 1999, Congress authorized the FCC to create a new class of commercial television station. Currently, the service areas of low power television ("LPTV") stations are not protected. LPTV stations can be required to terminate their operations if they cause interference to full power stations. LPTV stations meeting certain criteria were permitted to certify to the FCC their eligibility to be reclassified as "Class A Television Stations" whose signal contours would be protected against interference from other stations. Stations deemed "Class A Stations" by the FCC would thus be protected from interference. We own three operating LPTV stations, KUNU-LP, KVTX-LP, and KXTS-LP, all of which serve the Victoria, Texas market. None of the stations qualifies under the FCC's established criteria for Class A Status.

The Cable Television Consumer Protection and Competition Act of 1992, among other matters, requires cable television system operators to carry the signals of local commercial and non-commercial television stations and certain low power television stations. Cable television operators and other multi-channel video programming distributors may not carry broadcast signals without, in certain circumstances, obtaining the transmitting station's consent. A local television broadcaster must make a choice every three years whether to proceed under the "must-carry" rules or waive the right to mandatory-uncompensated coverage and negotiate a grant of retransmission consent in exchange for consideration from the cable system operator. As noted above, such must-carry rights will extend to the new DTV signal to be broadcast by our stations, but will not extend simultaneously to the analog signal.

Low Power FM Radio. The FCC has created a new "low power radio service" ("LPFM"). The FCC will authorize the construction and operation of two new classes of noncommercial educational FM stations, LP100 (up to 100 watts effective radiated power ("ERP") with antenna height above average terrain ("HAAT") at up to 30 meters (100 feet) which is calculated to produce a service area radius of approximately 3.5 miles, and LP10 (up to 10 watts ERP and up to 30 meters HAAT) with a service area radius of approximately 1 to 2 miles. The FCC will not permit any broadcaster or other media entity subject to the FCC's ownership rules to control or hold an attributable interest in an LPFM station or enter into related operating agreements with an LPFM licensee. Thus, absent a waiver, we could not own or program an LPFM station. LPFM stations will be allocated throughout the FM broadcast band, i.e., 88 to 108 MHz, although they must operate with a noncommercial format. The FCC has established allocation rules that require FM stations to be separated by specified distances to other stations on the same frequency, and stations on frequencies on the first, second and third channels adjacent to the center frequency. In February 2004, the FCC submitted a report to the U.S. Congress recommending the elimination of minimum distance separation requirements for LPFM stations operating on third-adjacent channels to full power and other FM broadcast stations. The FCC has begun granting construction permits for LPFM stations. We cannot predict what, if any, adverse effect future LPFM stations may have on our FM stations.

Digital Audio Radio Satellite Service. The FCC has adopted rules for the Digital Audio Radio Satellite Service ("DARS") in the 2310-2360 MHz frequency band. In adopting the rules, the FCC stated, "although healthy satellite DARS systems are likely to have some adverse impact on terrestrial radio audience size, revenues and profits, the record does not demonstrate that licensing satellite DARS would have such a strong adverse impact that it threatens the provision of local service." The FCC has granted two nationwide licenses, one to XM Satellite Radio, which began broadcasting in May 2001, and a second to Sirius Satellite Radio, which began broadcasting in February 2002. The satellite radio systems provide multiple channels of audio programming in exchange for the payment of a subscription fee. Because the DARS service is a new factor, we cannot predict whether, or the extent to which, it will have an adverse impact on our business.

Satellite Carriage of Local TV Stations. The Satellite Home Viewer Improvement Act ("SHVIA"), a copyright law, prevents direct-to-home satellite television carriers from retransmitting broadcast network television signals to consumers unless those consumers (1) are "unserved" by the over-the-air signals of their local network affiliate stations, and (2) have not received cable service in the last 90 days. According to the SHVIA, "unserved" means that a consumer cannot receive, using a conventional outdoor rooftop antenna, a television signal that is strong enough to provide an adequate television picture. In December 2001 the U.S. Court of Appeals for the District of Columbia upheld the FCC's rules for satellite carriage of local television stations which require satellite carriers to carry upon request all local TV broadcast stations in local markets in which the satellite carriers carry at least one TV broadcast station, also known as the "carry one, carry all" rule.

In-Band On-Channel "High Definition" Radio. In October 2002, the FCC selected in-band, on-channel (IBOC) as the technology that will allow AM (daytime operations only) and FM stations on a voluntary basis to begin interim digital transmissions immediately using the IBOC systems developed by iBiquity Digital Corporation. This technology has become commonly known as "high definition" or HD radio. During the interim IBOC operations, stations will broadcast the same main channel program material in both analog and digital modes. IBOC technology permits "hybrid" operations, the simultaneous transmission of analog and digital signals with a single AM and FM channel. It is believed that IBOC technology will provide near CD-quality sound on FM channels and FM quality on AM channels. Hybrid IBOC operations will have minimal impact on the present broadcast service. At the present time, we have no immediate plans to begin broadcasting in HD radio.

Proposed Changes. The FCC has under consideration, and may in the future consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect us and the operation and ownership of our broadcast properties. New application processing rules adopted by the FCC might require us to apply for facilities modifications to our standard broadcast stations in future "window" periods for filing applications or result in the stations being "locked in" with their present facilities. The Balanced Budget Act of 1997 authorizes the FCC to use auctions for the allocation of radio broadcast spectrum frequencies for commercial use. The implementation of this law could require us to bid for the use of certain frequencies.

In January 1999, the FCC released a study and conducted a forum on the impact of advertising practices on minority-owned and minority-formatted broadcast stations. The study provided evidence that advertisers often exclude radio stations serving minority audiences from ad placements and pay them less than other stations when they are included. In February 1999, a "summit" was held at the FCC's headquarters to continue this initiative where participants considered the advertising study's recommendations to adopt a Code of Conduct to oppose unfair ad placement and payment, to encourage diversity in hiring and training and to enforce laws against unfair business practices. We cannot predict at this time whether the FCC will adopt new rules that would require the placement of part of an advertiser's budget on minority-owned and minority-formatted broadcast stations, and if so, whether such rules would have an adverse impact on us.

Congress, the courts and the FCC have recently taken actions that may lead to the provision of video services by telephone companies. The 1996 Telecommunications Act has lifted previous restrictions on a local telephone company providing video programming directly to customers within the telephone company's service areas. The law now permits a telephone company to distribute video services either under the rules applicable to cable television systems or as operators of so-called "wireless cable" systems as common carriers or under new FCC rules regulating "open video systems" subject to common carrier regulations. We cannot predict what effect these services may have on us. Likewise, we cannot predict what other changes might be considered in the future, nor can we judge in advance what impact, if any, such changes might have on our business.

EXECUTIVE OFFICERS

Our current executive officers are:

NAME	AGE	POSITION
Edward K. Christian......................	59	President, Chief Executive Officer and Chairman; Director
Steven J. Goldstein......................	47	Executive Vice President and Group Program Director
Warren Lada..............................	49	Senior Vice President, Operations
Samuel D. Bush...........................	46	Senior Vice President, Chief Financial Officer and Treasurer
Marcia K. Lobaito........................	55	Vice President, Corporate Secretary, and Director of Business Affairs
Catherine A. Bobinski....................	44	Vice President, Chief Accounting Officer and Corporate Controller

Officers are elected annually by our Board of Directors and serve at the discretion of the Board. Set forth below is information with respect to our executive officers.

Mr. Christian has been President, Chief Executive Officer and Chairman since our inception in 1986.

Mr. Goldstein has been Executive Vice President and Group Program Director since 1988. Mr. Goldstein has been employed by us since our inception in 1986.

Mr. Lada has been Senior Vice President, Operations since 2000. He was Vice President, Operations from 1997 to 2000. From 1992 to 1997 he was Regional Vice President of our subsidiary, Saga Communications of New England, Inc.

Mr. Bush has been Senior Vice President since 2002, Chief Financial Officer and Treasurer since September 1997. He was Vice President from 1997 to 2002. From 1988 to 1997 he held various positions with the Media Finance Group at AT&T Capital Corporation, most recently as Senior Vice President.

Ms. Lobaito has been Vice President since 1996, and Director of Business Affairs and Corporate Secretary since our inception in 1986.

Ms. Bobinski has been Vice President since March 1999 and Chief Accounting Officer and Corporate Controller since September 1991. Ms. Bobinski is a certified public accountant.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Grosse Pointe Farms, Michigan. The types of properties required to support each of our stations include offices, studios, transmitter sites and antenna sites. A station's studios are generally housed with its offices in downtown or business districts. The transmitter sites and antenna sites are generally located so as to provide maximum market coverage.

As of December 31, 2003 the studios and offices of 21 of our 28 operating locations, as well as our corporate headquarters in Michigan, are located in facilities we own. The remaining studios and offices are located in leased facilities with lease terms that expire in one to 4 years. We own or lease our transmitter and antenna sites, with lease terms that expire in one to 86 years. We do not anticipate any difficulties in renewing those leases that expire within the next five years or in leasing other space, if required.

No one property is material to our overall operations. We believe that our properties are in good condition and suitable for our operations.

We own substantially all of the equipment used in our broadcasting business.

Our bank indebtedness is secured by a first priority lien on substantially all of our assets and those of our subsidiaries.

ITEM 3. LEGAL PROCEEDINGS

We currently and from time to time are involved in litigation incidental to the conduct of our business. We are not a party to any lawsuit or proceeding which, in the opinion of management, is likely to have a material adverse effect on our financial position, cash flows or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Until January 20, 2004, our Class A Common Stock traded on the American Stock Exchange. Thereafter our Class A Common Stock began trading on the New York Stock Exchange. There is no public trading market for our Class B Common Stock. The following table sets forth the high and low sales prices of the Class A Common Stock as reported by Tradeline for the calendar quarters indicated (all amounts are reflective of stock splits):

YEAR	HIGH	LOW
2002:		
First Quarter	$20.28	$15.68
Second Quarter	$23.98	$19.68
Third Quarter	$23.69	$16.55
Fourth Quarter	$22.15	$15.95
2003:		
First Quarter	$19.68	$16.20
Second Quarter	$21.84	$17.11
Third Quarter	$20.60	$17.10
Fourth Quarter	$19.79	$17.20

As of February 29, 2004, there were approximately 145 holders of record of our Class A Common Stock, and one holder of our Class B Common Stock.

We have not paid any cash dividends on our Common Stock during the three most recent fiscal years. We are prohibited by the terms of our bank loan agreement from paying dividends on our Common Stock without the banks' prior consent. See Item 7. Management's Discussion and Analysis of Financial Position and Results of Operations -- Liquidity and Capital Resources and note 4 of the Notes to Consolidated Financial Statements.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth as of December 31, 2003, the number of securities outstanding under our equity compensation plans, the weighted average exercise price of such securities and the number of securities available for grant under these plans:

PLAN CATEGORY	(A) NUMBER OF SHARES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	(B) WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	(C) NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING COLUMN (A))
Equity Compensation Plans Approved by Stockholders:			
Employee Stock Purchase Plan....................	--	$ --	1,482,875
1992 Stock Option Plan.....	1,728,645	$12.540	--
2003 Stock Option Plan.....	1,006,016	$19.220	993,894
1997 Non-Employee Director Stock Option Plan.......	17,234	$ .008	172,944
Equity Compensation Plans Not Approved by Stockholders: None			
Total........................	2,751,895		2,649,803

RECENT SALES OF UNREGISTERED SECURITIES

On October 1, 2003 we issued a total of 55,740 shares of our Class A Common Stock to Skyway Broadcasting Company, Inc., EXL Management, Ltd., and Scantland Broadcasting, Ltd., in connection with our acquisition of two FM radio stations (WJZA-FM Lancaster, Ohio and WJZK-FM Richwood, Ohio) serving the Columbus, Ohio market for total aggregate cash and stock consideration of approximately $13,242,000, plus up to an additional $2,000,000 upon the occurrence of certain events.

On November 1, 2002, we issued a total of 108,894 shares of our Class A Common Stock to two individuals associated with Pressly Partnership Productions, Inc. in connection with our acquisition of three FM radio stations (KDEZ-FM, KDXY-FM and KJBX-FM) serving the Jonesboro, Arkansas market for total aggregate cash and stock consideration of approximately $12,745,000.

On February 1, 2001, we issued a total of 63,872 shares of our Class A Common Stock to five individuals associated with WRUS, Inc. in connection with our acquisition of an FM radio station (WVVR-FM) serving the Clarksville, Tennessee/Hopkinskville, Kentucky market for total aggregate cash and stock consideration of approximately $7,000,000.

We relied upon Section 4(2) of the Securities Act of 1933 in connection with the issuance of these securities.

ITEM 6. SELECTED FINANCIAL DATA

	YEARS ENDED DECEMBER 31,				
	2003(1)(2)(3)	2002(1)(2)(4)	2001(1)(2)(5)	2000(1)(2)(6)	1999(1)(2)(7)
	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
OPERATING DATA:					
Net Operating Revenue...........	$121,297	$114,782	$103,956	$101,746	$90,020
Station Operating Expense (excluding depreciation, amortization, corporate general and administrative)...	79,280	73,350	66,640	62,487	56,552
Depreciation and Amortization...	7,002	6,533	10,110	9,019	8,022
Corporate General and Administrative................	6,450	6,022	5,421	5,101	5,095
Operating Income................	28,565	28,877	21,785	25,139	20,351
Interest Expense................	4,779	5,487	7,037	6,793	5,988
Net Income......................	$ 13,884	$ 13,955	$ 8,565	$ 8,650	$ 8,552
Basic Earnings Per Share........	$ .67	$ .68	$ .42	$ .42	$ .42
Cash Dividends Declared Per Common Share..................	--	--	--	--	--
Weighted Average Common Shares..	20,817	20,631	20,473	20,543	20,394
Diluted Earnings Per Share......	$ .65	$ .66	$ .41	$ .41	$ .41
Weighted Average Common Shares and Common Equivalents........	21,301	21,209	20,888	20,990	20,831

	DECEMBER 31,				
	2003(1)(2)(3)	2002(1)(2)(4)	2001(1)(5)	2000(1)(6)	1999(1)(7)
	(IN THOUSANDS)				
BALANCE SHEET DATA:					
Working Capital......................	$ 25,353	$ 5,517	$ 24,083	$ 20,793	$ 22,756
Net Property and Equipment...........	62,369	60,161	55,169	47,672	44,455
Net Intangible and Other Assets......	161,112	134,713	112,033	100,390	84,901
Total Assets.........................	262,343	226,322	202,721	179,424	162,496
Long-term Debt Including Current Portion...........................	121,205	105,228	105,501	94,641	85,774
Stockholders' Equity.................	107,244	93,059	75,062	65,618	59,102

- ---------------

(1) All periods presented include the weighted average shares and common equivalents related to certain stock options. In each of June 2002 and

December 1999 we consummated five-for-four splits of our Class A and Class B Common Stock. All share and per share information has been restated to reflect the retroactive equivalent changes in the weighted average shares.

(2) Reflects the adoption of SFAS No. 142 "Accounting for Goodwill and Other Intangible Assets" on January 1, 2002, which resulted in our goodwill and broadcast licenses no longer being amortized for the years ended December 31, 2003 and 2002. Proforma net income, basic and diluted earnings per share for the years ended December 31, 2001, 2000, and 1999 for the adoption of SFAS 142, was $10,580, $10,326 and $10,030; $.52, $.50 and $.49; $.51, $.49 and $.48; respectively.

(3) Reflects the results of WOXL-AM, acquired in March 2003; WODB, acquired in March 2003 and the results of a time brokerage agreement ("TBA") for WODB which began in January 2003; the disposition of WVKO in May 2003 and the results of the buyer brokering time on WVKO under a TBA which began in January 2003; WINQ acquired in April 2003, and the results of a TBA for WINQ, which began in February 2003; the disposition of WLLM in April 2003; WJZA and WJZK acquired in October 2003; the results of a Shared Services Agreement, Technical Services Agreement, Agreement for the Sale of Commercial Time, Option Agreement and Broker Agreement for KFJX, which began in October 2003; WIDE acquired in November 2003 and the results of a TBA for WIDE which began in August 2003; and WQEL and WBCO acquired in December 2003 and the results of a TBA for WQEL and WBCO which began in October 2003.

(4) Reflects the results of WKNE, WKBK and WKVT AM/FM, acquired in May 2002; WOQL and WZBK, acquired in July 2002; KDEZ, KDXY, KJBX, WJOI and WJQY, acquired in November 2002 and the results of a TBA for WOXL-FM and WISE, which began in November 2002.

(5) Reflects the results of WCVQ, WVVR, WZZP, WDXN and WJMR, acquired in February 2001; WHAI and WHMQ, acquired in April 2001; and KMIT and KUQL, acquired in July 2001.

(6) Reflects the results of KICD AM/FM and KLLT, acquired in January 2000; WKIO, acquired in July 2000; and WHMP and WLZX, acquired in August 2000.

(7) Reflects the results of KAFE and KPUG, acquired in January 1999; Michigan Farm Radio Network, acquired in January 1999; KAVU and KUNU, acquired in April 1999 and the results of a TBA for KVCT, which began in April 1999; KBAI, acquired in May 1999; WXVT, acquired in July 1999.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Item 1. Business, Item 6. Selected Financial Data and the financial statements and notes thereto of Saga Communications, Inc. and its subsidiaries contained elsewhere herein.

GENERAL

We are a broadcast company primarily engaged in acquiring, developing and operating radio and television stations. We actively seek and explore opportunities for expansion through the acquisition of additional broadcast properties. We review acquisition opportunities on an ongoing basis.

Our financial results are dependent on a number of factors, the most significant of which is our ability to generate advertising revenue through rates charged to advertisers. The rates a station is able to charge are, in large part, based on a station's ability to attract audiences in the demographic groups targeted by its advertisers. Various factors affect the rate a station can charge, including the general strength of the local and national economies, population growth, ability to provide popular programming, local market competition, relative efficiency of radio and/or broadcasting compared to other advertising media, signal strength and government regulation and policies. For additional information about advertising rates, see Item 1. Business -- Advertising Sales.

The number of advertisements that can be broadcast without jeopardizing listening/viewing levels (and the resulting ratings) is limited in part by the format of a particular radio station and, in the case of television stations, by restrictions imposed by the terms of certain network affiliation and syndication agreements and, with respect to children's programs, federal regulation. Our stations strive to maximize revenue by constantly managing the number of commercials available for sale and adjusting prices based upon local market conditions and ratings. While there may be shifts from time to time in the number of advertisements broadcast during a particular time of the day, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year. Any change in our revenue, with the exception of those instances where stations are acquired or sold, is generally the result of pricing adjustments, which are made to ensure that the station efficiently utilizes available inventory.

Because audience ratings in the local market are crucial to a station's financial success, we endeavor to develop strong listener/viewer loyalty. We believe that the diversification of formats on our radio stations helps insulate us from the effects of changes in musical tastes of the public on any particular format.

Most advertising contracts are short-term and generally run only for a few weeks. Most of our revenue is generated from local advertising, which is sold primarily by each market's sales staff. In 2003, approximately 79% of our gross broadcast revenue was from local advertising. To generate national advertising sales, we engage an independent advertising sales representative that specializes in national sales for each of our markets.

Our revenue varies throughout the year. Advertising expenditures, our primary source of revenue, generally have been lowest during the winter months comprising the first quarter.

In the broadcasting industry, stations often utilize trade (or barter) agreements to generate advertising time sales in exchange for goods or services used or useful in the operation of the stations, instead of for cash. We minimize our use of trade agreements and historically have sold over 95% of our advertising time for cash.

The primary operating expenses involved in owning and operating radio stations are employee salaries, depreciation and amortization, programming expenses, solicitation of advertising, and promotion expenses. In addition to these expenses, owning and operating television stations involves the cost of acquiring certain syndicated programming.

Historically, our Columbus, Ohio, Manchester, New Hampshire, Milwaukee, Wisconsin, and Norfolk, Virginia markets have each represented 15% or more of our operating income. During the years ended December 31, 2003, 2002 and 2001, these markets when combined represented approximately 81%, 81% and 93%, respectively, of our operating income. While radio revenues in each of the Columbus, Manchester, Milwaukee and Norfolk markets have remained relatively stable historically, an adverse change in any of these radio markets or our relative market position in those markets could have a significant impact on our operating results as a whole. The following tables describe the percentage of our operating income represented by each of these markets.

	PERCENTAGE OF CONSOLIDATED OPERATING INCOME FOR THE YEARS ENDED DECEMBER 31,		
MARKET:	2003	2002	2001
Columbus, Ohio	17%	19%	23%
Manchester, New Hampshire	15%	16%	17%
Milwaukee, Wisconsin	32%	30%	36%
Norfolk, Virginia	17%	16%	16%

We utilize certain financial measures that are not calculated in accordance with generally accepted accounting principles (GAAP) to assess our financial performance. For example, we evaluate the performance of our markets based on "station operating income" (operating income plus corporate general and administrative, depreciation and amortization). Station operating income is generally recognized by the broadcasting industry as a measure of performance, is used by analysts who report on the performance of broadcasting groups to provide a meaningful comparison of operating performance between companies in the broadcasting industry and it serves as an indicator of the market value of a group of stations. In addition, we use it to evaluate individual stations, market-level performance, overall operations and as a primary measure for incentive based compensation of executives and other members of management. Station operating income is not necessarily indicative of amounts that may be available to us for debt service requirements, other commitments, reinvestment or other discretionary uses. Station operating income is not a measure of liquidity or of performance in accordance with GAAP, and should be viewed as a supplement to and not a substitute for the results of operations presented on a GAAP basis.

During the years ended December 31, 2003, 2002 and 2001, the Columbus, Ohio, Manchester, New Hampshire, Milwaukee, Wisconsin, and Norfolk, Virginia markets when combined represented approximately 58%, 59% and 60%, respectively, of our station operating income (operating income plus corporate general and administrative, depreciation and amortization). The following tables describe the percentage of our station operating income represented by each of these markets.

	PERCENTAGE OF STATION OPERATING INCOME(*) FOR THE YEARS ENDED DECEMBER 31,		
MARKET:	2003	2002	2001
Columbus, Ohio	12%	14%	15%
Manchester, New Hampshire	11%	11%	11%
Milwaukee, Wisconsin	23%	22%	23%
Norfolk, Virginia	12%	12%	11%

- ---------------

(* -- Operating income plus corporate general and administrative, depreciation and amortization)

RESULTS OF OPERATIONS

The following tables summarize our results of operations for the three years ended December 31, 2003.

Consolidated Results of Operations

(IN THOUSANDS)	2003	2002	2001	2003 VS. 2002 $ INCREASE (DECREASE)	2003 VS. 2002 % INCREASE (DECREASE)	2002 VS. 2001 $ INCREASE (DECREASE)	2002 VS. 2001 % INCREASE (DECREASE)
Net operating revenue	$121,297	$114,782	$103,956	$6,515	5.68%	$10,826	10.41%
Station operating expense*	79,280	73,350	66,640	5,930	8.08%	6,710	10.07%
Corporate G&A	6,450	6,022	5,421	428	7.11%	601	11.09%
Depreciation	6,544	6,034	5,763	510	8.45%	271	4.70%
Amortization	458	499	4,347	(41)	(8.22)%	(3,848)	(88.52)%
Operating income	28,565	28,877	21,785	(312)	(1.08)%	7,092	32.55%
Interest expense	4,779	5,487	7,037	(708)	(12.90)%	(1,550)	(22.03)%
Other (income) expense	1,131	159	(17)	972	611.32%	176	N/M
Income taxes	8,771	9,276	6,200	(505)	(5.44)%	3,076	49.61%
Net income	$ 13,884	$ 13,955	$ 8,565	$ (71)	(.51)%	$ 5,390	62.93%
Earnings per share:							
Basic	$ .67	$ .68	$ .42	$ (.01)	(1.75)%	$ .26	61.68%
Diluted	$ .65	$ .66	$ .41	$ (.01)	(1.24)%	$ .25	60.46%

Radio Broadcasting Segment

(IN THOUSANDS)	2003	2002	2001	2003 VS. 2002 $ INCREASE (DECREASE)	2003 VS. 2002 % INCREASE (DECREASE)	2002 VS. 2001 $ INCREASE (DECREASE)	2002 VS. 2001 % INCREASE (DECREASE)
Net operating revenue	$109,065	$102,372	$93,094	$6,693	6.54%	$9,278	9.97%
Station operating							

expense*....... 69,685 64,134 58,317 5,551 8.66% 5,817 9.97% Corporate G&A.................... -- -- -- -- N/A -- N/A Depreciation..................... 4,785 4,401 3,961 384 8.73% 440 11.11% Amortization..................... 444 475 3,580 (31) (6.53)% (3,105) (86.73)% -------- ------ -- ------- ------ ----- ------ - ----- Operating income................. $ 34,151 $ 33,362 $27,236 $ 789 2.36% $6,126 22.49% ======== ======== ======= ====== ===== ====== ======

Television Broadcasting Segment

2003 VS. 2002 2002 VS. 2001 YEARS ENDED DECEMBER 31, -------------- -------- ---------------------- - ------------------------- $ INCREASE % INCREASE $ INCREASE % INCREASE 2003 2002 2001 (DECREASE) (DECREASE) (DECREASE) (DECREASE) - ------ ------- ------- ---------- ---------- ---------- ---------- (IN THOUSANDS) Net operating revenue.............. $12,232 $12,410 $10,862 $(178) (1.43)% $1,548 14.25% Station operating expense*......... 9,595 9,216 8,323 379 4.11% 893 10.73% Corporate G&A...................... -- -- -- -- N/A -- N/A Depreciation....................... 1,560 1,432 1,630 128 8.94% (198) (12.15)% Amortization....................... 14 24 391 (10) (41.67)% (367) (93.86)% ------- ------- ------- - ---- ------ ------ ------ Operating income................... $ 1,063 $ 1,738 $ 518 $(675) (38.84)% $1,220 235.52% ======= ======= ======= ===== ====== ====== ======

- --------------

* Programming, technical, selling and station general and administrative expenses

N/A Not applicable

N/M Not meaningful

YEAR ENDED DECEMBER 31, 2003 COMPARED TO YEAR ENDED DECEMBER 31, 2002

For the year ended December 31, 2003 net operating revenue was $121,297,000 compared with $114,782,000 for the year ended December 31, 2002, an increase of $6,515,000 or 6%. Approximately $6,493,000 of the increase was attributable to revenue generated by stations which we did not own or operate for the entire comparable period in 2002. Net operating revenue generated by stations that we owned and operated for the entire comparable period ("same station") remained relatively consistent (increased by approximately $22,000).

Station operating expense (i.e., programming, technical, selling, and station general and administrative expenses) increased by $5,930,000 or 8% to $79,280,000 for the year ended December 31, 2003, compared with $73,350,000 for the year ended December 31, 2002. Of the total increase, approximately $5,897,000 or 99% was the result of the impact of the operation of stations which were not owned or operated by us for the entire comparable period in 2002. Station operating expense increased by approximately $33,000 or .1% on a same station basis.

Operating income for the year ended December 31, 2003 was $28,565,000 compared to $28,877,000 for the year ended December 31, 2002, a decrease of $312,000 or 1%. The decrease was the result of the increase in net operating revenue, offset by the increase in station operating expense, and a $41,000 or 8% decrease in amortization expense offset by a $510,000 or 8% increase in depreciation expense, and a $428,000 or 7% increase in corporate general and administrative charges. The increase in depreciation expense was principally the result of recent acquisitions. The increase in corporate general and administrative charges was primarily attributable to increases in legal, accounting, consulting and employee benefit related expenses. Of the total increase in corporate general and administrative expense, approximately $275,000 or 64% was attributable to additional legal and tax consulting fees related to a conversion of a number of our subsidiaries from C-Corporations to Limited Liability Company's ("LLC's") as part of a state tax saving strategy. The remainder of the increase in corporate general and administrative expenses were a primarily a result of Sarbanes-Oxley related consulting fees and represents a 2% increase.

We generated net income of approximately $13,884,000 ($0.65 per share on a fully diluted basis) during the year ended December 31, 2003 compared with $13,955,000 ($0.66 per share on a fully diluted basis) for the year ended December 31, 2002, a decrease of approximately $71,000 or 1%. The decrease was the result of the decrease in operating income discussed above, and a $708,000 decrease in interest expense, offset by a $972,000 increase in other expense, and a $505,000 decrease in income tax expense. The decrease in interest expense was the result of lower interest rates over the prior year, and the expiration of our swap agreements in September 2003. The increase in other expense was primarily attributable to a $1,206,000 charge incurred for the write-off of unamortized debt issuance costs in conjunction with our previous credit agreement offset by gains recognized on the sale of two of our AM radio stations in the Columbus, Ohio and Springfield, Illinois markets. See Notes 4 and 10 of the Notes to the Consolidated Financial Statements.

YEAR ENDED DECEMBER 31, 2002 COMPARED TO YEAR ENDED DECEMBER 31, 2001

For the year ended December 31, 2002 net operating revenue was $114,782,000 compared with $103,956,000 for the year ended December 31, 2001, an increase of $10,826,000 or 10%. Approximately $5,489,000 or 51% of the increase was attributable to revenue generated by stations which we did not own or operate for the entire comparable period in 2001. The balance of the increase in net operating revenue of approximately $5,337,000 was attributable to stations we owned and operated for the entire comparable period, representing a 5% increase in same station net operating revenue. The overall increase same station revenue was primarily the result of increased advertising rates and an increase in political revenue at a majority of our stations. Improvements were noted in most of our markets on a same station basis.

Station operating expense (i.e., programming, technical, selling, and station general and administrative expenses) increased by $6,710,000 or 10% to $73,350,000 for the year ended December 31, 2002, compared with $66,640,000 for the year ended December 31, 2001. Of the total increase, approximately

$4,210,000 or 63% was the result of the impact of the operation of stations which were not owned or operated by us for the entire comparable period in 2001. The remaining balance of the increase in station operating expense of $2,500,000 represents a total increase in station operating expense of 4% for the year ended December 31, 2002 compared to the year ended December 31, 2001 on a same station basis.

Operating profit for the year ended December 31, 2002 was $28,877,000 compared to $21,785,000 for the year ended December 31, 2001, an increase of $7,092,000 or 33%. The improvement was the result of the $10,826,000 increase in net operating revenue, offset by the $6,710,000 increase in station operating expense, and a $3,848,000 or 89% decrease in amortization expense offset by a $271,000 or 5% increase in depreciation expense, and a $601,000 increase in corporate general and administrative charges. The decrease in amortization expense was principally the result of the non-amortization provisions of the adoption of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets". See note 2 of the Notes to Consolidated Financial Statements. The increase in depreciation expense was principally the result of recent acquisitions. The increase in corporate general and administrative charges was primarily attributable to the increase in the number of stations we own due to recent acquisitions, as well as approximately $200,000 in legal fees incurred in connection with an acquisition, which was not consummated.

We generated net income in the amount of approximately $13,955,000 ($0.66 per share on a fully diluted basis) during the year ended December 31, 2002 compared with $8,565,000 ($0.41 per share on a fully diluted basis) for the year ended December 31, 2001, an increase of approximately $5,390,000 or 63%. The increase was the result of the $7,092,000 improvement in operating profit, and a $1,550,000 decrease in interest expense, offset by a $176,000 increase in other expense, and a $3,076,000 increase in income tax expense. The decrease in interest expense was principally the result of lower interest rates over the prior period. The increase in income tax expense was due to higher income levels.

LIQUIDITY AND CAPITAL RESOURCES

DEBT ARRANGEMENTS AND DEBT SERVICE REQUIREMENTS

As of December 31, 2003, we had $121,205,000 of long-term debt (including the current portion of $45,000) outstanding and approximately $79,900,000 of unused borrowing capacity under our Credit Agreement at December 31, 2003.

On July 29, 2003, we entered into a new credit agreement (the "Credit Agreement") to refinance our outstanding debt under the Old Credit Agreement. Our current financing facility (the "Facility") is a $200,000,000 reducing revolving line of credit (the "Reducing Revolver"). The Facility matures July 29, 2010. Our indebtedness under the Facility is secured by a first priority lien on substantially all of our assets and of our subsidiaries, by a pledge of our subsidiaries' stock and by a guarantee of our subsidiaries.

The Reducing Revolver may be used for general corporate purposes, including working capital, capital expenditures, permitted acquisition and related transaction expenses and permitted stock buybacks. On March 31, 2006, the Revolving Commitments (as defined in the Credit Agreement) will be permanently reduced quarterly in amounts ranging from 3.125% to 12.5% of the total Revolving Commitments in effect on March 31, 2006. Any outstanding balance under the Reducing Revolver will be due on the maturity date of July 29, 2010. In addition, the Revolving Commitments shall be further reduced by specified percentages of Excess Cash Flow (as defined in the New Credit Agreement) based on leverage ratios.

Interest rates under the Facility are payable, at our option, at alternatives equal to LIBOR plus 1.375% to 2.0% or the Agent bank's base rate plus 0.125% to 0.75%. The spread over LIBOR and the base rate vary from time to time, depending upon our financial leverage. We also pay quarterly commitment fees of 0.375% to 0.625% per annum on the unused portion of the Facility.

The Credit Agreement contains a number of financial covenants (all of which we were in compliance with at December 31, 2003) which, among other things, require us to maintain specified financial ratios and impose certain limitations on us with respect to investments, additional indebtedness, dividends, distributions, guarantees, liens and encumbrances.

Periodically we enter into interest rate swap agreements to reduce our risk of rising interest rates. Our swap agreements, which expired in September 2003, were used to convert the variable Eurodollar interest rate of a portion of our bank borrowings to a fixed interest rate. At December 31, 2003 we had no interest rate swap agreements in place.

Net receipts or payments under the agreements are recognized as an adjustment to interest expense. Approximately $756,000 in additional interest expense was recognized as a result of these interest rate swap agreements for the year ended December 31, 2003. An aggregate increase in interest expense of approximately $1,736,000 had been recognized since the inception of the agreements.

On March 7, 2003 we entered into an agreement of understanding with Surtsey, whereby we have guaranteed up to $1,250,000 of the debt incurred by Surtsey in closing on the acquisition of a construction permit for KFJX-TV station in Pittsburg, Kansas. At December 31, 2003 there was $1,060,000 outstanding under this agreement. We do not have any recourse provision in connection with our guarantee that would enable us to recover any amounts paid under the guarantee. Under FIN 45, all guarantees should be recorded at fair value. As a result, at December 31, 2003 we have recorded $1,060,000 in debt and $1,060,000 in intangible assets, primarily broadcast licenses. The station, a new full power Fox affiliate, went on the air for the first time on October 18, 2003. In consideration for our guarantee, Surtsey has entered into various agreements with us relating to the station, including a Shared Services Agreement, Technical Services Agreement, Agreement for the Sale of Commercial Time, Option Agreement and Broker Agreement. Under the FCC's ownership rules we are prohibited from owning or having an attributable or cognizable interest in this station.

SOURCES AND USES OF CASH

During the years ended December 31, 2003, 2002 and 2001, we had net cash flows from operating activities of $27,382,000, $25,482,000 and $21,258,000, respectively. We believe that cash flow from operations will be sufficient to meet quarterly debt service requirements for interest and scheduled payments of principal under the Credit Agreement. However, if such cash flow is not sufficient we may be required to sell additional equity securities, refinance our obligations or dispose of one or more of our properties in order to make such scheduled payments. There can be no assurance that we would be able to effect any such transactions on favorable terms, if at all.

In addition, the following transactions were either pending at December 31, 2003 or were entered into subsequent to that date which we expect to finance through funds generated from operations and additional borrowings under our Credit Agreement:

- On December 22, 2003, we entered into an agreement to acquire three FM radio stations (WRSI-FM, WPVQ-FM and WRSY-FM), serving the Springfield, Massachusetts, Greenfield, Massachusetts and Brattleboro, Vermont markets, respectively, for approximately $7,000,000. This transaction, which is subject to the approval of the FCC, is expected to close during the second quarter 2004.

- On January 21, 2004, we entered into agreements to acquire one FM radio station (WOXL-FM) and one AM radio station (WISE-AM), both serving the Asheville, North Carolina market, for approximately $10,000,000. We are currently providing programming to WISE-AM under a Time Brokerage Agreement ("TBA") and to WOXL-FM under a Sub-Time Brokerage Agreement. These transactions are subject to the approval of the FCC and have been contested, however we expect to get approval and close on the acquisitions during the fourth quarter 2004.

- On January 23, 2004, we entered into an agreement to acquire the Minnesota News Network and the Minnesota Farm Network for approximately $3,250,000. We acquired these networks on March 1, 2004.

The following acquisitions in 2003 were financed through funds generated from operations, $8,500,000 of additional borrowings under the Credit agreement and the re-issuance of approximately $1,063,000 of our Class A Common Stock from treasury:

- March 11, 2003: an AM radio station (WOXL-AM) serving the Asheville, North Carolina market for approximately $350,000.

- March 28, 2003: an FM radio station (WODB-FM) serving the Columbus, Ohio market for approximately $10,432,000. In conjunction with this transaction we sold our AM radio station (WVKO-AM) serving the Columbus, Ohio market for approximately $941,000. We recognized a gain on the disposal of this station of approximately $425,000.

- April 1, 2003: an FM radio station (WINQ-FM) serving the Winchendon, Massachusetts market for approximately $290,000. If within five years of closing we obtain approval from the FCC for a city of license change, we have an agreement with the seller to pay them an additional $500,000.

- October 1, 2003: two FM radio stations (WJZA-FM Lancaster, Ohio and WJZK-FM Richwood, Ohio) serving the Columbus, Ohio market for approximately $13,242,000, including approximately $1,063,000 of our Class A common stock, plus an additional $2,000,000 if we obtain approval from the FCC for a city of license change.

- November 17, 2003: an AM radio station (WIDE-AM Biddeford, Maine) serving the Portland, Maine market for approximately $386,000.

- December 1, 2003: an AM and FM radio station (WBCO-AM and WQEL-FM) serving the Bucyrus, Ohio market for approximately $2,375,000.

The following acquisitions in 2002 were financed through funds generated from operations and the re-issuance of approximately $2,245,000 of our Class A Common Stock from treasury:

- May 1, 2002: an AM and FM radio station (WKBK-AM, WKNE-FM) serving the Keene, New Hampshire market, and an AM and FM radio station (WKVT AM/FM) serving the Brattleboro, Vermont market, for approximately $9,400,000.

- July 1, 2002: an AM and FM radio station (WZBK-AM and WOQL-FM) serving the Keene, New Hampshire market for approximately $2,740,000.

- November 1, 2002: three FM radio stations (KDEZ-FM, KDXY-FM and KJBX-FM) serving the Jonesboro, Arkansas market for approximately $12,745,000 including approximately $2,245,000 of our Class A common stock.

- November 1, 2002: an AM and FM radio station (WJQY-AM and WJOI-FM) serving the Springfield, Tennessee market for approximately $1,525,000.

We continue to actively seek and explore opportunities for expansion through the acquisition of additional broadcast properties. See Item 1. Business -- Strategy.

In December 2003, we modified our Stock Buy-Back Program so that we are authorized to purchase up to $15,000,000 of our Class A Common Stock. From the inception of the Stock Buy-Back program in 1998 through December 31, 2003 we have repurchased 564,664 shares of our Class A Common Stock for approximately $7,683,000.

We anticipate that any future acquisitions of radio and television stations and purchases of Class A Common Stock under the Stock Buy-Back Program will be financed through funds generated from operations, borrowings under the Credit Agreement, additional debt or equity financing, or a combination thereof. However, there can be no assurances that any such financing will be available on acceptable terms, if at all.

Our capital expenditures, exclusive of acquisitions, for the year ended December 31, 2003 were approximately $8,118,000 ($7,559,000 in 2002). We anticipate capital expenditures in 2004 to be approximately $8,500,000, which we expect to finance through funds generated from operations or additional borrowings under the Credit Agreement.

SUMMARY DISCLOSURES ABOUT CONTRACTUAL OBLIGATIONS

We have future cash obligations under various types of contracts under the terms of our Credit Agreement, operating leases, programming contracts, employment agreements, and other operating contracts. The following tables reflect a summary of our contractual cash obligations and other commercial commitments as of December 31, 2003:

	PAYMENTS DUE BY PERIOD				
CONTRACTUAL OBLIGATIONS(1):	TOTAL	LESS THAN 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
	(IN THOUSANDS)				
Long-Term Debt Obligations(2).........	$121,205	$ 45	$ 1,060	$10,100	$110,000
Operating Leases......................	7,463	1,368	1,744	1,092	3,259
Purchase Obligations(3)...............	44,875	31,187	10,082	3,265	341
Other Long-Term Liabilities...........	--	--	--	--	--
Total Contractual Cash Obligations....	$175,543	$32,600	$12,886	$14,457	$113,600

- ---------------

(1) The above amounts do not include interest, which is primarily variable in amount.

(2) Under our Credit Agreement, the maturity on outstanding debt of $120,100,000 could be accelerated if we do not maintain certain covenants. Includes the guarantee of debt of a related party of $1,060,000 (see note 11 of our consolidated financial statements).

(3) (a) Includes $20,250,000 of commitments to acquire radio stations WRSI, WPVQ, WRSY, WOXL-FM, WISE, the Minnesota News Network and the Minnesota Farm Network.

(b) Includes $17,017,000 in obligations under employment agreements and contracts with on-air personalities, other employees, and our president, CEO, and chairman, Edward K. Christian.

(c) Includes $7,608,000 in purchase obligations under general operating agreements and contracts including but not limited to syndicated programming contracts; sports programming rights; software rights; ratings services; and television advertising; and other operating expenses.

We anticipate that the above contractual cash obligations will be financed through funds generated from operations or additional borrowings under the Credit Agreement, or a combination thereof.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which require us to make estimates, judgments and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosures and contingencies. We evaluate estimates used in preparation of our financial statements on a continual basis, including estimates related to the following:

Revenue Recognition: Revenue from the sale of commercial broadcast time to advertisers (our principal source of revenue) is recognized when commercials are broadcast. Revenue is reported net of advertising agency commissions. Agency commissions, when applicable are based on a stated percentage applied to gross billing.

Carrying Value of Accounts Receivable and Related Allowance for Doubtful Accounts: We evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us (e.g., bankruptcy filings, credit history, etc.) we record a specific reserve for bad debts against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other customers, we recognize reserves for bad debts based on past loss history and the length of time the receivables are past due, ranging from 50% for amounts 90 days outstanding to 100% for amounts over 120 days outstanding. If our evaluations of the collectibility of our accounts receivable differ from actual results, additional bad debt expense and allowances may be required. Our historical estimates have been a reliable method to estimate future allowances and our average reserves have been approximately 4% of our outstanding receivables. The effect of an increase in our allowance of 1% of our outstanding receivables as of December 31, 2003, from 4% to 5% or from $979,000 to $1,218,000 would result in a decrease in net income of $146,000, net of taxes for the year ended December 31, 2003.

Purchase Accounting: We account for our acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying net assets, based on their respective estimated fair values as of the acquisition date. The excess of consideration paid over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair values of the net assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items.

Broadcast Licenses and Goodwill: We have a significant amount of broadcast licenses and goodwill recorded in our balance sheets, which at December 31, 2003 represents 59% of our total assets. We determine the recoverability of the cost of our intangible assets, based on a market approach of the related market.

We conduct annual impairment tests for our goodwill and broadcast licenses as required by SFAS 142 "Goodwill and Other Intangible Assets". In accordance with SFAS 142 we tested our goodwill and broadcast licenses for impairment as of October 1, 2003 by comparing their fair value to the related carrying value as of that date. The results of these tests indicated that there was no impairment of the carrying value of goodwill or broadcast licenses. We used a market approach to determine fair value. The market approach takes into consideration information available on recent transactions of radio and television stations similar to those owned by us, within the broadcast industry. The determination of the fair value requires the use of estimates in our assumptions. Changes in these estimates could result in an impairment of intangible assets in the future.

Derivatives: Periodically we enter into derivative financial instruments, including interest rate swap agreements to hedge the risk of rising interest rates associated with our long-term debt. In the past these derivatives qualified for hedge accounting as discussed in detail in Notes 1 and 5 to our consolidated financial statements. We do not participate in speculative derivatives trading. Hedge accounting results when we designate and document the hedging relationships involving these derivative instruments. While we intend to continue to meet the conditions for hedge accounting, if hedges did not qualify as highly effective, the changes in the fair value of the derivatives used as hedges would be reflected in our earnings.

At December 31, 2003 we did not have any interest rate swap agreements in place, however we may enter into them in the future. We do not believe we would be exposed to more than a nominal amount of credit risk in that our interest rate hedges historically have been with counter-parties that are established, well-capitalized financial institutions. In addition, we generally enter into master netting agreements to minimize those risks.

Employee Healthcare Reserves: We maintain a self-insured health insurance program for major medical and hospitalization coverage for our full time employees, certain directors and their dependents, which is partially funded by payroll deductions. Payments for major medical and hospitalization to individual participants below specified amounts (currently, $75,000 per individual per year and $1,000,000 per individual for a lifetime maximum) are self-insured by us. We base our estimate of ultimate liability on trends in claim payment history, historical trends in incurred but not reported incidents and developments in other cost components (such as rising medical costs, projected premium costs, number of participants, etc.). Our liability with respect to employee healthcare reserves is monitored on a regular basis and adjusted accordingly.

Litigation and Contingencies: We monitor ongoing litigation and other loss contingencies on a case-by-case basis as they arise. Losses related to litigation and other contingencies are recognized when the loss is considered probable and the amount is estimable.

MARKET RISK AND RISK MANAGEMENT POLICIES

Our earnings are affected by changes in short-term interest rates as a result of our long-term debt arrangements. However, due to our purchase of interest rate swap agreements, the effects of interest rate changes are limited. If market interest rates averaged 1% more in 2003 than they did during 2003, our interest expense, after considering the effect of our interest rate swap agreements, would increase and income before taxes would decrease by $862,000 ($645,000 in 2002). These amounts are determined by considering the impact of the hypothetical interest rates on our borrowing cost, short-term investment balances, and interest rate swap agreements. This analysis does not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, management would likely take actions to further mitigate its exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in our financial structure.

INFLATION

The impact of inflation on our operations has not been significant to date. There can be no assurance that a high rate of inflation in the future would not have an adverse effect on our operations.

OUTLOOK

The following statements are forward-looking statements and should be read in conjunction with "Forward-Looking Statements" below.

Based on economic and market conditions as of February 29, 2004, for the quarter ending March 31, 2004 we anticipate a 2% to 4% increase in net revenue and a 3% to 5% increase in station operating income.

FORWARD-LOOKING STATEMENTS; RISK FACTORS

Statements contained in this Form 10-K that are not historical facts are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, words such as "believes," "anticipates," "estimates," "plans", "expects," and similar expressions are intended to identify forward-looking statements. These statements are made as of the date of this report or as otherwise indicated, based on current expectations. We undertake no obligation to update this information. A number of important factors could cause our actual results for 2004 and beyond to differ materially from those expressed in any forward-looking statements made by or on our behalf. Forward-looking statements are not guarantees of future performance as they involve a number of risks, uncertainties and assumptions that may prove to be incorrect and that may cause our actual results and experiences to differ materially from the anticipated results or other expectations expressed in such forward-looking statements. The risks, uncertainties and assumptions that may affect our performance include our financial leverage and debt service requirements, dependence on key personnel, dependence on key stations, U.S. and local economic conditions, our ability to successfully integrate acquired stations, regulatory requirements, new technologies, natural disasters and terrorist attacks. We cannot be sure that we will be able to anticipate or respond timely to changes in any of these factors, which could adversely affect the operating results in one or more fiscal quarters. Results of operations in any past period should not be considered, in and of itself, indicative of the results to be expected for future periods. Fluctuations in operating results may also result in fluctuations in the price of our stock.

The more prominent risks and uncertainties inherent in our business are described in more detail below. However, these are not the only risks and uncertainties we face. Our business may face additional risks and uncertainties that are unknown to us at this time.

WE HAVE SUBSTANTIAL INDEBTEDNESS AND DEBT SERVICE REQUIREMENTS

At December 31, 2003 our long-term debt (including the current portion thereof and our guarantee of debt of Surtsey Productions) was approximately $121,205,000. We have borrowed and expect to continue to borrow to finance acquisitions and for other corporate purposes. Because of our substantial indebtedness, a significant portion of our cash flow from operations is required for debt service. Our leverage could make us vulnerable to an increase in interest rates or a downturn in our operating performance or a decline in general economic conditions. Under the terms of our Credit Agreement, on March 31, 2006, the Revolving Commitments (as defined in the Credit Agreement) will be permanently reduced quarterly, in amounts ranging from 3.125% to 12.5% of the total Revolving Commitments in effect on March 31, 2006. We believe that cash flow from operations will be sufficient to meet our debt service requirements for interest and scheduled quarterly payments of principal under the Credit Agreement. However, if such cash flow is not sufficient, we may be required to sell additional equity securities, refinance our obligations or dispose of one or more of our properties in order to make such scheduled payments. We cannot be sure that we would be able to effect any such transactions on favorable terms, if at all.

OUR DEBT COVENANTS RESTRICT OUR FINANCIAL AND OPERATIONAL FLEXIBILITY

Our Credit Agreement contains a number of financial covenants which, among other things, require us to maintain specified financial ratios and impose certain limitations on us with respect to investment, additional indebtedness, dividends, distributions, guarantees, liens and encumbrances. Our ability to meet these financial ratios can be affected by operating performance or other events beyond our control, and we cannot assure you that we will meet those ratios. Certain events of default under our Credit Agreement could allow the lenders to declare all amounts outstanding to be immediately due and payable and, therefore, could have a material adverse effect on our business. Our indebtedness under the Facility is secured by a first priority lien on substantially all of our assets and of our subsidiaries, by a pledge of our subsidiaries' stock and by a guarantee of our subsidiaries. If the amounts outstanding under the Credit Agreement were accelerated, the lenders could proceed against such available collateral.

WE DEPEND ON KEY PERSONNEL

Our business is partially dependent upon the performance of certain key individuals, particularly Edward K. Christian, our President and the holder of approximately 56% of the combined voting power of our Common Stock. Although we have entered into long-term employment and non-competition agreements with Mr. Christian and certain other key personnel, we cannot be sure that such key personnel will remain with us. We do not maintain key man life insurance on Mr. Christian's life.

WE DEPEND ON KEY STATIONS

For the years ended December 31, 2003, 2002 and 2001 our Milwaukee, Wisconsin radio stations accounted for an aggregate of 17%, 17% and 18%, respectively, our Columbus, Ohio radio stations accounted for an aggregate of 10%, 10% and 11%, respectively, our Norfolk, Virginia radio stations accounted for 9%, 9% and 9%, respectively, and our Manchester, New Hampshire radio stations accounted for 7%, 8%, and 8%, respectively, of our net operating revenue. While radio revenues in each of the Milwaukee, Columbus, Norfolk and Manchester markets have remained relatively stable historically, an adverse change in any of the above radio market's or location's relative market position could have a significant adverse impact on our operating results as a whole.

LOCAL AND NATIONAL ECONOMIC CONDITIONS MAY AFFECT OUR ADVERTISING REVENUE

Our financial results are dependent primarily on our ability to generate advertising revenue through rates charged to advertisers. The advertising rates a station is able to charge is affected by many factors, including the general strength of the local and national economies. Generally, advertising declines during periods of economic recession or downturns in the economy. As a result, our revenue is likely to be adversely affected during such periods, whether they occur on a national level or in the geographic markets in which we operate. During such periods we may also be required to reduce our advertising rates in order to attract available advertisers. Such a decline in advertising rates could also have a material adverse effect on our revenue, results of operations and financial condition.

OUR STATIONS MUST COMPETE FOR ADVERTISING REVENUES IN THEIR RESPECTIVE MARKETS

Both radio and television broadcasting are highly competitive businesses. Our stations compete for listeners/viewers and advertising revenues within their respective markets directly with other radio and/or television stations, as well as with other media, such as broadcast television and/or radio (as applicable), cable television, newspapers, magazines, direct mail, the internet, coupons and billboard advertising. Audience ratings and market shares are subject to change, and any change in a particular market could have a material adverse effect on the revenue of our stations located in that market. While we already compete in some of our markets with other stations with similar programming formats, if another radio station in a market were to convert its programming format to a format similar to one of our stations, if a new station were to adopt a comparable format or if an existing competitor were to strengthen its operations, our stations could experience a reduction in ratings and/or advertising revenue and could incur increased promotional and other expenses. Other radio or television broadcasting companies may enter into the markets in which we operate or may operate in the future. These companies may be larger and have more financial resources than we have. We cannot assure you that any of our stations will be able to maintain or increase their current audience ratings and advertising revenues.

OUR SUCCESS DEPENDS ON OUR ABILITY TO IDENTIFY, CONSUMMATE AND INTEGRATE ACQUIRED STATIONS

As part of our strategy, we have pursued and intend to continue to pursue acquisitions of additional radio and television stations. Broadcasting is a rapidly consolidating industry, with many companies seeking to consummate acquisitions and increase their market share. In this environment, we compete and will continue to compete with many other buyers for the acquisition of radio and television stations. Some of those competitors may be able to outbid us for acquisitions because they have greater financial resources. As a result of these and other factors, our ability to identify and consummate future acquisitions is uncertain.

Our consummation of all future acquisitions is subject to various conditions, including FCC and other regulatory approvals. The FCC must approve any transfer of control or assignment of broadcast licenses. In addition, acquisitions may encounter intense scrutiny under federal and state antitrust laws. Our future acquisitions may be subject to notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and to a waiting period and possible review by the Department of Justice and the Federal Trade Commission. Any delays, injunctions, conditions or modifications by any of these federal agencies could have a negative effect on us and result in the abandonment of all or part of attractive acquisition opportunities. We cannot predict whether we will be successful in identifying future acquisition opportunities or what the consequences will be of any acquisitions.

The success of any completed acquisition will depend on our ability to effectively integrate the acquired stations. The process of integrating acquired stations may involve numerous risks, including difficulties in the assimilation of operations, the diversion of management's attention from other business concerns, risk of entering new markets, and the potential loss of key employees of the acquired stations.

OUR BUSINESS IS SUBJECT TO EXTENSIVE FEDERAL REGULATION

The broadcasting industry is subject to extensive federal regulation which, among other things, requires approval by the FCC of transfers, assignments and renewals of broadcasting licenses, limits the number of broadcasting properties that may be acquired within a specific market, and regulates programming and operations. For a detail description of the material regulations applicable to our business, see "Federal Regulation of Radio and Television Broadcasting" and "Other FCC Requirements" in Item 1 of this Form 10-K. Failure to comply with these regulations could, under certain circumstances and among other things, result in the denial or revocation of FCC licenses, shortened license renewal terms, monetary fines or other penalties which would adversely affect our profitability. Changes in ownership requirements could limit our ability to own or acquire stations in certain markets.

NEW TECHNOLOGIES MAY AFFECT OUR BROADCASTING OPERATIONS

The FCC has and is considering ways to introduce new technologies to the broadcasting industry, including satellite and terrestrial delivery of digital audio broadcasting and the standardization of available technologies which significantly enhance the sound quality of AM broadcasters. We are unable to predict the effect such technologies may have on our broadcasting operations. The capital expenditures necessary to implement such technologies could be substantial. We also face risks in implementing the conversion of our television stations to digital television as required by the FCC. We have and will continue to incur considerable expense in the conversion to digital television and are unable to predict the extent or timing of consumer demand for any such digital television services. Moreover, the FCC may impose additional public service obligations on television broadcasters in return for their use of the digital television spectrum. This could add to our operational costs. One issue yet to be resolved is the extent to which cable systems will be required to carry broadcasters' new digital channels. Our television stations are highly dependent on their carriage by cable systems in the areas they serve. FCC rules that impose no or limited obligations on cable systems to carry the digital television signals of television broadcast stations in their local markets could adversely affect our television operations.

THE COMPANY IS CONTROLLED BY OUR PRESIDENT, CHIEF EXECUTIVE OFFICER AND CHAIRMAN

As of February 29, 2004, Edward K. Christian, our President, Chief Executive Officer and Chairman, holds approximately 56% of the combined voting power of our Common Stock. As a result, Mr. Christian generally is able to control the vote on most matters submitted to the vote of stockholders and, therefore, is able to direct our management and policies, except with respect to (i) the election of the two Class A directors, (ii) those matters where the shares of our Class B Common Stock are only entitled to one vote per share, and (iii) and other matters requiring a class vote under the provisions of our certificate of incorporation, bylaws or applicable law. For a description of the voting rights of our Common Stock, see note 12 of the Notes to Consolidated Financial Statements included with this Form 10-K. Without the approval of Mr. Christian, we will be unable to consummate transactions involving an actual or potential change of control, including transactions in which stockholders might otherwise receive a premium for your shares over then-current market prices.

RECENT ACCOUNTING PRONOUNCEMENTS

On January 1, 2003, we adopted SFAS 143, "Accounting for Asset Retirement Obligations." SFAS 143 applies to legal obligations associated with the retirement of long-lived assets that result from acquisition, construction, development, and/or the normal operation of a long lived asset. The adoption of SFAS 143 did not materially impact our financial position or results of operations.

On January 1, 2003 we adopted SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities" which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity." The adoption of SFAS 146 did not materially impact our financial position or results of operations.

On January 1, 2003 we adopted the initial recognition provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 45 ("FIN 45"), entitled "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." We adopted the disclosure requirements of FIN 45 in 2002. This interpretation elaborates on the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees that it has issued. This interpretation also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The adoption of

Interpretation No. 45 did not materially impact our financial position, cash flows or results of operations. See note 11 for a guarantee that we entered into on March 7, 2003.

In January 2003, the Financial Accounting Standards Board ("FASB") issued FIN 46 entitled "Consolidation of Variable Interest Entities." This interpretation requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. The Interpretation also requires disclosures about variable interest entities that the company is not required to consolidate but in which it has a significant variable interest. In December 2003, the FASB issued a revision of FIN 46 which deferred the effective date of the interpretation's provisions for certain variable interests. As a result, we will be required to apply the consolidation requirements of FIN 46 in our March 31, 2004 interim financial statements. We have not yet determined what the effect, if any, this interpretation will have on our financial position, cash flows or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Information appearing under the caption "Market Risk and Risk Management Policies" in Item 7 is hereby incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements attached hereto are filed as part of this annual report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to cause the material information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 to be recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. There were no changes in the Company's internal controls over financial reporting during the quarter ended December 31, 2003 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

"Election of Directors," "Corporate Governance-Board Committees-Finance and Audit Committee," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance-Code of Business Conduct and Ethics" in our Proxy Statement for the 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or before April 29, 2004 are incorporated by reference herein. See also Item 1. Business -- Executive Officers.

ITEM 11. EXECUTIVE COMPENSATION

"Executive Compensation," "Corporate Governance-The Board of Directors-Board Compensation," "Compensation Committee Report" and "Common Stock Performance" in our Proxy Statement for the 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or before April 29, 2004 is incorporated by reference herein. Such incorporation by reference shall not be deemed to specifically incorporate by reference the information referred to in Item 402(a)(8) of Regulation S-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

"Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement for the 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or before April 29, 2004 is incorporated by reference herein. In addition, the information contained in the "Securities Authorized for Issuance Under Equity Compensation Plan Information" subheading under Item 5 of this report is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

"Certain Business Relationships and Transactions with Directors and Management" in our Proxy Statement for the 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or before April 29, 2004 is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

"Independent Auditors" in our Proxy Statement for the 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or before April 29, 2004 is hereby incorporated by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)1. FINANCIAL STATEMENTS

The following consolidated financial statements attached hereto are filed as part of this annual report:

- Report of Independent Auditors

- Consolidated Financial Statements:

  -- Consolidated Balance Sheets as of December 31, 2003 and 2002

  -- Consolidated Statements of Income for the years ended December 31, 2003, 2002 and 2001

  -- Consolidated Statements of Stockholders' Equity for the years ended December 31, 2003, 2002 and 2001

  -- Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002 and 2001

- Notes to Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULES

Schedule II Valuation and qualifying accounts is disclosed in note 1 to the consolidated financial statements attached hereto and filed as part of this annual report. All other schedules for which provision are made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. EXHIBITS

The Exhibits filed in response to Item 601 of Regulation S-K are listed in the Exhibit Index, which is incorporated herein by reference.

(b) REPORTS ON FORM 8-K

DATE	ITEMS REPORTED	FINANCIAL STATEMENTS FILED
11/06/03	Item 7 -- Financial Statements and Exhibits	None
	Item 12 -- Results of Operations and Financial Condition	

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Saga Communications, Inc.

We have audited the accompanying consolidated balance sheets of Saga Communications, Inc. as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Saga Communications, Inc. at December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, the Company adopted SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets" in 2002.

/s/ ERNST & YOUNG LLP

Detroit, Michigan
February 27, 2004

SAGA COMMUNICATIONS, INC.

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2003	2002
	(IN THOUSANDS)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,766	$ 5,874
Accounts receivable, less allowance of $979 ($932 in 2002)	22,733	21,355
Prepaid expenses and other current assets	2,214	2,102
Barter transactions	1,459	1,415
Deferred taxes	690	702
Total current assets	38,862	31,448
Net property and equipment	62,369	60,161
Other assets:		
Broadcast licenses, net of accumulated amortization of $8,187	123,657	102,699
Goodwill, net of accumulated amortization of $13,091 ($13,393 in 2002)	30,839	26,892
Other intangibles, deferred costs and investments, net of accumulated amortization of $9,053 ($12,054 in 2002)	6,616	5,122
Total other assets	161,112	134,713
	$262,343	$226,322
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,817	$ 1,265
Accrued expenses:		
Payroll and payroll taxes	6,459	5,753
Other	3,699	3,920
Barter transactions	1,489	1,685
Current portion of long-term debt	45	13,308
Total current liabilities	13,509	25,931
Deferred income taxes	18,414	14,064
Long-term debt	121,160	91,920
Broadcast program rights	581	306
Other	1,435	1,042
Commitments and contingencies	--	--
Stockholders' equity:		
Preferred stock, 1,500 shares authorized, none issued and outstanding	--	--
Common stock:		
Class A common stock, $.01 par value, 35,000 shares authorized, 18,592 issued and outstanding (18,499 in 2002)	186	185
Class B common stock, $.01 par value, 3,500 shares authorized, 2,360 issued and outstanding	24	24
Additional paid-in capital	47,207	45,649
Retained earnings	62,277	48,393
Accumulated other comprehensive income (loss)	29	(464)
Treasury stock (134 shares in 2003 and 55 in 2002, at cost)	(2,479)	(728)
Total stockholders' equity	107,244	93,059
	$262,343	$226,322

See accompanying notes.

SAGA COMMUNICATIONS, INC.

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Net operating revenue	$121,297	$114,782	$103,956
Operating expenses:			
Programming and technical	29,069	26,732	24,459
Selling	30,160	28,446	26,424
Station general and administrative	20,051	18,172	15,757
Corporate general and administrative	6,450	6,022	5,421
Depreciation	6,544	6,034	5,763
Amortization	458	499	4,347
	92,732	85,905	82,171
Operating income	28,565	28,877	21,785
Other (income) expenses:			
Interest expense	4,779	5,487	7,037
Other	1,131	159	(17)
Income before income tax	22,655	23,231	14,765
Income tax provision:			
Current	5,177	5,506	3,858
Deferred	3,594	3,770	2,342
	8,771	9,276	6,200
Net income	$ 13,884	$ 13,955	$ 8,565
Basic earnings per share	$ .67	$ .68	$ .42
Weighted average common shares	20,817	20,631	20,473
Diluted earnings per share	$ .65	$ .66	$ .41
Weighted average common and common equivalent shares	21,301	21,209	20,888

See accompanying notes.

SAGA COMMUNICATIONS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

NOTE RECEIVABLE ACCUMULATED
CLASS A CLASS B ADDITIONAL
FROM OTHER COMMON COMMON PAID-
IN PRINCIPAL RETAINED
COMPREHENSIVE TREASURY STOCK
STOCK CAPITAL STOCKHOLDER
EARNINGS INCOME (LOSS) STOCK -
------ ------- ---------- ----
------- -------- ------------
-------- (IN THOUSANDS)
BALANCE AT JANUARY 1,
2001......... $146 $19 $42,325
$(335) $25,918 -- $(2,307)
Comprehensive income: Net
income....................
8,565 Change in fair value of
derivatives, net of tax......
(340) Total comprehensive
income... Net proceeds from
exercised
options........................
1 681 Station
acquisitions............ 100
890 Amortization of deferred
compensation..................
Accrued
interest................. (10)
Note
forgiveness.................
174 Employee stock purchase
plan..... 79 206 Purchase of
shares held in
treasury.......................
(987) ---- --- ------- ----- -
------ ----- ------- BALANCE
AT DECEMBER 31, 2001.......
147 19 43,185 (171) 34,483
(340) (2,198) Comprehensive
income: Net
income....................
13,955 Change in fair value of
derivatives, net of tax......
(124) Total comprehensive
income... Net proceeds from
exercised
options........................
1 1,392 (18) Station
acquisitions............ 939
1,306 Amortization of deferred
compensation..................
Accrued
interest................. (2)
Note
forgiveness................
173 Employee stock purchase
plan..... 133 182 Stock
split...................... 37
5 (45) ---- --- ------- -----
------- ----- ------- BALANCE
AT DECEMBER 31, 2002.......
185 24 45,649 -- 48,393 (464)
(728) Comprehensive income:
Net
income....................
13,884 Change in fair value of
derivatives, net of tax......
464 Change in market value of
securities, net of tax.......
29 Total comprehensive
income... Net proceeds from
exercised
options........................
1 1,220 (844) Station
acquisitions............ 234
829 Purchase of shares held in
treasury.......................
(2,007) Employee stock
purchase plan..... 104 271 ---
- --- ------- ----- ------- --

--- ------- BALANCE AT
DECEMBER 31, 2003....... $186
$24 $47,207 $ -- $62,277 $ 29
$(2,479) ==== === =======
===== ======= ===== =======
TOTAL DEFERRED STOCKHOLDERS'
COMPENSATION EQUITY ----------
-- ------------- (IN
THOUSANDS) BALANCE AT JANUARY
1, 2001......... $(148) $
65,618 Comprehensive income:
Net
income.....................
8,565 Change in fair value of
derivatives, net of tax......
(340) -------- Total
comprehensive income... 8,225
Net proceeds from exercised
options........................
682 Station
acquisitions............. 990
Amortization of deferred
compensation...................
85 85 Accrued
interest................. (10)
Note
forgiveness.................
174 Employee stock purchase
plan..... 285 Purchase of
shares held in
treasury.......................
(987) ----- -------- BALANCE
AT DECEMBER 31, 2001.......
(63) 75,062 Comprehensive
income: Net
income.....................
13,955 Change in fair value of
derivatives, net of tax......
(124) -------- Total
comprehensive income... 13,831
Net proceeds from exercised
options........................
1,375 Station
acquisitions.............
2,245 Amortization of deferred
compensation...................
63 63 Accrued
interest................. (2)
Note
forgiveness.................
173 Employee stock purchase
plan..... 315 Stock
split......................
(3) ----- -------- BALANCE AT
DECEMBER 31, 2002....... --
93,059 Comprehensive income:
Net
income.....................
13,884 Change in fair value of
derivatives, net of tax......
464 Change in market value of
securities, net of tax.......
29 -------- Total
comprehensive income... 14,377
Net proceeds from exercised
options........................
377 Station
acquisitions.............
1,063 Purchase of shares held
in
treasury.......................
(2,007) Employee stock
purchase plan..... 375 ----- -
------- BALANCE AT DECEMBER
31, 2003....... $ -- $107,244
===== ========

See accompanying notes.

SAGA COMMUNICATIONS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,	2003	2002	2001
	(IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 13,884	$ 13,955	$ 8,565
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,002	6,533	10,110
Barter revenue, net of barter expenses	(367)	(49)	(288)
Broadcast program rights amortization	366	277	261
Deferred taxes	3,594	3,770	2,342
Loss (gain) on sale of assets	(75)	159	(17)
Deferred and other compensation	175	--	--
Note forgiveness	--	173	174
Amortization of deferred costs	1,444	366	85
Changes in assets and liabilities:			
Increase in receivables and prepaids	(890)	(720)	(388)
Payments for broadcast program rights	(356)	(277)	(261)
Increase in accounts payable, accrued expenses, and other liabilities	2,605	1,295	675
Total adjustments	13,498	11,527	12,693
Net cash provided by operating activities	27,382	25,482	21,258
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment	(8,118)	(7,559)	(8,479)
Increase in other intangibles and other assets	(543)	(1,448)	(1,795)
Acquisition of stations	(24,424)	(24,144)	(18,358)
Proceeds from sale of assets	465	714	41
Net cash used in investing activities	(32,620)	(32,437)	(28,591)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	128,600	--	11,250
Payments on long-term debt	(113,683)	(273)	(390)
Payments for debt issuance costs	(1,899)	--	--
Purchase of shares held in treasury	(2,007)	--	(987)
Net proceeds from exercise of stock options	119	1,262	633
Fractional shares -- five for four stock split	--	(3)	--
Net cash provided by financing activities	11,130	986	10,506
Net increase (decrease) in cash and cash equivalents	5,892	(5,969)	3,173
Cash and cash equivalents, beginning of year	5,874	11,843	8,670
Cash and cash equivalents, end of year	$ 11,766	$ 5,874	$ 11,843

See accompanying notes.

SAGA COMMUNICATIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Saga Communications, Inc. is a broadcasting company whose business is devoted to acquiring, developing and operating broadcast properties. As of December 31, 2003 we owned or operated seventy-six radio stations, five television stations, three low power television stations, two state radio networks and 1 farm radio network, serving twenty-four markets throughout the United States including Columbus, Ohio; Milwaukee, Wisconsin; Norfolk, Virginia; and Manchester, New Hampshire.

BASIS OF PRESENTATION

On June 15, 2002 we consummated a five-for-four split of our Class A and Class B Common Stock, resulting in additional shares being issued of approximately 3,685,000 and 472,000, respectively, for holders of record on May 31, 2002. All share and per share information in the accompanying financial statements have been restated retroactively to reflect the split.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Saga Communications, Inc. and our wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

RECLASSIFICATION

Certain amounts previously reported in the 2002 and 2001 financial statements have been reclassified to conform to the 2003 presentation.

CONCENTRATION OF RISK

For the years ended December 31, 2003, 2002, and 2001 our Milwaukee, Wisconsin radio stations accounted for an aggregate of 17%, 17% and 18%, respectively, our Columbus, Ohio radio stations accounted for an aggregate of 10%, 10% and 11%, respectively, our Norfolk, Virginia radio stations accounted for 9%, 9% and 9%, respectively, and our Manchester, New Hampshire radio stations accounted for 7%, 8% and 8% of our net operating revenue.

CONCENTRATION OF CREDIT RISK

We sell advertising to local and national companies throughout the United States. We perform ongoing credit evaluations of our customers and generally do not require collateral. We maintain an allowance for doubtful accounts at a level which we believe is sufficient to cover potential credit losses.

FINANCIAL INSTRUMENTS

We account for derivatives and hedging activities in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which requires that all derivatives be recognized on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income.

If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or be recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. See note 5.

We account for marketable securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", which requires that certain debt and equity securities be classified into one of three categories: held-to-maturity, available-for-sale, or trading securities, and depending upon the classification, value the security at fair market value. At December 31, 2003, marketable securities having a fair market value of approximately $157,000 have been classified as available-for-sale and are included in prepaid expenses and other current assets at fair value, based on the quoted market price. Unrealized gains and losses are reported as a component of accumulated other comprehensive income of stockholders' equity.

Our financial instruments are comprised of cash and cash equivalents, accounts receivable, accounts payable, long-term debt and marketable securities. The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short maturities. The carrying value of long-term debt approximates fair value as it carries interest rates that either fluctuate with the euro-dollar rate, prime rate or have been reset at the prevailing market rate at December 31, 2003. The fair value of marketable securities is based on the quoted market price for the security at December 31, 2003.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

A provision for doubtful accounts is recorded based on our judgment of the collectibility of receivables. Amounts are written off when determined to be fully uncollectible. Delinquent accounts are based on contractual terms. The activity in the allowance for doubtful accounts during the years ended December 31, 2003, 2002 and 2001 was as follows:

YEAR ENDED	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	WRITE OFF OF UNCOLLECTIBLE ACCOUNTS, NET OF RECOVERIES	BALANCE AT END OF PERIOD
	(IN THOUSANDS)			
December 31, 2003	$932	$776	$729	$979
December 31, 2002	778	608	454	932
December 31, 2001	730	633	585	778

BARTER TRANSACTIONS

Our radio and television stations trade air time for goods and services used principally for promotional, sales and other business activities. An asset and a liability are recorded at the fair market value of goods or services received. Barter revenue is recorded when commercials are broadcast, and barter expense is recorded when goods or services are received or used. Barter transactions are recorded at the estimated fair value of the goods or services received.

LONG LIVED ASSETS

We evaluate the recoverability of long-lived assets, which include property and equipment, broadcast licenses, goodwill, other intangibles, deferred costs and investments, in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" and SFAS No. 144, "Accounting for the Impairment of Long-Lived Assets" (see note 2), as applicable.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed as incurred. When property and equipment is sold or otherwise disposed of, the related cost and accumulated depreciation is removed from the respective accounts and the gain or loss realized on disposition is reflected in earnings. Depreciation is provided using the straight-line method based on the estimated useful life of the assets.

Property and equipment consisted of the following:

	ESTIMATED USEFUL LIFE	DECEMBER 31, 2003	DECEMBER 31, 2002
		(IN THOUSANDS)	
Land and land improvements	--	$ 10,516	$ 10,279
Buildings	31.5 years	21,025	20,575
Towers and antennae	7-15 years	21,467	20,855
Equipment	3-15 years	63,855	59,650
Furniture, fixtures and leasehold improvements	7-20 years	7,038	6,988
Vehicles	5 years	2,657	2,627
		126,558	120,974
Accumulated depreciation		(64,189)	(60,813)
Net property and equipment		$ 62,369	$ 60,161

Depreciation expense for the years ended December 31, 2003, 2002 and 2001 was $6,544,000, $6,034,000 and $5,763,000, respectively.

INTANGIBLE ASSETS

Under SFAS No. 142 ("SFAS 142") "Accounting for Goodwill and Other Intangible Assets," goodwill and intangible assets deemed to have indefinite lives are no longer amortized but are subject to annual (or more frequent if impairment indicators arise) impairment tests. We consider broadcast licenses to have indefinite lives. Separable intangible assets that have finite lives are amortized over their useful lives using the straight-line method. Favorable lease agreements are amortized over the lives of the leases. Other intangibles are amortized over five to forty years. The amortization provisions of Statement 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, the amortization provisions of Statement 142 were effective upon adoption on January 1, 2002 (see note 2).

DEFERRED COSTS

The costs related to the issuance of debt are capitalized and accounted for as interest expense over the life of the debt. During the years ended December 31, 2003, 2002 and 2001, we recognized interest expense related to the amortization of debt issuance costs of $238,000, $303,000 and $334,000, respectively. During 2003 we wrote-off unamortized debt issuance costs of $1,206,000 resulting from the refinancing of our bank debt (see note 4).

BROADCAST PROGRAM RIGHTS

We record the capitalized costs of broadcast program rights when the license period begins and the programs are available for use. Amortization of the program rights is recorded using the straight-line method over the license period or based on the number of showings. Amortization of broadcast program rights is included in station operating expense. Unamortized broadcast program rights are classified as current or non-current based on estimated usage in future years.

TREASURY STOCK

In December 2003, we modified our Stock Buy-Back Program (the "Buy-Back Program") to allow us to purchase up to $15,000,000 of our Class A Common Stock. From its inception in 1998 through December 31, 2003 we have repurchased 564,664 shares of our Class A common stock for approximately $7,683,000. Repurchases of shares of our Common Stock are recorded as Treasury Stock and result in a reduction of Stockholders' Equity. During 2003, 2002 and 2001 we acquired 155,600 shares at an average price of $18.32, 781 shares at an average price of $23.08 per share and 75,375 shares at an average price of $13.09 per share, respectively. During 2003, we issued 75,871 shares of Treasury Stock in connection with our acquisition of radio stations and our employee stock purchase plan. During 2002, we issued 124,764 shares of Treasury Stock in connection with our acquisition of radio stations and our employee stock purchase plan. During 2001, we issued 98,316 shares of Treasury Stock in connection with our acquisition of radio stations and our employee stock purchase plan.

REVENUE RECOGNITION

Revenue from the sale of commercial broadcast time to advertisers is recognized when commercials are broadcast. Revenue is reported net of advertising agency commissions. Agency commissions, when applicable are based on a stated percentage applied to gross billing.

TIME BROKERAGE AGREEMENTS

We have entered into Time Brokerage Agreements ("TBA's") in certain markets. In a typical TBA, the Federal Communications Commission ("FCC") licensee of a station makes available, for a fee, blocks of air time on its station to another party that supplies programming to be broadcast during that air time and sells their own commercial advertising announcements during the time periods specified. We account for TBA's under SFAS 13, "Accounting for Leases" and related interpretations. Revenue and expenses related to TBA's are included in the accompanying Consolidated Statements of Income. Under certain circumstances, we may be subject to the provisions of FIN 46 beginning in the first quarter of 2004, which is described further under Recent Accounting Pronouncements.

ADVERTISING AND PROMOTION COSTS

Advertising and promotion costs are expensed as incurred. Such costs amounted to approximately $7,108,000, $6,663,000 and $6,120,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

INCOME TAXES

We account for income taxes under SFAS No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

STOCK OPTION PLANS

We follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations, in accounting for our employee and non-employee director stock options. Under APB 25, when the exercise price of our employee stock options equals or exceeds the market price of the underlying stock on the date of grant, no compensation expense is recognized.

SFAS No. 148 ("SFAS 148"), "Accounting for Stock-Based Compensation -- Transition and Disclosure" which amends SFAS No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," to provide alternative methods of transition to SFAS 123's fair value method of accounting for stock-based employee compensation and requires disclosure of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. SFAS 148 does not require companies to account for employee stock options using the fair value method. Accordingly, we have continued to elect to account for employee stock options under APB 25 and its related interpretations.

SFAS 123 defines a fair value based method of accounting for an employee stock option or similar equity instrument. Pro forma information regarding net income and earnings per share is required by SFAS 148, and has been determined as if we had accounted for our employee stock options under the fair value method of that Statement. The fair value of our stock options were estimated as of the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2003, 2002, and 2001: risk-free interest rates of 3.4%, 4.3% and 4.9%; a dividend yield of 0%; expected volatility of 32.2%, 32.7% and 30.9%; and a weighted average expected life of the options of 7 years, respectively. Under these assumptions, the weighted average fair value of an option to purchase one share granted in 2003, 2002 and 2001 was approximately $7.88, $9.05 and $7.73, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in our opinion the existing models do not necessarily provide a reliable single measure of the fair value of our employee stock options.

For purposes of the pro forma disclosures required under SFAS 148, the estimated fair value of the options is amortized to expense over the options' vesting period. Our pro forma information is as follows:

	2003	2002	2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Net income, as reported	$13,884	$13,955	$ 8,565
Add back: stock based compensation cost, net of tax	48	41	53
Less: pro forma stock based compensation cost determined under fair value method, net of tax	(2,028)	(1,566)	(1,272)
Pro forma net income	$11,904	$12,430	$ 7,346
Pro forma earnings per share:			
Basic	$ .57	$ .60	$ .36
Diluted	$ .56	$ .59	$ .35

EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Numerator: Net income available to common stockholders...........	$13,884	$13,955	$ 8,565
Denominator: Denominator for basic earnings per share -- weighted-average shares..................	20,817	20,631	20,473
Effect of dilutive securities: Stock options......................................	484	578	415
Denominator for diluted earnings per share -- adjusted weighted-average shares and assumed conversions....	21,301	21,209	20,888
Basic earnings per share...............................	$ .67	$ .68	$ .42
Diluted earnings per share.............................	$ .65	$ .66	$ .41

RECENT ACCOUNTING PRONOUNCEMENTS

On January 1, 2003, we adopted SFAS 143, "Accounting for Asset Retirement Obligations." SFAS 143 applies to legal obligations associated with the retirement of long-lived assets that result from acquisition, construction, development, and/or the normal operation of a long lived asset. The adoption of SFAS 143 did not materially impact our financial position or results of operations.

On January 1, 2003 we adopted SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities" which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity." The adoption of SFAS 146 did not materially impact our financial position or results of operations.

On January 1, 2003 we adopted the initial recognition provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 45 ("FIN 45"), entitled "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." We adopted the disclosure requirements of FIN 45 in 2002. This interpretation elaborates on the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees that it has issued. This interpretation also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The adoption of Interpretation No. 45 did not materially impact our financial position, cash flows or results of operations. See note 11 for a guarantee that we entered into on March 7, 2003.

In January 2003, the Financial Accounting Standards Board ("FASB") issued FIN 46 entitled "Consolidation of Variable Interest Entities." This interpretation requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. The

Interpretation also requires disclosures about variable interest entities that the company is not required to consolidate but in which it has a significant variable interest. In December 2003, the FASB issued a revision of FIN 46 which deferred the effective date of the interpretation's provisions for certain variable interests. As a result, we will be required to apply the consolidation requirements of FIN 46 in our March 31, 2004 interim financial statements. We have not yet determined what the effect, if any, this interpretation will have on our financial position, cash flows or results of operations.

2. INTANGIBLE ASSETS AND GOODWILL

On January 1, 2002 we adopted SFAS No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets". Under SFAS 142, goodwill and intangible assets deemed to have indefinite lives are no longer amortized and are subject to annual (or more frequent if impairment indicators arise) impairment tests. Separable intangible assets that have finite lives will continue to be amortized over their useful lives. The amortization provisions of SFAS 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, the amortization provisions of SFAS 142 were effective upon adoption.

The following table summarizes the effect of then adoption of SFAS 142 as of January 1, 2001 on reported income and earnings per share adjusted to exclude broadcast license and goodwill amortization:

ADJUSTED NET INCOME FOR ADOPTION OF STATEMENT 142	YEARS ENDED DECEMBER 31, 2003	2002	2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Reported net income	$13,884	$13,955	$ 8,565
Add back: amortization of goodwill, net of tax of $510	--	--	687
Add back: amortization of broadcast licenses, net of tax of $980	--	--	1,328
Adjusted net income	$13,884	$13,955	$10,580
Basic earnings per share:			
Reported net income per share -- basic	$ .67	$ .68	$ .42
Add back: amortization of goodwill, net of taxes	--	--	.03
Add back: amortization of broadcast licenses, net of taxes	--	--	.07
Adjusted net income per share -- basic	$ .67	$ .68	$ .52
Diluted earnings per share:			
Reported net income per share -- diluted	$ .65	$ .66	$ .41
Add back: amortization of goodwill, net of taxes	--	--	.03
Add back: amortization of broadcast licenses, net of taxes	--	--	.07
Adjusted net income per share -- diluted	$ .65	$ .66	$ .51

In accordance with SFAS 142 we tested our goodwill and broadcast licenses (which we have deemed as indefinite lived since the licenses are expected to generate cash flows indefinitely) for impairment as of January 1, 2002, October 1, 2002 and October 1, 2003 by comparing their estimated fair value to the related carrying value as of that date. The results of these tests indicated that there was no impairment of the carrying value of goodwill or broadcast licenses. We used a market approach to determine the fair value of our broadcast licenses as well as the fair value of our reporting units. The market approach used for valuing broadcast licenses and goodwill takes into consideration information available on recent transactions of radio and television stations similar to those owned by us, within the broadcast industry. To determine the fair value of broadcast licenses and the reporting units goodwill requires the use of estimates in our assumptions. Changes in these estimates could result in an impairment of intangible assets in the future.

We have recorded amortizable intangible assets at December 31, 2003 as follows:

	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION
	(IN THOUSANDS)	
Non-competition agreements	$ 4,565	$4,320
Favorable lease agreements	5,719	4,639
Total amortizable intangible assets	$10,284	$8,959

We have recorded amortizable intangible assets at December 31, 2002 as follows:

	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION
	(IN THOUSANDS)	
Non-competition agreements	$4,315	$4,090
Favorable lease agreements	4,807	4,411
Total amortizable intangible assets	$9,122	$8,501

Aggregate amortization expense for these amortizable intangible assets for the years ended December 31, 2003 and 2002, was $458,000 and $499,000, respectively. The estimated annual amortization expense for the years ending December 31, 2004, 2005, 2006, 2007 and 2008, is approximately $239,000, $234,000, $192,000, $188,000, and $93,000, respectively.

3. TOTAL COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Total Comprehensive Income Consists of:

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
	(IN THOUSANDS)		
Net income	$13,884	$13,955	$8,565
Accumulated other comprehensive income (loss):			
Change in fair value of derivative instruments net of taxes of $250, $80 and $170, respectively	464	(124)	(340)
Change in market value of securities net of taxes of $15	29	--	--
Total comprehensive income	$14,377	$13,831	$8,225

Accumulated Comprehensive Income (Loss) Consists of:

	MARKETABLE SECURITIES	DERIVATIVES
	(IN THOUSANDS)	
Balance at January 1, 2002	$ --	$(340)
Change in fair value of derivatives, net of $80 taxes	--	(124)
Balance at December 31, 2002	--	(464)
Change in fair value of derivatives, net of $250 taxes	--	464
Change in market value of securities, net of $15 taxes	29	--
Balance at December 31, 2003	$ 29	$ --

4. LONG-TERM DEBT

Long-term debt consisted of the following:

	DECEMBER 31, 2003	DECEMBER 31, 2002
	(IN THOUSANDS)	
Credit Agreement:		
Reducing revolver facility	$120,100	$ --
Senior secured term loan facility	--	105,000
Subordinated promissory note. Payments are due monthly, including interest at 10%. The note matures in 2004	45	148
Other, primarily secured debt of affiliates and covenants not to compete	1,060	80
	121,205	105,228
Amounts due within one year	45	13,308
	$121,160	$ 91,920

Future maturities of long-term debt are as follows:

YEAR ENDING DECEMBER 31,	(IN THOUSANDS)
2004	$ 45
2005	--
2006	1,060
2007	--
2008	10,100
Thereafter	110,000
	$121,205

On July 29, 2003, we entered into a new credit agreement (the "Credit Agreement") with a group of banks, to refinance our outstanding debt under our old credit agreement. Our current financing facility (the "Facility") under the Credit Agreement is a $200,000,000 reducing revolving line of credit (the "Reducing Revolver"). The Reducing Revolver matures July 29, 2010. Our indebtedness under the Facility is secured by a first priority lien on substantially all of our assets and of our subsidiaries, by a pledge of our subsidiaries' stock and by a guarantee of our subsidiaries. We have approximately $79,900,000 of unused borrowing capacity under the Facility at December 31, 2003.

We wrote-off unamortized debt issuance costs relating to the Old Credit Agreement of approximately $1,206,000, pre-tax, due to this refinancing during the year ended December 31, 2003.

The Reducing Revolver was used to refinance our Old Credit Agreement and pay transactional fees. The unused portion of the Reducing Revolver may be used for general corporate purposes, including working capital, capital expenditures, permitted acquisitions and related transaction expenses and permitted stock buybacks. On March 31, 2006, the Revolving Commitments (as defined in the Credit Agreement) will be permanently reduced quarterly in amounts ranging from 3.125% to 12.5% of the total Revolving Commitments in effect on March 31, 2006. Any outstanding balance under the Reducing Revolver will be due on the maturity date of July 29, 2010. In addition, the Revolving Commitments shall be further reduced by specified percentages of Excess Cash Flow (as defined in the Credit Agreement) based on leverage ratios.

Interest rates under the Facility are payable, at our option, at alternatives equal to LIBOR at the rate reset date (ranging from 1.125% to 1.875% at December 31, 2003) plus 1.375% to 2.0% or the Agent bank's base rate plus 0.125% to 0.75%. The spread over LIBOR and the base rate vary from time to time, depending upon our financial leverage. We also pay quarterly commitment fees of 0.375% to 0.625% per annum on the unused portion of the Facility.

The Credit Agreement contains a number of financial covenants (all of which we were in compliance with at December 31, 2003) that, among other things, requires us to maintain specified financial ratios and impose certain limitations on us with respect to (i) the incurrence of additional indebtedness; (ii) acquisitions, except under specified conditions; (iii) the incurrence of additional liens, except those relating to capital leases and purchase money indebtedness; (iv) the disposition of assets; (v) the payment of cash dividends; and (vi) mergers, changes in business and management, investments and transactions with affiliates. The financial covenants become more constrictive over the life of the Credit Agreement. The Credit Agreement prohibits the payment of dividends without the banks' prior consent.

Our Old Credit Agreement had three financing facilities (the "Facilities"): a $105,000,000 senior secured term loan (the "Term Loan"), a $75,000,000 senior secured acquisition loan facility (the "Acquisition Facility"), and a $20,000,000 senior secured revolving credit facility (the "Revolving Facility").

The Acquisition Facility was used for permitted acquisitions and to pay related transaction expenses. The Revolving Facility was available for general corporate purposes, including working capital, capital expenditures, permitted acquisitions (to the extent the Acquisition Facility has been fully utilized and limited to $10,000,000) and permitted stock buybacks. On March 28, 2003, the Acquisition Facility converted to a five and a half year term loan.

Interest rates under the Facilities were payable, at our option, at alternatives equal to LIBOR (1.40% at December 31, 2002) plus 1.25% to 2.0% or the Agent bank's base rate plus .25% to 1.0%. The spread over LIBOR and the base rate varies from time to time, depending upon our financial leverage. All interest was due quarterly. We also paid quarterly commitment fees of 0.375% to 0.625% per annum on the aggregate unused portion of the Acquisition and Revolving Facilities.

5. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Periodically we enter into derivative financial instruments, including interest rate swap agreements to reduce our risk of rising interest rates. Our swap agreements, which expired in March 2003 and September 2003, were used to convert the variable Eurodollar interest rate of a portion of our bank borrowings to a fixed interest rate. At December 31, 2003 we had no interest rate swap agreements in place.

We account for derivatives and hedging activities in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, which requires companies to recognize all of their derivative instruments as either assets or liabilities at fair value in the statement of financial position. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship, and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as either a fair value hedge or a cash flow hedge.

For derivative instruments that are designated and qualify as a fair value hedge (i.e., hedging the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), the gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings during the period of the change in fair values. For derivative instruments that are designated and qualify as a cash flow hedge(i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in current earnings during the period of change. All of the Company's derivative instruments are accounted for as cash flow hedges.

Market risks arise from movements in foreign exchange rates. In order to reduce these risks, the Company uses derivative financial instruments. The Company hedges a portion of its forecasted finished goods sales from the United Kingdom to Holland with derivative financial instruments. These financial instruments include forward contracts and forward contract options to sell Euros for British Pounds for varying maturities through April 2004. For the years ended December 31, 2002 and 2001, the Company did not recognize any net gains or losses related to the ineffective portion of the hedging instrument excluded from the assessment of hedge effectiveness. The Company does not use any derivative financial instruments for trading purposes. In addition, the Company did not recognize any net gains or losses during the year ended December 31, 2002 for cash flow hedges that were discontinued because the forecasted transaction did not occur.

At December 31, 2002, we had the following interest rate swap agreements in place:

- Two interest rate swap agreements with a total notional amount of $26,250,000. We paid 4.11% calculated on the notional amount; we received LIBOR (1.4% at December 31, 2002) calculated on the notional amount of $26,250,000. These agreements expired in March, 2003.

- Two interest rate swap agreements with a total notional amount of $13,750,000. We paid 3.67% calculated on the notional amount; we received LIBOR (1.4% at December 31, 2002) calculated on the notional amount of $13,750,000. In March 2003 the total notional amount of these swap agreements increased to $40,000,000 with all other terms remaining the same. These agreements expired in September, 2003.

Net receipts or payments under the agreements were recognized as an adjustment to interest expense. All of the above interest rate swap agreements were assessed as effective. Therefore, changes in their fair value were recognized in other comprehensive income.

At December 31, 2002, we recorded a liability of approximately $714,000 within "Other Accrued Expenses" in the accompanying consolidated balance sheets, to record the fair value of the swap agreement.

6. SUPPLEMENTAL CASH FLOW INFORMATION

For the purposes of the statements of cash flows, cash and cash equivalents include temporary investments with maturities of three months or less.

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
	(IN THOUSANDS)		
Cash paid during the period for:			
Interest	$4,077	$5,167	$7,275
Income taxes	4,670	3,295	5,342
Non-cash transactions:			
Barter revenue	$3,702	$3,013	$3,037
Barter expense	3,335	2,964	2,749
Acquisition of property and equipment	94	69	69

In conjunction with the acquisition of the net assets of broadcasting companies, debt and liabilities were assumed as follows:

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
	(IN THOUSANDS)		
Fair value of assets acquired	$ 27,074	$ 27,001	$ 20,063
Cash paid	(24,424)	(24,144)	(18,358)
Issuance of restricted stock	(1,063)	(2,245)	(990)
Debt and liabilities assumed	$ 1,587	$ 612	$ 715

7. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows:

DECEMBER 31, (IN THOUSANDS)	2003	2002
Deferred tax liabilities:		
Property and equipment	$ 8,764	$ 7,633
Intangible assets	10,685	7,635
Total deferred tax liabilities	19,449	15,268
Deferred tax assets:		
Allowance for doubtful accounts	367	350
Compensation	1,044	837
Fair value of derivatives	--	250
Loss carry forwards	892	1,411
	2,303	2,848
Less: valuation allowance	578	942
Total net deferred tax assets	1,725	1,906
Net deferred tax liabilities	$17,724	$13,362

At December 31, 2003, we have a federal tax loss carry forward of approximately $64,000, which expires in 2016, state tax loss carry forwards of approximately $7,851,000, which will expire from 2004 to 2017 and a capital loss carry forward of approximately $1,161,000, which will expire in 2005. During 2003, we utilized $1,070,000 of the capital loss carry forward; accordingly, the valuation allowance decreased by $364,000. The valuation allowance for net deferred tax assets relates to a capital loss incurred during 2000 and state loss carry forwards. Statement of Financial Accounting Standards No. 109 requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The significant components of the provision for income taxes are as follows:

YEARS ENDED DECEMBER 31, (IN THOUSANDS)	2003	2002	2001
Current:			
Federal	$3,811	$4,220	$2,751
State	1,366	1,286	1,107
Total current	5,177	5,506	3,858
Total deferred	3,594	3,770	2,342
	$8,771	$9,276	$6,200

In addition we realized tax benefits as a result of stock option exercises for the difference between compensation expense for financial statement and income tax purposes. These tax benefits were credited to additional paid-in capital in the amounts of approximately $257,000, $438,000 and $212,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

The reconciliation of income tax at the U. S. federal statutory tax rates to income tax expense is as follows:

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
	(IN THOUSANDS)		
Tax at U.S. statutory rates	$7,703	$7,898	$5,020
State taxes, net of federal benefit	1,419	1,462	934
Amortization of goodwill	--	--	201
Other, net	13	84	45
Reduction of valuation allowance on loss carry forwards	(364)	(168)	--
	$8,771	$9,276	$6,200

8. STOCK OPTION PLANS

Our 1992 Stock Option Plan (the "1992 Plan") expired in December 2002. In 2003, we adopted the 2003 Stock Option Plan (the "2003 Plan") pursuant to which our key employees, including directors who are employees, are eligible to receive grants of options to purchase our Class A Common Stock or Class B Common Stock. The number of shares of Common Stock that may be issued upon exercise of options granted under the 2003 Plan may not exceed 1,500,000 shares of Class A Common Stock, 500,000 shares of Class B Common Stock and 500,000 shares of Class A Common Stock issuable upon conversion of the Class B Common Stock. Options granted under the 2003 Plan may be either incentive stock options (within the meaning of Section 422A of the Internal Revenue Code of 1986) or non-qualified options. Options for Class A Common Stock may be granted to any employee of the Corporation. Options for Class B Common Stock may only be granted to Edward K. Christian, President, Chief Executive Officer, Chairman of the Board of Directors, and the holder of 100% of the outstanding Class B Common Stock of the Corporation. Incentive stock options granted under the 2003 Plan may be for terms not exceeding ten years from the date of grant, except in the case of incentive stock options granted to persons owning more than 10% of the total combined voting power of all classes of our stock, which may be granted for terms not exceeding five years. These options may not be granted at a price which is less than 100% of the fair market value of shares at the time of grant (110% in the case of persons owning more than 10% of the combined voting power of all classes of our stock). The terms and price of non-qualified stock options granted pursuant to the 2003 Plan shall be determined by the Compensation Committee of the Board of Directors of the Company.

In 1997, we adopted the 1997 Non-Employee Director Stock Option Plan (the "Directors Plan") pursuant to which our directors who are not our employees are eligible to receive options. Under the terms of the Directors Plan, on the last business day of January of each year during the term of the Directors Plan, in lieu of their directors' retainer for the previous year, each eligible director shall automatically be granted an option to purchase that number of our shares of Class A Common Stock equal to the amount of the retainer divided by the fair market value of our Common Stock on the last trading day of the December immediately preceding the date of grant less $.01 per share. The option exercise price is $.01 per share. At December 31, 2003, approximately 173,000 shares of common stock are reserved for issuance under the Directors Plan. Options granted under the Directors Plan are non-qualified stock options and shall be immediately vested and exercisable on the date of grant. The options may be exercised for a period of 10 years from the date of grant of the option. On January 31, 2004 a total of 4,277 shares were issued under the Directors Plan in lieu of their directors' retainer for the year ended December 31, 2003.

We follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations, in accounting for our employee and non-employee director stock options. Under APB 25, when the exercise price of our employee stock options equals or exceeds the market price of the underlying stock on the date of grant, no compensation expense is recognized. Total compensation costs recognized in the income statement for stock based compensation awards to employees for the years ended December 31, 2003, 2002 and 2001, was approximately $0, $6,000 and $24,000, respectively. Total Directors fees recognized in the income statement for stock based compensation awards for the years ended December 31, 2003, 2002 and 2001, was approximately $79,000, $63,000 and $67,000, respectively.

The following summarizes the 1992 Plan and the 2003 Plan stock option transactions for the three years ended December 31, 2003:

	NUMBER OF OPTIONS	EXERCISE PRICE PER SHARE	WEIGHTED AVERAGE PRICE PER SHARE
Options outstanding at January 1, 2001	1,659,399	$1.39 to $16.80	$10.14
Granted	270,606	14.24	14.24
Exercised	(83,093)	1.39 to 12.72	4.82
Forfeited	(6,621)	10.56 to 16.80	13.05
Options outstanding at December 31, 2001	1,840,291	$1.39 to $16.80	$10.98
Granted	159,593	20.80	20.80
Exercised	(172,885)	1.39 to 16.80	4.54
Forfeited	(2,125)	14.24	14.24
Options outstanding at December 31, 2002	1,824,874	$1.39 to $20.80	$12.44
Granted	1,006,016	19.22	19.22
Exercised	(92,828)	2.716 to 10.56	10.38
Forfeited	(3,401)	14.24 to 20.80	19.59
Options outstanding at December 31, 2003	2,734,661	$1.39 to $20.80	$14.99

The following summarizes the Directors Plan stock option transactions for the three years ended December 31, 2003:

	NUMBER OF OPTIONS	EXERCISE PRICE PER SHARE	WEIGHTED AVERAGE PRICE PER SHARE
Options outstanding at January 1, 2001	10,678	$.005 to $.008	$.007
Granted	4,641	.008	.008
Exercised	--	--	
Forfeited	--	--	
Options outstanding at December 31, 2001	15,319	$.005 to $.008	$.007
Granted	4,046	.008	.008
Exercised	(5,128)	.005 to .008	.007
Forfeited	--	--	
Options outstanding at December 31, 2002	14,237	$.005 to $.008	$.007
Granted	2,997	.010	.010
Exercised	--	--	
Forfeited	--	--	
Options outstanding at December 31, 2003			

17,234 $.005 to $.010 $.008 ======
============== =====

The following summarizes stock options exercisable and available for the three years ended December 31, 2003:

	THE PLAN	THE DIRECTORS PLAN
Options exercisable at December 31:		
2003	1,311,326	17,234
2002	1,068,140	14,237
2001	915,984	15,319
Available for grant at December 31:		
2003	993,984	172,944
2002	--	175,941
2001	646,493	179,994

Stock options outstanding in the 1992 and 2003 Plans at December 31, 2003 are summarized as follows:

EXERCISE PRICE	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
$1.39	21,868	21,868	1.4
$2.72	57,677	57,677	2.5
$4.00	25,702	25,702	.5
$5.83	13,668	13,668	2.5
$7.42	27,339	27,339	3.6
$10.56	721,628	721,628	4.6
$12.72	224,255	179,404	5.5
$14.24	258,267	100,273	7.4
$16.00	31,511	18,907	6.7
$16.80	189,921	113,499	6.4
$19.22	1,006,016	0	9.4
$20.80	156,809	31,361	8.4
	2,734,661	1,311,326	6.9

==========
==========
===
Weighted
Average
Exercise
Price $
14.99 $
11.26
==========
==========

Stock options outstanding in the Directors Plan at December 31, 2003 are summarized as follows:

EXERCISE PRICE	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
$0.005	2,662	2,662	4.1
$0.006	2,620	2,620	5.1
$0.008	8,955	8,955	7.1
$0.010	2,997	2,997	9.1
	17,234	17,234	6.7
Weighted Average Exercise Price	$ 0.008	$ 0.008	

9. EMPLOYEE BENEFIT PLANS

401(K) PLAN

We have a defined contribution pension plan ("401(k) Plan") that covers substantially all employees. Employees can elect to have a portion of their wages withheld and contributed to the plan. The 401(k) Plan also allows us to make a discretionary contribution. Total expense under the 401(k) Plan was approximately $312,000, $321,000 and $303,000 in 2003, 2002 and 2001, respectively, of which approximately $245,000, $222,000 and $200,000 represents our discretionary contributions in 2003, 2002 and 2001, respectively.

EMPLOYEE STOCK PURCHASE PLAN

In 1999 our stockholders approved the Employee Stock Purchase Plan ("ESPP") under which a total of 1,562,500 shares of our Class A Common Stock is eligible for sale to our employees. At December 31, 2003 approximately 1,483,000 shares are reserved for issuance under the ESPP. The ESPP was effective July 1, 1999. Each quarter, an eligible employee may elect to withhold up to 10 percent of his or her compensation to purchase shares of our stock at a price equal to 85 percent of the fair value of the stock as of the last day of such quarter. The ESPP will terminate on the earlier of the issuance of 1,562,500 shares pursuant to the ESPP or December 31, 2008. There were 20,131, 15,870 and 18,476 shares issued under the ESPP in 2003, 2002 and 2001, respectively. Compensation expense recognized related to the ESPP for the years ended December 31, 2003, 2002 and 2001 was approximately $56,000, $47,000 and $43,000, respectively.

DEFERRED COMPENSATION PLAN

In 1999 we established a Nonqualified Deferred Compensation Plan which allows officers and certain management employees to annually elect to defer a portion of their compensation, on a pre-tax basis, until their retirement. The retirement benefit to be provided is based on the amount of compensation deferred and any earnings thereon. Deferred compensation expense for the years ended December 31, 2003, 2002 and 2001 was approximately $296,000, $268,000 and $291,000, respectively. We have invested in company-owned life insurance policies to assist in funding these programs. The cash surrender values of these policies are in a rabbi trust and are recorded as our assets.

10. ACQUISITIONS AND DISPOSITIONS

We actively seek and explore opportunities for expansion through the acquisition of additional broadcast properties. The consolidated statements of income include the operating results of the acquired stations from their respective dates of acquisition. All acquisitions were accounted for as purchases and, accordingly, the total costs were allocated to the acquired assets and assumed liabilities based on their estimated fair values as of the acquisition dates. The excess of the consideration paid over the estimated fair value of net assets acquired have been recorded as goodwill, which is deductible for tax purposes.

PENDING ACQUISITIONS

On December 22, 2003, we entered into agreements to acquire three FM radio stations (WRSI-FM, WPVQ-FM and WRSY-FM), serving the Springfield, Massachusetts, Greenfield, Massachusetts and Brattleboro, Vermont markets, respectively, for approximately $7,000,000. This transaction, which is subject to the approval of the FCC, is expected to close during the second quarter 2004.

On January 21, 2004, we entered into an agreement to acquire one FM radio station (WOXL-FM) and one AM radio station (WISE-AM), both serving the Asheville, North Carolina market, for approximately $10,000,000. We are currently providing programming to WISE-AM under a Time Brokerage Agreement ("TBA") and to WOXL-FM under a Sub-Time Brokerage Agreement. These transactions are subject to the approval of the FCC and have been contested, however we expect to get approval and close on the acquisitions during the fourth quarter 2004.

On January 23, 2004, we entered into an agreement to acquire the Minnesota News Network and the Minnesota Farm Network for approximately $3,250,000. We acquired these networks on March 1, 2004.

2003 ACQUISITIONS, TIME BROKERAGE AGREEMENTS, SHARED SERVICES AGREEMENTS AND DISPOSITIONS

On March 7, 2003, we entered into an agreement of understanding with Surtsey Productions, Inc. ("Surtsey"), whereby we have guaranteed up to $1,250,000 of the debt that Surtsey has incurred in closing on the acquisition of a construction permit for KFJX-TV station in Pittsburg, Kansas. At December 31, 2003 there was $1,060,000 outstanding under this agreement. The station, a new full power Fox affiliate, went on the air for the first time on October 18, 2003. Under the FCC's ownership rules, we are prohibited from owning this station. In consideration for our guarantee, Surtsey has entered into various agreements with us relating to the station, including a Shared Services Agreement, Technical Services Agreement, Agreement for the Sale of Commercial Time and Broker Agreement. Surtsey is a multi-media company that is 100% owned by the daughter of Edward K. Christian, our principal stockholder, President and CEO.

On March 11, 2003, we acquired an AM radio station (WOXL-AM) serving the Asheville, North Carolina market for approximately $350,000.

On March 28, 2003, we acquired an FM radio station (WODB-FM) serving the Columbus, Ohio market for approximately $10,432,000. We began operating this station under the terms of a TBA on January 1, 2003. In conjunction with this transaction we sold our AM radio station (WVKO-AM) serving the Columbus, Ohio market for approximately $941,000. The buyer began brokering time on WVKO under the terms of a TBA on January 1, 2003. We recognized a gain on the disposal of this station of approximately $425,000.

On April 1, 2003, we acquired an FM radio station (WINQ-FM) in the Winchendon, Massachusetts market for approximately $290,000 plus an additional $500,000 if within five years of closing we obtain approval from the FCC for a city of license change. The radio station was owned by a company in which a member of our Board of Directors has a 26% beneficial ownership interest, which was disclosed to our Board prior to its approval of the transaction. The interested director did not participate in voting on this transaction when it came before the Board. The purchase price was determined on an arm's length basis. We began operating this station under the terms of a TBA on February 1, 2003.

On April 1, 2003, we sold an AM radio station (WLLM-AM) serving the Lincoln, Illinois market for approximately $275,000. We recognized a gain on the sale of the station of approximately $29,000.

On October 1, 2003, we acquired two FM radio stations (WJZA-FM Lancaster, Ohio and WJZK-FM Richwood, Ohio) serving the Columbus, Ohio market for approximately $13,242,000 including approximately $1,063,000 of our Class A common stock, plus up to an additional $2,000,000 if we obtain approval from the FCC for a city of license change.

On November 17, 2003, we acquired an AM radio station (WIDE-AM) serving the Portland, Maine market for approximately $386,000. We began operating this station under the terms of a TBA on August 1, 2003.

On December 1, 2003, we acquired an FM and AM radio station (WQEL-FM and WBCO-AM) serving the Bucyrus, Ohio market for approximately $2,375,000. We began operating these stations under the terms of a TBA on October 1, 2003.

2002 ACQUISITIONS AND TIME BROKERAGE AGREEMENTS

On May 1, 2002, we acquired two FM and two AM radio stations (WKBK-AM, WKNE-FM and WKVT-AM/FM) serving the Keene, New Hampshire and Brattleboro, Vermont markets, respectively, for approximately $9,400,000.

On July 1, 2002, we acquired an FM and AM radio station (WOQL-FM and WZBK-AM) serving the Keene, New Hampshire market, for approximately $2,740,000.

On November 1, 2002, we acquired three FM radio stations (KDEZ-FM, KDXY-FM and KJBX-FM) serving the Jonesboro, Arkansas market for approximately $12,745,000, including approximately $2,245,000 of our Class A common stock.

On November 1, 2002, we entered into a time brokerage agreement and a sub-time brokerage agreement for WISE-AM and WOXL-FM, respectively, serving the Asheville, North Carolina market.

On November 1, 2002, we acquired an AM and FM radio station (WJQY-AM and WJOI-FM) serving the Springfield, Tennessee market for approximately $1,525,000.

2001 ACQUISITIONS

On February 1, 2001, we acquired an FM radio station (WVVR-FM) serving the Clarksville, Tennessee/Hopkinsville, Kentucky market for approximately $7,000,000, including approximately $1,000,000 of our Class A Common Stock. The radio station was owned by a company in which a member of our Board of Directors had a 35% beneficial ownership interest. The purchase price was determined on an arm's length basis. We also obtained an opinion from an independent appraiser that the purchase price was fair from a financial point of view.

On February 1, 2001, we acquired two FM and two AM radio stations (WCVQ-FM, WZZP-FM, WDXN-AM, and WJMR-AM) serving the Clarksville, Tennessee/Hopkinsville, Kentucky market for approximately for $6,700,000.

On April 1, 2001, we acquired an AM and FM radio station (WHAI-FM and WHMQ-AM) serving the Greenfield, Massachusetts market for approximately $2,200,000.

On July 1, 2001, we acquired two FM radio stations (KMIT-FM and KUQL-FM) serving the Mitchell, South Dakota market for approximately $4,050,000.

CONDENSED CONSOLIDATED BALANCE SHEET OF 2003 ACQUISITIONS

The following condensed balance sheets represent the estimated fair value assigned to the related assets and liabilities of the 2003 and 2002 acquisitions at their respective acquisition dates. In connection with the 2003 acquisitions we issued restricted stock of approximately $1,063,000 and $2,245,000, respectively.

SAGA COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
OF 2003 AND 2002 ACQUISITIONS

ACQUISITIONS IN	2003	2002
	(IN THOUSANDS)	
ASSETS ACQUIRED:		
Current assets	$ 590	$ 901
Property and equipment	1,357	4,113
Other assets:		
Broadcast licenses -- Radio segment	19,958	15,864
Broadcast licenses -- TV segment	1,000	--
Goodwill -- Radio segment	3,494	6,123
Goodwill -- Television segment	27	--
Other intangibles, deferred costs and investments	648	--
Total other assets	25,127	21,987
Total assets acquired	27,074	27,001
LIABILITIES ASSUMED:		
Current liabilities	298	612
Long-term syndicated programming	229	--
Long-term debt	1,060	--
Total liabilities assumed	1,587	612
Net assets acquired	$25,487	$26,389

PRO FORMA RESULTS OF OPERATIONS FOR ACQUISITIONS AND DISPOSITIONS (UNAUDITED)

The following unaudited pro forma results of our operations for the years ended December 31, 2003 and 2002 assume the acquisitions and dispositions in 2003 and 2002 occurred as of January 1, 2002. The pro forma results give effect to certain adjustments, including depreciation, amortization of certain intangible assets, increased interest expense on acquisition debt and related income tax effects. The pro forma results have been prepared for comparative purposes only and do not purport to indicate the results of operations, which would actually have occurred had the combinations been in effect on the dates indicated, or which may occur in the future.

	YEARS ENDED DECEMBER 31,	
	2003	2002
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
CONSOLIDATED RESULTS OF OPERATIONS:		
Net operating revenue	$123,111	$121,896
Station operating expense	80,649	79,045
Corporate general and administrative	6,450	6,218
Depreciation	6,632	6,382
Amortization	510	581
Operating income	28,870	29,670
Interest expense	4,996	6,250
Other	1,131	159
Income taxes	8,809	9,304
Net income	$ 13,934	$ 13,957
Basic earnings per share	$ .67	$ .68
Diluted earnings per share	$ .65	$ .66

	2003	2002
	(IN THOUSANDS)	
RADIO BROADCASTING SEGMENT		
Net operating revenue	$110,879	$109,387
Station operating expense	71,054	69,535
Corporate general and administrative	--	--
Depreciation	4,873	4,705
Amortization	496	557
Operating income	$ 34,456	$ 34,590

	2003	2002
	(IN THOUSANDS)	
TELEVISION BROADCASTING SEGMENT		
Net operating revenue	$12,232	$12,509
Station operating expense	9,595	9,510
Corporate general and administrative	--	--
Depreciation	1,560	1,476
Amortization	14	24
Operating income	$ 1,063	$ 1,499

11. RELATED PARTY TRANSACTIONS

ACQUISITION OF STATIONS FROM AFFILIATES OF DIRECTORS

On April 1, 2003 we acquired an FM radio station (WINQ-FM) in the Winchendon, Massachusetts market for approximately $290,000 plus an additional $500,000 if within five years of closing we obtain approval from the FCC for a city of license change. The radio station was owned by a company in which Robert Maccini, a member of our Board of Directors, has a 26% beneficial ownership interest and is an officer and director of, which was disclosed to our Board prior to its approval of the transaction. Mr. Maccini did not participate in voting on this transaction when it came before the Board. The purchase price was determined on an arm's length basis. We began operating this station under the terms of a TBA on February 1, 2003.

On February 1, 2001, we acquired an FM radio station (WVVR-FM) serving the Clarksville, Tennessee/Hopkinsville, Kentucky market for approximately $7,000,000, including approximately $1,000,000 of our Class A Common Stock. The radio station was owned by a company in which Donald Alt, a member of our Board of Directors, had a 35% beneficial ownership interest. The purchase price was determined on an arm's length basis. We also obtained an opinion from an independent appraiser that the purchase price was fair from a financial point of view.

COMMISSIONS PAID TO AFFILIATES OF DIRECTORS

On March 1, 2004, in connection with our acquisition of the Minnesota News and Farm Networks for approximately $3,250,000, a company controlled by Gary Stevens, a member of our Board of Directors, received a brokerage commission of approximately $122,000 from the seller.

On May 1, 2002, in connection with our acquisition of two AM and two FM radio stations (WKBK-AM, WKNE-FM and WKVT-AM/FM) serving the Keene, New Hampshire and Brattleboro, Vermont markets, respectively, for approximately $9,400,000 we paid a company that is affiliated with Robert Maccini, a member of our Board of Directors, a brokerage commission of $200,000.

On November 1, 2002, in connection with our acquisition of an AM and FM radio station (WJQY-AM and WJOI-FM) serving the Springfield, Tennessee market for approximately $1,525,000, a company controlled by Gary Stevens, a member of our Board of Directors, received a brokerage commission of approximately $70,000 from the seller.

PRINCIPAL STOCKHOLDER EMPLOYMENT AGREEMENT

In March 2002, we entered into an employment agreement with Edward K. Christian, our principal stockholder, President and CEO. This agreement was effective April 1, 2002 and expires March 31, 2009. The agreement provides for certain compensation, death, disability and termination benefits, as well as the use of an automobile. The annual base salary under the agreement was $450,000 per year effective April 1, 2002, $500,000 per year effective January 1, 2003 and $512,500 per year effective January 1, 2004. The agreement also provides that he is eligible for stock options to be awarded at the discretion of our Board of Directors, and annual bonuses in such amounts as shall be determined pursuant to the terms of the Chief Executive Officer Annual Incentive Plan. The agreement also provides that, upon the consummation of our sale or transfer of control, his employment will be terminated and we will pay him an amount equal to five times the average of his total annual compensation for the preceding three years, plus an additional amount as is necessary for applicable income taxes related to the payment. For the three years ended December 31, 2003 his average annual compensation, as defined by the employment agreement, was approximately $867,000.

NOTE RECEIVABLE FROM PRINCIPAL STOCKHOLDER

Through March 31, 2002, we had a loan due from Edward K. Christian. The loan bore interest at a rate per annum equal to the lowest rate necessary to avoid the imputation of income for federal income tax purposes. As part of a five year employment agreement with the principal stockholder, we forgave 20% of the note balance ratably over five years, and paid him an amount in cash equal to such amount as was necessary to enable the principal stockholder to pay all related federal and state income tax liabilities. This agreement expired March 31, 2002. We recorded compensation expense of approximately $74,000 in 2002 and $287,000 in 2001, relative to the debt forgiveness.

LOAN TO PRINCIPAL STOCKHOLDER AND TRANSACTIONS WITH AFFILIATE

In May 1999 we lent $125,000 to Edward K. Christian. The loan bore interest at 7% per annum. Principal and interest on the loan was repaid in two equal installments on May 5, 2000 and 2001. Mr. Christian loaned the proceeds of his loan to Surtsey, to finance the purchase of the assets of television station KVCT, Victoria, Texas. Under the FCC's ownership rules we are prohibited from owning or having an attributable or cognizable interest in this station. We operate KVCT under the terms of a TBA with Surtsey. Under the 16 year TBA, we paid Surtsey two lump sum payments of approximately $118,000 and $122,000 in 2001 and 2000, respectively. Additionally, we pay fees under the TBA of $2,000 per month, plus reimbursement of expenses actually incurred in operating the station. During 2002 we prepaid $50,000 for future payments due under the TBA. In January 2003 we prepaid $25,000 for future payments due under the TBA. These amounts were repaid in full in March, 2003.

OTHER RELATED PARTY TRANSACTIONS

A number of our radio and television stations have utilized the graphic design services of Surtsey, a multi-media company owned by Mr. Christian's daughter. For the years ended December 31, 2003, 2002 and 2001 we paid Surtsey $0, $45,000 and $112,000, respectively for such services which were primarily comprised of on-air graphics for news broadcasts for some of our television stations. Surtsey leases office space in a building owned by us, and paid us rent of approximately $33,000 during each of the years ended December 31, 2003, 2002 and 2001.

On March 7, 2003 we entered into an agreement of understanding with Surtsey, whereby we have guaranteed up to $1,250,000 of the debt incurred by Surtsey in closing on the acquisition of a construction permit for KFJX-TV station in Pittsburg, Kansas. At December 31, 2003 there was $1,060,000 outstanding under this agreement. We do not have any recourse provision in connection with our guarantee that would enable us to recover any amounts paid under the guarantee. Under FIN 45, all guarantees should be recorded at fair value. As a result, at December 31, 2003 we have recorded $1,060,000 in debt and $1,060,000 in intangible assets, primarily broadcast licenses. The station, a new full power Fox affiliate, went on the air for the first time on October 18, 2003. In consideration for our guarantee, Surtsey has entered into various agreements with us relating to the station, including a Shared Services Agreement, Technical Services Agreement, Agreement for the Sale of Commercial Time, Option Agreement and Broker Agreement. We pay fees under the agreements of $4,000 per month plus reimbursement of expenses actually incurred in operating the station. Under the FCC's ownership rules we are prohibited from owning or having an attributable or cognizable interest in this station.

12. COMMON STOCK

Dividends. Stockholders are entitled to receive such dividends as may be declared by our Board of Directors out of funds legally available for such purpose. However, no dividend may be declared or paid in cash or property on any share of any class of Common Stock unless simultaneously the same dividend is declared or paid on each share of the other class of common stock. In the case of any stock dividend, holders of Class A Common Stock are entitled to receive the same percentage dividend (payable in shares of Class A Common Stock) as the holders of Class B Common Stock receive (payable in shares of Class B Common Stock). The payment of dividends is prohibited by the terms of our bank loan agreement, without the banks' prior consent.

Voting Rights. Holders of shares of Common Stock vote as a single class on all matters submitted to a vote of the stockholders, with each share of Class A Common Stock entitled to one vote and each share of Class B Common Stock entitled to ten votes, except (i) in the election for directors, (ii) with respect to any "going private" transaction between the Company and the principal stockholder, and (iii) as otherwise provided by law.

In the election of directors, the holders of Class A Common Stock, voting as a separate class, are entitled to elect twenty-five percent, or two, of our directors. The holders of the Common Stock, voting as a single class with each share of Class A Common Stock entitled to one vote and each share of Class B Common Stock entitled to ten votes, are entitled to elect the remaining directors. The Board of Directors consisted of seven members at December 31, 2003. Holders of Common Stock are not entitled to cumulative votes in the election of directors.

The holders of the Common Stock vote as a single class with respect to any proposed "going private" transaction with the principal stockholder or an affiliate of the principal stockholder, with each share of each class of Common Stock entitled to one vote per share.

Under Delaware law, the affirmative vote of the holders of a majority of the outstanding shares of any class of common stock is required to approve, among other things, a change in the designations, preferences and limitations of the shares of such class of common stock.

Liquidation Rights. Upon our liquidation, dissolution, or winding-up, the holders of Class A Common Stock are entitled to share ratably with the holders of Class B Common Stock in accordance with the number of shares held in all assets available for distribution after payment in full of creditors.

Other Provisions. Each share of Class B Common Stock is convertible, at the option of its holder, into one share of Class A Common Stock at any time. One share of Class B Common Stock converts automatically into one share of Class A Common Stock upon its sale or other transfer to a party unaffiliated with the principal stockholder or, in the event of a transfer to an affiliated party, upon the death of the transferor.

13. COMMITMENTS AND CONTINGENCIES

LEASES

We lease certain land, buildings and equipment under noncancellable operating leases. Rent expense for the year ended December 31, 2003 was $1,564,000 ($1,476,000 and $1,462,000 for the years ended December 31, 2002 and 2001, respectively). Minimum annual rental commitments under noncancellable operating leases consisted of the following at December 31, 2003 (in thousands):

2004	$1,368
2005	954
2006	790
2007	615
2008	477
Thereafter	3,259
	$7,463

BROADCAST PROGRAM RIGHTS

We have entered into contracts for broadcast program rights that expire at various dates during the next five years. The aggregate minimum payments relating to these commitments consisted of the following at December 31, 2003 (in thousands):

2004	$ 448
2005	350
2006	188
2007	32
2008	11
Thereafter	--
	1,029
Amounts due within one year (included in accounts payable)	448
	$ 581

ACQUISITIONS

On December 22, 2003, we entered into an agreement to acquire three FM radio stations (WRSI-FM, WPVQ-FM and WRSY-FM), serving the Springfield, Massachusetts, Greenfield, Massachusetts and Brattleboro, Vermont markets, respectively, for approximately $7,000,000. This transaction, which is subject to the approval of the FCC, is expected to close during the second quarter 2004.

CONTINGENCIES

In 2003 in connection with our acquisition of an FM radio station (WINQ-FM) in the Winchendon, Massachusetts market for approximately $290,000 we entered into an agreement whereby we would pay the seller an additional $500,000 if within five years of closing we obtain approval from the FCC for a city of license change.

In 2003 in connection with our acquisition of two FM radio stations (WJZA-FM Lancaster, Ohio and WJZK-FM Richwood, Ohio) serving the Columbus, Ohio market for approximately $13,242,000 including approximately $1,063,000 of our Class A common stock, we entered into an agreement whereby we would pay the seller up to an additional $2,000,000 if we obtain approval from the FCC for a city of license change.

14. SEGMENT INFORMATION

We evaluate the operating performance of our markets individually. For purposes of business segment reporting, we have aligned operations with similar characteristics into two business segments: Radio and Television.

The Radio segment includes twenty-one markets, which includes all seventy-six of our radio stations and three radio information networks. The Television segment includes three markets and consists of five television stations and three low power television ("LPTV") stations. The Radio and Television segments derive their revenue from the sale of commercial broadcast inventory. The category "Corporate and Other" represents the income and expense not allocated to reportable segments.

YEAR ENDED DECEMBER 31, 2003:	RADIO	TELEVISION	CORPORATE AND OTHER	CONSOLIDATED
Net operating revenue	$109,065	$12,232	$ --	$121,297
Station operating expense	69,685	9,595	--	79,280
Corporate general and administrative	--	--	6,450	6,450
Depreciation	4,785	1,560	199	6,544
Amortization	444	14	--	458
Operating income (loss)	$ 34,151	$ 1,063	$(6,649)	$ 28,565
Total assets at December 31, 2003	$215,135	$29,906	$17,302	$262,343
Capital additions	$ 4,403	$ 3,583	$ 132	$ 8,118

YEAR ENDED DECEMBER 31, 2002:	RADIO	TELEVISION	CORPORATE AND OTHER	CONSOLIDATED
Net operating revenue	$102,372	$12,410	$ --	$114,782
Station operating expense	64,134	9,216	--	73,350
Corporate general and administrative	--	--	6,022	6,022
Depreciation	4,401	1,432	201	6,034
Amortization	475	24	--	499
Operating income (loss)	$ 33,362	$ 1,738	$(6,223)	$ 28,877
Total assets at December 31, 2002	$188,940	$26,167	$11,215	$226,322
Capital additions	$ 6,114	$ 1,331	$ 114	$ 7,559

YEAR ENDED DECEMBER 31, 2001:	RADIO	TELEVISION	CORPORATE AND OTHER	CONSOLIDATED
Net operating revenue	$ 93,094	$10,862	$ --	$103,956
Station operating expense	58,317	8,323	--	66,640
Corporate general and administrative	--	--	5,421	5,421
Depreciation	3,961	1,630	172	5,763
Amortization	3,580	391	376	4,347
Operating income (loss)	$ 27,236	$ 518	$(5,969)	$ 21,785
Total assets at December 31, 2001	$159,694	$26,234	$16,793	$202,721
Capital additions	$ 6,521	$ 1,476	$ 482	$ 8,479

15. SUBSEQUENT EVENTS

On January 20, 2004 our Class A Common Stock began trading on the New York Stock Exchange ("NYSE") under the ticker symbol "SGA". Previously, our Class A Common Stock was traded on the American Stock Exchange ("AMEX") under the ticker symbol "SGA".

On January 21, 2004 we entered into an agreement to acquire one FM radio station (WOXL-FM) and one AM radio station (WISE-AM), both serving the Asheville, North Carolina market, for approximately $10,000,000. We are currently providing programming to WISE-AM under a Time Brokerage Agreement ("TBA") and to WOXL-FM under a Sub-Time Brokerage Agreement. This transaction is subject to the approval of the FCC, which has been contested; however, we expect to get approval and close on the acquisition during the fourth quarter 2004.

On March 1, 2004, we acquired the Minnesota News Network and Minnesota Farm Network for approximately $3,250,000.

16. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

	MARCH 31,		JUNE 30,		SEPTEMBER 30,		DECEMBER 31,	
	2003	2002	2003	2002	2003	2002	2003	2002
	(IN THOUSANDS, EXCEPT PER SHARE DATA)							
Net operating revenue	$26,141	$23,928	$31,790	$29,763	$30,433	$29,783	$32,933	$31,308
Operating expenses:								
Programming and technical	7,174	6,401	7,029	6,363	7,276	6,753	7,590	7,215
Selling	6,452	5,872	8,349	8,008	6,901	6,620	8,458	7,946
Station general and administrative	5,187	4,360	5,119	4,493	4,661	4,495	5,084	4,824
Corporate general and administrative	1,245	1,292	1,896	1,542	1,794	1,511	1,515	1,677
Depreciation	1,719	1,441	1,671	1,534	1,562	1,523	1,592	1,536
Amortization	90	125	120	125	120	125	128	124
Operating income	4,274	4,437	7,606	7,698	8,119	8,756	8,566	7,986
Other expenses:								
Interest expense	1,535	1,341	1,157	1,367	1,081	1,344	1,006	1,435
Other	(8)	(7)	(357)	10	1,215	(150)	281	306
Income before income tax	2,747	3,103	6,806	6,321	5,823	7,562	7,279	6,245
Income tax provision	1,098	1,303	2,577	2,656	2,356	3,176	2,740	2,141
Net income	$ 1,649	$ 1,800	$ 4,229	$ 3,665	$ 3,467	$ 4,386	$ 4,539	$ 4,104
Basic earnings per share	$ .08	$ .09	$ .20	$ .18	$ .17	$ .21	$ .22	

$ .20 ======= =======
======= ======= =======
======= ======= =======
Weighted average common
shares......................
20,805 20,516 20,815 20,585
20,810 20,667 20,839 20,753
======= ======= =======
======= ======= =======
======= ======= Diluted
earnings per share.... $
.08 $ .09 $ .20 $ .17 $ .16
$ .21 $ .21 $ .19 =======
======= ======= =======
======= ======= =======
======= Weighted average
common and common
equivalent shares....
21,264 21,044 21,354 21,250
21,292 21,016 21,293 21,270
======= ======= =======
======= ======= =======
======= =======

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 15, 2004.

SAGA COMMUNICATIONS, INC.

By: /s/ EDWARD K. CHRISTIAN

Edward K. Christian
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 15, 2004.

SIGNATURES

/s/ EDWARD K. CHRISTIAN President, Chief Executive Officer, and -- Chairman of the Board Edward K. Christian /s/ SAMUEL D. BUSH Vice President, Chief Financial Officer -- and Treasurer Samuel D. Bush /s/ CATHERINE A. BOBINSKI Vice President, Corporate Controller -- and Chief Accounting Officer Catherine A. Bobinski /s/ KRISTIN M. ALLEN Director --- Kristin M. Allen /s/ DONALD J. ALT

Director -

Donald J.
Alt /s/
BRIAN W.
BRADY
Director -

Brian W.
Brady /s/
JONATHAN
FIRESTONE
Director -

Jonathan
Firestone
/s/ ROBERT
J. MACCINI
Director -

Robert J.
Maccini
/s/ GARY
STEVENS
Director -

Gary
Stevens

EXHIBIT INDEX

EXHIBIT NO. DESCRIPTION - - ---------- ---- ------- 3(a) 10 Second Restated Certificate of Incorporation, restated as of December 12, 2003. 3(b) * Bylaws, as amended March 12, 2004. 4(a) 1 Plan of Reorganization. 4(b) 6 Credit Agreement dated as of March 28, 2001 between the Company and Fleet National Bank, as Agent for the lenders and The Bank of New York, as syndication agent. 4(c) 9 Credit Agreement dated as of July 29, 2003 between the Company and Union Bank of California, as Syndication Agent, Fleet National Bank as Documentation Agent and The Bank of New York as Administrative Agent. 10(a) 7 Employment Agreement of Edward K. Christian dated as of April 1, 2002. + 10(b) 3 Saga Communications, Inc. 1992 Stock Option Plan, as amended. + 10(c) 1 Summary of Executive Insured Medical Reimbursement Plan. + 10(d) 2 Saga Communications, Inc. 1997 Non-Employee Director Stock Option Plan. + 10(e)(1) 1 Promissory Note of Edward K. Christian dated December 10, 1992. 10(e)(2) 4 Amendment to Promissory Note of Edward K. Christian dated December 8, 1998. 10(e)(3) 5 Loan Agreement and Promissory Note

of Edward K. Christian dated May 5, 1999.
10(f) 8 Saga Communications, Inc. 2003 Employee Stock Option Plan. +
21 * Subsidiaries.
23.1 * Consent of Ernst & Young LLP.
31(a) * Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b) * Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32 * Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 and Rule 13-14(b) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- ---------------

+ Denotes executive compensation plan or arrangement.

* Filed herewith.

1 Exhibit filed with the Company's Registration Statement on Form S-1 (File No. 33-47238) incorporated by reference herein.

2 Exhibit filed with the Company's Form 10-Q for the quarter ended June 30, 1997 incorporated by reference herein.

3 Exhibit filed with the Company's Form 10-K for the year ended December 31, 1997 incorporated by reference herein.

4 Exhibit filed with the Company's Form 10-K for the year ended December 31, 1998 incorporated by reference herein.

5 Exhibit filed with the Company's Form 10-K for the year ended December 31,

1999 incorporated by reference herein.

6 Exhibit filed with the Company's Form 10-K for the year ended December 31, 2000 incorporated by reference herein.

7 Exhibit filed with the Company's Form 10-K for the year ended December 31, 2001 incorporated by reference herein.

8 Exhibit filed with the Company's Registration Statement on Form S-8 (File No. 333-107686) incorporated by reference herein.

9 Exhibit filed with the Company's Form 10-Q for the quarter ended June 30, 2003 incorporated by reference herein.

10 Exhibit filed with the Company's Registration Statement on Form 8-A (File No. 001-11588) incorporated by reference herein.

EXHIBIT 3(b)

SAGA COMMUNICATIONS, INC.
BY-LAWS

.
.
.

TABLE OF CONTENTS

SAGA COMMUNICATIONS, INC.

BY-LAWS

ARTICLE 1
OFFICES

Section 1.01. Registered Office and Agent. The registered office the Corporation in the State of Delaware shall be at 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle. The name of the registered agent in charge thereof shall be Corporation Service Company. The registered office and registered agent of the Corporation may be changed from time to time by the Board of Directors as provided in Section 133 of the Delaware General Corporation Law, as from time to time amended.

Section 1.02. Other Offices. The Corporation may also have an office at such other place or places either within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation require.

ARTICLE 2
MEETINGS OF STOCKHOLDERS

Section 2.01. Place of Meetings. All meetings of the stockholders of the Corporation shall be held at such place either within or without the State of Delaware as shall be fixed by the Board of Directors and specified in the respective notices or waivers of notice of said meetings.

Section 2.02. Annual Meetings. The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may come before the meeting shall be held at the principal office of the Corporation in the State of Delaware, or such place as shall be fixed by the Board of Directors, at ten o'clock in the forenoon, local time, on the second Monday in May in each year, if not a legal holiday at the place where the meeting is to be held, and if a legal holiday, then on the next succeeding business day not a legal holiday at the same hour. In respect of the annual meeting for any particular year the Board of Directors may, by resolution fix a different day, time or place (either within or without the State of Delaware) for the annual meeting. If the election of directors shall not be held on the day designated herein or the day fixed by the Board, as the case may be, for any annual meeting, or on the day of any adjourned session thereof, the Board of Directors shall cause the election to be held at a special meeting as soon thereafter as conveniently may be. At such special meeting the stockholders may elect the directors and transact other business with the same force and effect as at an annual meeting duly called and held.

Section 2.03. Special Meetings. A special meeting of the stockholders for any purpose or purposes may be called at any time by the President or Chairman or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors that the Corporation would have if there were no vacancies on the Board of Directors.

Section 2.04. Notice of Meetings. Except as otherwise required by statute, notice of each annual or special meeting of stockholders shall be given to each stockholder of record entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the day on which the meeting is to be held by delivering written notice thereof to him personally or by mailing such notice, postage prepaid, addressed to him at his post-office address last shown on the records of the Corporation or by transmitting notice thereof to him at such address by telegraph, cable or any other available method. Every such notice shall state the time and place of the meeting and, in the case of a special meeting, shall state briefly the purposes thereof. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy or who shall in person or by attorney thereunto authorized, waive such notice in writing or by telegraph, cable or any other available method either before or after such meeting. Notice of any adjourned meeting of the stockholders shall not be required to be given except when expressly required by law.

Section 2.05. Quorum. At each meeting of the stockholders, except as otherwise provided by statute, the Restated Certificate of Incorporation or these By-Laws, the holders of record of a majority of the issued and outstanding shares of stock of the Corporation entitled to vote at such meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the stockholders present in person or represented by proxy or, in the absence of any stockholders, any officer entitled to preside at, or act as secretary of, such meeting, shall have the power to adjourn the meeting from time to time, until the stockholders holding the requisite amount of stock shall be present or represented. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally called.

Section 2.06. Organization; Procedure.

(a) At every meeting of the stockholders, the presiding officer of the meeting shall be the Chairman of the Board, or, in the absence of a Chairman, the President, or in the absence of both the Chairman and the President, the presiding officer shall be a person designated by the Chairman prior to the meeting of stockholders. The presiding officer of a meeting of stockholders shall determine the order of business and the conduct of discussion at the meeting, and in the absence of the Secretary or any Assistant Secretary, shall appoint a person to act as recording secretary of the meeting.

(b) At any annual meeting of stockholders, only such business shall be conducted as shall have been brought before the meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who is entitled to vote with respect thereto and who complies with the notice procedures set forth in this Section 2.06(b). For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered or mailed to and received at the principal executive offices of the Corporation not less than ninety (90) days prior to the anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than twenty (20) days, or delayed by more than sixty (60) days from such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which notice of the date of the annual meeting was mailed or public announcement of the date of such meeting is first made. A stockholder's notice to the Secretary shall set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the stockholder who proposed such business, (iii) the class and number of shares of the Corporation's capital stock that are beneficially owned by such stockholder and (iv) any material interest of such stockholder in such business. Notwithstanding anything in these Bylaws to the contrary, no business shall be brought before or conducted at an annual meeting except in accordance with the provisions of this Section 2.06(b). The officer of the Corporation or other person presiding over the annual meeting shall, if the facts so warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2.06(b) and, if he should so determine, he shall so declare to the meeting and any such business so determined to be not properly brought before the meeting shall not be transacted.

(c) At any special meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting by or at the direction of the Board of Directors.

(d) Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at an annual meeting of stockholders at which directors are to be elected only (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.06(d). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made by timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered or mailed to and received at the principal executive offices of the Corporation not less than ninety (90) days prior to the date of the meeting; provided, however, that in the event that less than forty (40) days' notice of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed. Such stockholder's notice shall set forth (i) as to each person whom such stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (ii) as to the stockholder giving the notice: (x) the name and address, as they appear on the Corporation's books, of such stockholder and (y) the class and number of shares of the Corporation's capital stock that are beneficially owned by such stockholder. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 2.06(d). The officer of the Corporation or other person presiding at the meeting shall, if the facts so warrant, determine that a nomination was not made in accordance with such provisions and, if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

Section 2.07. Voting.

(a) Except as otherwise provided by law or by the Restated Certificate of Incorporation or these By-Laws, at every meeting of the stockholders each stockholder shall be entitled to one vote, in person or by proxy, for each share of capital stock of the Corporation registered in his names on the books of the Corporation:

(i) on the date fixed pursuant to Section 9.03 of theses By-Laws as the record date for the determination of stockholders entitled to vote at such meeting; or

(ii) if no such record date has been fixed, then the record date shall be at the close of business on the day next preceding the day on which notice of such meeting is given.

(b) No Alien or Aliens (as such term is defined in Article Nine of the Restated Certificate of Incorporation) shall be entitled to vote or otherwise direct or control the vote of more than twenty-five percent (25%) of (i) the capital stock of the Corporation entitled to vote at any time and from time to time, or (ii) the total voting power of all shares of capital stock of the Corporation outstanding and entitled to vote at any time and from time to time.

(c) Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. In the case of stock held jointly by two or more executors, administrators, guardians, conservators, trustees or other fiduciaries, such fiduciaries may designate in writing one or more of their number to represent such stock and vote the shares so held, unless there is a provision to the contrary in the instrument, if any, defining their powers and duties.

(d) Persons whose stock is pledged shall be entitled to vote thereon until such stock is transferred on the books of the Corporation to the pledgee, and thereafter only the pledgee shall be entitled to vote.

(e) Any stockholder entitled to vote may do so in person or by his proxy appointed by instrument in writing subscribed by such stockholder or by his attorney thereunto duly authorized, or by a telegram, cable or any other available method delivered to the secretary of the meeting; provided, however, that no proxy shall be voted after three years from its date, unless said proxy provides for a longer period.

(f) At all meetings of the stockholders, all matters (except where other provision is made by law or by the Certificate of Incorporation or by these By-Laws) shall be decided by the vote of a majority in interest of the stockholders entitled to vote thereon, present in person or by proxy, at such meeting, a quorum being present.

Section 2.08. Inspectors. The chairman of the meeting may at any time appoint one or more inspectors to serve at a meeting of the stockholders. Such inspectors shall decide upon the qualifications of voters, accept and count the votes for and against the questions presented, report the results of such votes, and subscribe and deliver to the secretary of the meeting a certificate stating the number of shares of stock issued and outstanding and entitled to vote thereon and the number of shares voted for and against the questions presented. The inspectors need not be stockholders of the Corporation, and any director or officer of the Corporation may be an inspector on any question other than a vote for or against his election to any position with the Corporation or on any other question in which he may be directly interested. Before acting as herein provided each inspector shall subscribe an oath faithfully to execute the duties of an inspector with strict impartiality and according to the best of his ability.

Section 2.09. List of Stockholders. It shall be the duty of the Secretary or other officer of the Corporation who shall have charge of its stock ledger to prepare and make, or cause to be prepared and made, at least ten days before every meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of stockholder. Such list shall be open during ordinary business hours to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten days prior to the election, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. Such list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. Upon the willful neglect or refusal of the directors to produce such list at any meeting for the election of directors they shall be ineligible for election to any office at such meeting. The stock ledger shall be conclusive evidence as to who are the stockholders entitled to examined the stock ledger and the list of stockholders required by this Section 2.09 on the books of the Corporation or to vote in person or by proxy at any meeting of stockholders.

ARTICLE 3.
BOARD OF DIRECTORS

Section 3.01. General Powers. The business, property and affairs of the Corporation shall be managed by the Board of Directors.

Section 3.02. Number, Qualifications and Term of Office. The number of directors of the Corporation which shall constitute the whole Board of Directors shall be such number, not less than four (4) as from time to time shall be fixed by the Board of Directors. A director need not be a stockholder. Each director shall hold office until the annual meeting of the stockholders next following his election and until his successor shall have been duly elected and shall qualify, or until his death, or until he shall resign, or until he shall have been removed in the manner hereinafter provided.

Section 3.03. Election of Directors. Except as otherwise provided by the Restated Certificate of Incorporation, at each annual meeting of the stockholders for the election of directors at which a quorum is present, the persons, not exceeding the authorized number of directors, receiving the greatest number of votes of the stockholders entitled to vote thereon, present in person or by proxy, shall be the directors. In the case of any increase in the number of directors, the additional director or directors may be elected either at the meeting of the Board of Directors or of the stockholders at which such increase is voted, or at any subsequent annual, regular or special meeting of the Board of Directors or stockholders.

Section 3.04. Quorum and Manner of Acting. Except as otherwise provided by statute or by the Restated Certificate of Incorporation, a majority of the directors at the time in office shall constitute a quorum for the transaction of business at any meeting and the affirmative action of a majority of the directors present at any meeting at which a quorum is present shall be required for the taking of any action by the Board of Directors. In the event one or more of the directors shall be disqualified to vote at such meeting, then the required quorum shall be reduced by one for each such director so disqualified; provided, however, that in no event shall the quorum as adjusted be less than one third of the total number of directors. In the absence of a quorum at any meeting of the Board such meeting need not be held; or a majority of the directors present thereat or, if no director be present, the Secretary may adjourn such meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given.

Section 3.05. Offices, Place of Meeting and Records. The Board of Directors may hold meetings, have an office or offices and keep the books and records of the Corporation at such place or places within or without the State of Delaware as the Board may from time to time determine. The place of meeting shall be specified or fixed in the respective notice or waivers of notice thereof, except where otherwise provided by statute, by the Restated Certificate of Incorporation or these By-Laws.

Section 3.06. Annual Meeting. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable following each annual election of directors. Such meeting shall be called and held at the place and time specified in the notice or waiver of notice thereof as in the case of a special meeting of the Board of Directors.

Section 3.07. Regular Meetings. Regular meetings of the Board of Directors shall be held at such places and at such times as the Board shall from time to time by resolution determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at said place at the same hour on the next succeeding business day. Notice of regular meetings need not be given; provided, however, that if the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be mailed promptly, or sent by telegram, telex, facsimile or cable, to each director who shall not have been present at the meeting at which such action was taken, addressed to him at his usual place of business, or shall be delivered to him personally. Notice of such action need not be given to any director who attends the first regular meeting after such action is taken without protesting the lack of notice to him, prior to or at the commencement of such meeting, or to any director who submits a signed waiver of notice, whether before or after such meeting.

Section 3.08. Special Meetings; Notice. Special meetings of the Board of Directors shall be held whenever called by the President or the Chairman or by any two of the directors. Notice of each such meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least two days before the day on which the meeting is to be held, or shall be sent to him at his residence or at such place of business by telegraph, cable or other available means, or shall be delivered personally or by telephone, not later than one day before the day on which the meeting is to be held. Each such notice shall state the time and place of the meeting but need not state the purpose thereof except as otherwise expressly herein provided. Notice of any such meeting need not be given to any director, however if waived by him in writing or by telegraph, cable or other available means, or if he shall be present at such meeting.

Section 3.09. Organization. At each meeting of the Board of Directors the President or Chairmen or, in his or their absence, a director chosen by a majority of the directors present shall act as chairman. The Secretary or, in his absence an Assistant Secretary or, in the absence of the Secretary and all Assistant Secretaries, a person whom the chairman of such meeting shall appoint shall act as secretary of such meeting and keep the minutes thereof.

Section 3.10. Order of Business. At all meetings of the Board of Directors business shall be transacted in the order determined by the Board.

Section 3.11. Removal of Directors. Except as otherwise provided in the Certificate of Incorporation or in these By-Laws, any director may be removed, either with or without cause, at any time, by the affirmative vote of the holders of record of a majority of the issued and outstanding stock entitled to vote for the election of directors of the Corporation given at a special meeting of the stockholders called and held for the purpose; and the vacancy in the Board caused by any such removal may be filled by such stockholders at such meeting in the manner hereinafter provided or, if the stockholders at such meeting shall fail to fill such vacancy, as in these By-Laws provided.

Section 3.12. Resignation. Any director of the Corporation may resign at any time by delivering a written notice of his resignation to the Board of Directors, the President or Chairman, or the Secretary of the Corporation. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.13. Vacancies. Any vacancy in the Board of Directors caused by death, resignation, removal, disqualification, an increase in the number of directors, or any other cause may be filled by majority action of the remaining directors then in office, though less than a quorum, or by the stockholders of the Corporation at the next annual meeting or any special meeting called for the purpose, and each director so elected shall hold office until the next annual election of directors and until his successor shall be duly elected and qualified or until his death or until he shall resign or shall have been removed in the manner herein provided.

Section 3.14. Compensation. Each director, in consideration of his serving as such, shall be entitled to receive from the Corporation such amount per annum or such fees for attendance at directors' meetings, or both, as the Board of Directors shall from time to time determine, together with reimbursement for the reasonable expenses incurred by him in connection with the performance of his duties; provided that nothing herein contained shall be construed to preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving proper compensation therefore.

ARTICLE 4.
COMMITTEES

Section 4.01. Executive Committee. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, appoint an Executive Committee to consist of not less than two members of the Board of Directors, including the President or Chairman, and shall designate one of the members as its chairman. Notwithstanding any limitation on the size of the Executive Committee, the Committee may invite members of the Board to attend one at a time at its meetings. For the purpose of the meeting he so attends, the invited director shall be entitled to vote on matters considered at such meeting and shall receive the Executive Committee fee for such attendance. At any time one additional director may be invited to an Executive Committee meeting in addition to the rotational invitee and in such case such additional invitee shall also be entitled to vote on matters considered at such meeting and shall receive the Executive Committee fee for such attendance .

Each member of the Executive Committee shall hold office, so long as he shall remain a director, until the first meeting of the Board of Directors held after the next annual meeting of the Board of Directors held after the next annual election of directors and until his successor is duly appointed and qualified. The chairman of the Executive Committee or, in his absence, a member of the Committee chosen by a majority of the members present shall preside at meetings of the Executive Committee and the Secretary or an Assistant Secretary of the Corporation, or such other person as the Executive Committee shall from time to time determine, shall act as secretary of the Executive Committee.

The Board of Directors, by action of the majority of the whole Board, shall fill vacancies in the Executive Committee.

Section 4.02. Powers. During the intervals between the meetings of the Board of Directors, the Executive Committee shall have and may exercise all the powers of the Board of

Directors in all cases in which specific directions shall not have been given by the Board of Directors.

Section 4.03. Procedures; Meetings; Quorum. The Executive Committee shall fix its own rules of procedure subject to the approval of the Board of Directors, and shall meet at such times and at such place or places as may be provided by such rules. At every meeting of the Executive Committee the presence of a majority of all the members shall be necessary to constitute a quorum and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution. In the absence of a quorum at any meeting of the Executive Committee such meeting need not be held, or a majority of the members present thereat or, if no members be present, the secretary of the meeting may adjourn such meeting from time to time until a quorum be present.

Section 4.04. Compensation. Each member of the Executive Committee shall be entitled to receive from the Corporation such fee, if any, as shall be fixed by the Board of Directors, together with reimbursement for the reasonable expenses incurred by him in connection with the performance of his duties.

Section 4.05. Other Board Committees. The Board of Directors may from time to time, by resolution passed by a majority of the whole Board, designate one or more committees in addition to the Executive Committee, each committee to consist of two or more of the directors of the Corporation. Any such committee, to the extent provided in the resolution or in the By-Laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation.

A majority of all the members of any such committee may determine its action and fix the time and place of its meetings, unless the Board of Directors shall otherwise provide. The Board of Directors shall have power to change the members of any committee at any time, to fill vacancies and to discharge any such committee, either with or without cause, at any time.

Section 4.06. Alternates. The President or Chairmen may designate one or more directors as alternate members of any committee who may act in the place and stead of members who temporarily cannot attend any such meeting.

Section 4.07. Additional Committees. The Board of Directors may from time to time create such additional committees of directors, officers, employees or other persons designated by it (or any combination of such persons) for the purpose of advising the Board, the Executive Committee and the officers and employees of the Corporation in all such matters as the Board shall deem advisable and with such functions and duties as the Board shall by resolutions prescribe.

A majority of all the members of any such committee may determine its action and fix the time and place of its meetings, unless the Board of Directors shall otherwise provide. The Board of Directors shall have the power to change the members of any committee at any time, to fill vacancies and to discharge any such committee, either with or without cause, at any time.

ARTICLE 5.
ACTION BY CONSENT

Section 5.01. Consent by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if prior to such action a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the Board of such committee.

Section 5.02. Consent by Stockholders. Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting upon the written consent of the holders of shares of stock entitled to vote who hold the number of shares which in the aggregate are at least equal to the percentage of the total vote required by statute or the Certificate of Incorporation or these By-Laws for the proposed corporate action.

(a) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date (unless a record date has previously been fixed by the Board of Directors pursuant to the first sentence of this Section 5.02(a)). If no record date has been fixed by the Board of Directors pursuant to the first sentence of this Section 5.02(a) or otherwise within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or to any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

(b) In the event of the delivery, in the manner provided by Section 5.02(a), to the Corporation of the requisite written consent or consents to take corporate action and/or any related revocation or revocations, the Corporation shall engage independent inspectors of elections for the purpose of performing promptly a ministerial review of the validity of the consents and revocations. For the purpose of permitting the inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the independent inspectors certify to the Corporation that the consents delivered to the Corporation in accordance with Section 5.02(a) represent at least the minimum number of votes that would be necessary to take the corporate action. Nothing contained in this Section 5.02(b) shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any consent revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution, or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(c) Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated written consent received in accordance with Section 5.02(a), a written consent or consents signed by a sufficient number of holders to take such action are delivered to the Corporation in the manner prescribed in Section 5.02(a).

ARTICLE 6.
OFFICERS

Section 6.01. Number. The principal officers of the Corporation shall be a President, a Treasurer and a Secretary. In addition, there may be such other or subordinate officers, agents and employees as may be appointed in accordance with the provisions of Section 6.03. Any two or more offices may be held by the same person, except that the office of Secretary shall be held by a person other than the person holding the office of President.

Section 6.02. Election; Qualifications and Term of Office. Each officer of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 6.03, shall be elected annually by the Board of Directors and shall hold office until his successor shall have been duly elected and qualified, or until his death, or until he shall have resigned or shall have been removed in the manner herein provided. The President shall be and remain a director. No Alien shall be qualified to act as an officer of the Corporation.

Section 6.03. Other Officers. The Corporation may have such other officers, agents, and employees as the Board of Directors may deem necessary, including a Chairman, one or more Vice Presidents, a Controller, one or more Assistant Controllers, one or more Assistant Treasurers and one or more Assistant Secretaries, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors, any committee of the Board designated by it to so act, or the President or Chairman may from time to time determine. The Board of Directors may delegate to any principal officer the power to appoint or remove any such subordinate officers, agents or employees.

Section 6.04. Removal. Any officer may be removed, either with or without cause, by the vote of a majority of the whole Board of Directors or, except in the case of any officer elected by the Board of Directors, by any committee of officers upon whom the power of removal may be conferred by the Board of Directors.

Section 6.05. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, or the Chairman, the President or the Secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term in the manner prescribed in these By-Laws for regular election or appointment to such office.

Section 6.07. Chairman of the Board. The Chairman of the Board shall be a director and shall preside at all meetings of the Board of Directors and shareholders. Subject to determination by the Board of Directors, the Chairman shall have general executive powers and such specific powers and duties as from time to time may be conferred or assigned by the Board of Directors.

Section 6.08. President. Subject to definition by the Board of Directors, he shall have general executive powers and such specific powers and duties as from time to time may be conferred upon or assigned to him by the Board of Directors or any committee of the Board designated by it to so act, or by the President. In the absence of the Chairman, the President shall preside at all meetings of the stockholders.

Section 6.09. Vice President. Each Vice President shall have such powers and perform such duties as the Board of Directors or the Executive Committee may from time to time prescribe or as shall be assigned to him by the President.

Section 6.10. Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Corporation, and shall deposit all such funds to the credit of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these By-Laws; he shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the Executive Committee, making proper vouchers for such disbursements, and shall render to the Board of Directors or the stockholders, whenever the Board may require him so to do, a statement of all his transactions as Treasurer and of the financial condition of the Corporation; and, in general, he shall perform all the duties as from time to time may be assigned to him by the Board of Directors or any committee of the Board designated by it so to act, or by the President or Chairman.

Section 6.11. Secretary. The Secretary shall record or cause to be recorded in books provided for the purpose the minutes of the meetings of the stockholders, the Board of Directors, and all committees of which a secretary shall not have been appointed; shall see that all notices are duly given in accordance with the provisions of these By-Laws and as required by law; shall be custodian of all corporate records (other than financial) and of the seal of the Corporation and see that the seal is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; shall keep, or cause to be kept, the list of stockholders as required by Section 2.09, which include the post-office addresses of the stockholders and the number of shares held by them, respectively, and shall make or cause to be made, all proper changes therein, shall see that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned to him by the Board of Directors, the Executive Committee or the President.

Section 6.12. Salaries. The salaries of the principal officers of the Corporation shall be fixed from time to time by the Board of Directors or a special committee thereof, and none of such officers shall be prevented from receiving a salary by reason of the fact that he is a director of the corporation.

ARTICLE 7.
INDEMNIFICATION

Section 7.01. Indemnity. Each person who at any time is, or shall have been, a director or officer of the Corporation, and is threatened to be or is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is, or was, a director, officer, employee or agent of the Corporation, or is or has served at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding to the full extent permitted under, and in accordance with the procedures and limitations set forth in, Section 145(a) through (e) of the Delaware General Corporation Law, as from time to time amended. The foregoing right of indemnification shall in no way be exclusive of any other rights of indemnification to which such director, officer, employee or agent may be entitled, under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7.02. Procedure for Indemnification of Directors and Officers. Any indemnification of a director or officer of the Corporation under Section 7.01, or advance of costs, charges and expenses to a director or officer permitted by Section 7.01 of this Article, shall be made promptly, and in any event within thirty days, upon the written request of the director or officer. If a determination by the Corporation that the director or officer is entitled to indemnification pursuant to this Article is required, and the Corporation fails to respond within sixty (60) days to a written request for indemnity, the Corporation shall be deemed to have approved such request. If the Corporation denies a written request for indemnity or advancement of expenses, in whole or in part, or if payment in full pursuant to such request is not made within thirty (30) days, the right to indemnification or advances as granted by this Article shall be enforceable by the director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses where the required undertaking, if any, has been received by the Corporation) that the claimant has not met the standard of conduct set forth in the Delaware General Corporation Law, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 7.03. Survival; Preservation of Other Rights. The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer, employee and agent who serves in any such capacity at any time while these provision as well as the relevant provisions of the Delaware General Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent.

The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7.04. Insurance. The Corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms.

Section 7.05. Severability. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director or officer and may indemnify each employee or agent of the Corporation as to costs, charges and expenses (including attorneys fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE 8.
CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

Section 8.01. Execution of Contracts. Unless the Board of Directors shall otherwise determine, the President or Chairman, any Vice President, the Treasurer, the Secretary or any Assistant Secretary, may enter into any contract or execute any contract or other instrument, the execution of which is not otherwise specifically provided for, in the name and on behalf of the Corporation. The Board of Directors, or any committee designated thereby with power so to act, except as otherwise provided in these By-Laws, may authorize any other or additional officer or officers or agent or agents of the Corporation, and such authority may be general or confined to specific instances. Unless authorized so to do by these By-Laws or by the Board of Directors or by any such committee, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or to any amount.

Section 8.02. Loans. No loan shall be contracted on behalf of the Corporation, and no evidence of indebtedness shall be issued, endorsed or accepted in its name, unless authorized by the Board of Directors or Executive Committee or any committee of the Board designated by it so to act. Such authority may be general or confined to specific instances. When so authorized, the officer or officers thereunto authorized may effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes or other evidences of indebtedness of the Corporation, and, when authorized as aforesaid, as security for the payment of any and all loans, advances, indebtedness and liabilities of the Corporation, may mortgage, pledge, hypothecate or transfer any real or personal property at any time owned or held by the Corporation, and to that end execute instruments of mortgage or pledge or otherwise transfer such property.

Section 8.03. Checks, Drafts, etc. All checks, drafts, bills or exchange or other orders for the payment of money, obligations, notes, or other evidence of indebtedness, bills of lading, warehouse receipts and insurance certificates of the Corporation, shall be signed or endorsed by such officer or officers, agent or agents, attorney or attorneys, employee or employees, of the Corporation as shall from time to time be determined by resolution of the Board of Directors or Executive Committee or any committee of the Board designated by it so to act.

Section 8.04. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation is such banks, trust companies or other depositaries as the Board of Directors or Executive Committee or any committee of the Board designated by it so to act may from time to time designate, or as may be designated by any officer or officers or agent or agents of the Corporation to whom such power may be delegated by the Board of Directors or Executive Committee or any committee of the Board designated by it so to act and, for the purpose of such deposit and for the purposes of collection for the account of the Corporation may be endorsed, assigned and delivered by any officer, agent or employee of the Corporation or in such other manner as may from time to time be designated or determined by resolution of the Board of Directors or Executive Committee or any committee of the Board designated by it so to act.

Section 8.05. Proxies in Respect of Securities of Other Corporations. Unless otherwise provided by resolution adopted by the Board of Directors or Executive Committee or any committee of the Board designated by it to so act, the Chairman or President or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation, association or trust any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, association or trust, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation, association or trust, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE 9.
BOOKS AND RECORDS

Section 9.01. Place. The books and records of the Corporation may be kept at such places within or without the State of Delaware as the Board of Directors may from time to time determine. The stock record books and the blank stock certificate books shall be kept by the Secretary or by any other officer or agent designated by the board of Directors.

Section 9.02. Addresses of Stockholders. Each stockholder shall furnish to the Secretary of the Corporation or to the transfer agent of the Corporation an address at which notices of meetings and all other corporate notices may be served upon or mailed to him, and if any stockholder shall fail to designate such address, corporate notices may be served upon him by mail, postage prepaid, to him at his post-office address last known to the Secretary or to the transfer agent of the Corporation or by transmitting a notice thereof to him at such address by telegraph, cable or other available method.

Section 9.03. Record Dates. The Board of Directors may fix in advance a date, not exceeding fifty (50) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of any rights, or the date when any change or conversion or exchange of capital stock of the Corporation shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting or any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any change, conversion or exchange or capital stock of the Corporation, or to give such consent, and in each such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, or to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

Section 9.04. Audit of Books and Records. The books and accounts of the Corporation shall be audited at least once in each fiscal year by certified public accountants of good standing selected by the Board of Directors.

ARTICLE 10.
SHARES AND THEIR TRANSFER

Section 10.01. Certificates of Stock. Every owner of stock of the Corporation shall be entitled to have a certificate certifying the number of shares owned by him in the Corporation and designating the class of stock to which such shares belong, which shall otherwise be in such form as the Board of Directors shall prescribe. Every such certificate shall be signed by the Chairman, President or a Vice President, and the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of the Corporation; provided, however, that where such certificate is signed or countersigned by a transfer agent or registrar the signatures of such officers of the Corporation and the seal of the Corporation may be in facsimile form. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered by the Corporation as though the person or persons who signed such certificate or whose facsimile signature or signatures shall have been used thereof had not ceased to be such officer or officers of the Corporation.

Section 10.02. Certificates of Stock Issued to Aliens. Every owner of stock of the Corporation who is identified as an Alien (as defined in Article Nine of the Restated Certificate of Incorporation) shall receive that form of certificate designated as a "foreign share certificate." Each foreign share certificate shall certify the number of shares of stock owned in the Corporation by the Alien and shall designate the class of stock to which such shares belong, and shall otherwise be in such form as the Board of Directors shall prescribe. Every such certificate shall be signed by the Chairman, President or a Vice President, and the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of the Corporation; provided, however, that where such certificate is signed or countersigned by a transfer agent or registrar the signatures of such officers of the Corporation and the seal of the Corporation may be in facsimile form. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered by the Corporation as though the person or persons who signed such certificate or whose facsimile signature or signatures shall have been used thereof had not ceased to be such officer or officers of the Corporation.

Section 10.03. Legend. Every certificate of stock shall have a restriction noted conspicuously on the certificate and shall set forth on either the face or back of the certificate a legend informing the holder of the certificate that the shares of stock represented by the certificate shall not be transferred to any Alien if, as a result of such transfer, an Alien, either individually or in the aggregate, would hold in excess of twenty-five percent (25%) of the total number of outstanding shares of capital stock of the Corporation.

Section 10.04. Record. A record shall be kept of the name of the person, firm or corporation owning the stock represented by each certificate for stock of the Corporation issued, the number of shares represented by each such certificate, and the date thereof, and, in case of cancellation, the date of cancellation. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

Section 10.05. Transfer of Stock. Transfers of shares of the stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his attorney thereunto authorized, and on the surrender of the certificate or certificates for such shares properly endorsed.

Section 10.06. Transfer Agent and Registrar; Regulations. The Corporation shall, if and whenever the Board of Directors or Executive Committee shall so determine, maintain one or more transfer offices or agencies, each in charge of a transfer agent designated by the Board of Directors, where the shares of the capital stock of the Corporation shall be directly transferable, and also if and whenever the Board of Directors shall so determine, maintain one or more registry offices, each in charge of a registrar designated by the Board of Directors, where such shares of stock shall be registered. The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with these By-Laws, concerning the issue, transfer and registration of certificates for shares of the capital stock of the Corporation.

Section 10.07. Lost, Destroyed or Mutilated Certificates. In case of the alleged loss or destruction or the mutilation of a certificate representing capital stock of the Corporation, a new certificate may be issued in place thereof, in the manner and upon such terms as the Board of Directors may prescribe.

ARTICLE 11.
SEAL

The Board of Directors shall provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation.

ARTICLE 12.
FISCAL YEAR

The fiscal year of the Corporation shall commence on the first day of January, except as otherwise provided from time to time by the Board of Directors.

ARTICLE 13.
WAIVER OF NOTICE

Whenever any notice whatever is required to be given by statute, these By-Laws or the Restated Certificate of Incorporation, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE 14.
AMENDMENTS

These Bylaws may be amended, altered or repealed: (a) by resolution adopted by a majority of the total number of directors that the Corporation would have if there were no vacancies on the Board of Directors at any regular or special meeting of the Board if, in the case of a special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting; or (b) by the affirmative vote of the holders of at least 66-2/3% of the outstanding shares of stock of the Corporation entitled to vote on the election of directors at any annual meeting of the stockholders.

.
.
.
EXHIBIT 21

INFORMATION REGARDING SUBSIDIARIES OF THE REGISTRANT

Saga Communications, Inc. Subsidiaries

Name	Jurisdiction of Organization	Name Under Which Subsidiary does Business
Franklin Communications, Inc.	Delaware	Franklin Communications, Inc.
		Saga Communications of Arkansas, LLC
		Saga Communications of North Carolina, LLC
Lakefront Communications, LLC	Delaware	Lakefront Communications, LLC
		Saga Communications of Iowa, LLC
		Saga Communications of Milwaukee, LLC
		Saga Communications of Tuckessee, LLC
Saga Air, LLC	Delaware	Saga Air, LLC
Saga Broadcasting, LLC	Delaware	Franklin Communications, Inc.
		Lakefront Communications, LLC
		Saga Air, LLC
		Saga Broadcasting, LLC
		Saga Communications of South Dakota, LLC
		Tidewater Communications, LLC
Saga Communications of Arkansas, LLC	Delaware	Saga Communications of Arkansas, LLC
Saga Communications of Illinois, LLC	Delaware	Saga Communications of Illinois, LLC
Saga Communications of Iowa, LLC	Delaware	Saga Communications of Iowa, LLC
Saga Communications of Michigan, LLC	Delaware	Saga Communications of Michigan, LLC
Saga Communications of Milwaukee, LLC	Delaware	Saga Communications of Milwaukee, LLC
Saga Communications of New England, LLC	Delaware	Saga Communications of New England, LLC
		Saga Communications of New Hampshire, LLC
Saga Communications of New Hampshire, LLC	Delaware	Saga Communications of New Hampshire, LLC
Saga Communications of North Carolina, LLC	Delaware	Saga Communications of North Carolina, LLC
Saga Communications of South Dakota, LLC	Delaware	Saga Communications of South Dakota, LLC
Saga Communications of Tuckessee, LLC	Delaware	Saga Communications of Tuckessee, LLC
Saga Quad States Communications, LLC	Delaware	Saga Quad States Communications, LLC
Tidewater Communications, LLC	Delaware	Tidewater Communications, LLC

Exhibit 23.1 - Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-59424, 33-79366 and 333-51837) pertaining to the Saga Communications, Inc. 1992 Stock Option Plan, the Registration Statement (Form S-8 No. 333-28611) pertaining to the Saga Communications, Inc. 1997 Non-Employee Director Stock Option Plan, the Registration Statement (Form S-8 No. 333-63321) pertaining to the Saga Communications, Inc. Employee 401(k) Savings and Investment Plan, the Registration Statement (Form S-8 No. 333-85535) pertaining to the Saga Communications, Inc. Employee Stock Purchase Plan and the Registration Statement (Form S-8 No. 333-107686) pertaining to the Saga Communications, Inc. 2003 Employee Stock Option Plan of our report dated February 27, 2004 with respect to the consolidated financial statements of Saga Communications, Inc. included in the Annual Report (Form 10-K) for the year ended December 31, 2003.

/s/ Ernst & Young LLP

Ernst & Young LLP

Detroit, Michigan
March 10, 2004

EXHIBIT 31(A)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward K. Christian, Chief Executive Officer of Saga Communications, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Saga Communications, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 15, 2004

/s/ Edward K. Christian

Chief Executive Officer

EXHIBIT 31(B)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Samuel D. Bush, Chief Financial Officer of Saga Communications, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Saga Communications, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 15, 2004

/s/ Samuel D. Bush

Chief Financial Officer

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AND RULE 13-14(B) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Saga Communications, Inc. (the "Company") on Form 10-K for the period ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Edward K. Christian, Chief Executive Officer of the Company, and Samuel D. Bush, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: March 15, 2004

/s/ Edward K. Christian

Chief Executive Officer

Dated: March 15, 2004

/s/ Samuel D. Bush

Chief Financial Officer