MC Alcamo & Co

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For Immediate Release

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M.C. Alcamo & Co., Inc. Advises Potential Sellers to Plan for Tax Effect of Year-end M&A Transactions

Investment Bank Notes Capital Gain Rate to Increase by 33% in 2011; Owners Should Proactively Review Transaction Planning

New York, N.Y., February 4, 2010 – Media investment bank M.C. Alcamo & Co., Inc. today advised clients and interested parties considering an asset or business sale to include 2010 and 2011 tax planning in their analysis.

Sellers will be affected by the expiration of the "Bush tax cuts," scheduled to occur December 31, 2010. In 2011, absent any other Congressional action, capital gains and dividends will be taxed at 20%, up from 15%, for earners in higher income brackets. Moreover, in 2011, the top federal rate on ordinary income will rise to 39.6% from 35% currently. (Capital gain and income taxes may also be imposed at the state level).

Michael Alcamo, the firm's President, noted, "The effect of these tax increases is to make it relatively less appealing to earn income in 2011, and relatively less appealing to sell a business in January 2011 and afterward, compared with 2010. For a deal that closes in January 2011, sellers could be receiving 5% less purchase price, as compared with a deal that closes one month earlier, in December 2010."

Alcamo said that proactive transaction planning can help sellers achieve optimal after-tax proceeds, and also maximize certainty and confidence for both buyer and seller. First, he noted, "owners considering a sale should probably consider approaching the market in the spring and summer, rather than waiting until the fall. Secondly, audited financial statements are not available until after a year-end, and so a transaction structure can include a closing and funding prior to year-end, based on an agreed estimate of valuation. Then, to achieve certainty with respect to actual financial performance, the buyer and seller can agree to a 'true-up calculation,' within 90 days."

Alcamo noted, "We are encouraging our clients to consult their personal and corporate tax advisers and legal counsel, to determine the ways these tax changes will specifically affect their own individual circumstances."

(continued)

About M.C. Alcamo & Co., Inc.

M.C. Alcamo & Co., Inc. is a New York-based investment banking firm specializing in mergers and acquisitions, workouts and restructuring, and private equity transactions. The firm serves diverse industries, including television broadcasting and business and consumer media, and advises numerous owners of broadcast assets, business newsletters, business publications, and consumer media assets in strategic sale transactions.

In January 2009, the firm's research group forecasted the end of the recession for June 2009. In October, the firm evaluated the 2002 recovery and noted a "Recovery Multiplier" effect for broadcast media growth amounting to 2x GDP growth, and thus forecast growth in broadcast media of 6.0% for 2010. Please see www.mcalcamo.com.

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M.C. ALCAMO & CO., INC.

CLIENT ALERT

From: Michael C. Alcamo
To: Clients and Interested Parties
Re: Certain tax changes, scheduled to be effective December 31, 2010, and which are relevant to mergers and acquisitions transactions
Date: February 4, 2010

We are writing to update you about certain tax changes scheduled to occur December 31, 2010, which relate to the taxes imposed on the proceeds from the sale of a business owned by individuals, either directly or through a "C-" or "S-corporation." This note will summarize that change, and we encourage clients to contact their tax and legal advisers to determine ways that the changes may affect you specifically.

Sellers will be affected by the expiration of the "Bush tax cuts," scheduled to occur December 31, 2010. In 2011, absent any other Congressional action, capital gains and dividends will be taxed at 20%, up from 15%, for earners in higher income brackets. Moreover, in 2011, the top federal rate on ordinary income will rise to 39.6% from 35% currently. (Note: capital gain and ordinary income may also be taxed at the state level).

President Obama's proposed budget incorporates the rate increase, and, given current concerns over the federal budget deficit, it is unlikely the lower rate structure will be continued. Taxpayers should expect the higher rate structure to apply in 2011.

Note as well that under accounting and tax rules, purchase price amounts that are attributed to accounts receivable or to inventory are taxed at the relevant ordinary income tax rate. In 2011, the federal top rate will be 39.6%.

Additionally, certain states also impose a state capital gain and income taxes. Notable exceptions include New Hampshire, Florida and Nevada. You should consult your own tax and legal advisors to determine tax considerations that may be relevant to you and your business individually.

With kind regards,

M.C. Alcamo & Co., Inc.

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Mergers and Acquisitions for the Communications Industry

M.C. Alcamo & Co., Inc.

Illustration --

a transaction closing in January 2011, vs.
the same transaction closing in December 2010

	transaction A December 10, 2010	transaction B January 10, 2011
purchase price	10,000,000	10,000,000
basis, for example	2,000,000	2,000,000
gain over basis	8,000,000	8,000,000
federal cap gain rate	15%	20%
state, local cap gain rate	11%	11%
combined tax rate	26%	31%
taxes paid	2,080,000	2,480,000
after-tax proceeds to seller	7,920,000	7,520,000
increase in proceeds, $		400,000
increase in proceeds to the seller, %		5.32%