

Proud fm

106.5 & 96.3

An application to Ofcom for the
Independent Local Radio Licence
covering Preston, Leyland and Chorley

7th September 2006

EXECUTIVE SUMMARY

Proud FM has been specifically designed to fulfill the unmet local commercial radio needs of a broad range of listeners in Preston, Leyland and Chorley.

Unlike any existing radio service in the area, Proud FM will bring real music variety to the airwaves, presented in a mature, entertaining fashion, with a truly local community feel that will allow our listeners to take ownership of their new local radio station.

The Proud FM proposition is uniquely placed to serve this local area, and clearly meets each of the statutory criteria as set out in Section 105 of the Broadcasting Act 1990.

(a) Ability to establish and maintain the proposed service:

- Proud FM has the financial backing of UTV plc, a well capitalised listed public company.
- The station's Board of Directors has the integrity, local knowledge, contacts and strategic radio insight that will be essential in establishing the station, and taking it to commercial success.
- Proud FM will benefit from the full suite of centralised resources of one of the leading commercial radio groups in the UK and Ireland.
- The proximity of Preston to our existing ILR stations in Blackpool, Wigan, Warrington, Liverpool, Stockport and Bolton, opens up the opportunity for UTV Radio to organically create a stronger presence in the North West; an area we know well, and wish to continue to serve well.
- Furthermore, the fact that this licence fills a clear geographical gap in UTV's North West cluster presents UTV Radio with a compelling regional macro sales opportunity into which Proud FM would be incorporated. This additional potential revenue stream further strengthens the commercial sustainability of our proposition.
- UTV Radio has a clear ability to establish new services, demonstrated by the launches of two new large-scale radio stations in Belfast and Edinburgh. Proud FM will clearly benefit from this experience in terms of speed and efficiency to launch.
- Preston is an attractive market and the powerhouse of the Central Lancashire economy. The projected economic development of England's newest city, plus the substantial regeneration projects being undertaken further strengthens the financial attractiveness of this licence. As a consequence, we are entirely convinced Proud FM will be sustainable over the entire licence period, and beyond.

(b) Catering for the tastes and interests of listeners:

- Our research revealed that current ILR services in the area were perceived as offering a narrow, repetitive music mix, with very limited local news, and little or no local community information.
- Proud FM will change this, and cater for local tastes and interests, through its commitment to provide:
 - True music variety through a broader, less repetitive mix of adult-focused songs.
 - Mature, entertaining presentation by DJ's who are as passionate and knowledgeable about the area as they are about the music.
 - More local, high quality news and information that really gets under the skin of our patch.

(c) Broadening choice:

- Proud FM will significantly broaden commercial radio choice by delivering a distinctive music format plus locally relevant news and information.
- "The Proud FM difference" includes:
 - An unremitting focus on the local Preston, Leyland and Chorley area
 - Less DJ waffle and more intelligent presentation
 - A much wider mix of music than is currently available anywhere on the dial
 - A commitment to less song repetition
 - Broad listener appeal

(d) Evidence of demand and support:

- As part of this application, Proud FM undertook a comprehensive programme of research to shape its format so that it caters for local tastes and interests, broadens commercial radio choice, and is commercially viable.
- This research programme culminated in a consumer research study that revealed that six out of ten adults within the area would be either very likely or quite likely to listen to Proud FM.
- In addition to our formal research programme, Proud FM received overwhelming support from a significant number of key opinion formers and business leaders in the area. A number of these expressions of support are set out later in this application.

GENERAL INFORMATION

(a) Name of Applicant, Address, Telephone and Fax Nos., E-mail address

This must be a single legal entity: either a body corporate or a named individual person. If the former, a copy of the certificate of incorporation must be included with the application.

Proud FM Limited
9-10 Eastway Business Village
Olivers Place
Fulwood
Preston
PR2 9WT
Telephone: 07831 677965
Email: info@proud.fm

(b) Main Contact (For Public Purposes)

Please nominate at least one individual to deal with any press or public enquiries, stating:

Name: John Barnett
Telephone (daytime): 07831 677965
Address: 9-10 Eastway Business Village
Olivers Place
Fulwood
Preston
PR2 9WT
E-mail address: info@proud.fm

(c) Proposed Station Name (if decided)

Proud FM

SECTION 105(A): ABILITY TO MAINTAIN PROPOSED SERVICE

1. Ownership and control of company that will operate the licence

(a) Board of Directors

(i) Provide the name, occupation, other directorships, other media interests, background and relevant media experience of each director (executive and non-executive), including the proposed chairperson.

CHAIRMAN

Name: John Barnett, MBE DL

Occupation: Chairman, Stardream group of companies

Other directorships:

- Radio Wave (Blackpool) limited
- Lancashire Partnership Against Crime Limited
- Blackpool Challenge Partnership Limited

Other media interests:

None

Background and relevant media experience:

Born and raised in Lancashire, John began his entrepreneurial career in 1977 through the foundation of the successful Stardream group, supplying sound and lighting equipment to nightclubs and bars, together with party and promotional goods and entertainment consultancy services.

In the late 1980's John lobbied the radio industry regulator for a distinct ILR licence to cover Blackpool and the Fylde and, against stiff competition, was awarded the licence in 1992. In the first year of Radio Wave – and under John's directorship – the station won a Sony Gold Award and was commended in the Local Station of the Year category.

John is heavily involved in the Lancashire community. In 1988 he was awarded a Silver Salver in recognition of his outstanding contribution to the Blackpool Town Centre Forum. He is a member of the North West Advisory Board for the Princess Royal Trust for Carers, whose Northern office is based in Chorley. Through Radio Wave he also helped raise more than £1.5million for the Blackpool Victoria Hospital MRI Scanner Appeal and more than £2.4 million for the Macmillan Windmill Appeal.

John was honoured by Her Majesty The Queen with the MBE for services to radio broadcasting in 2000, and was elevated to Deputy Lieutenant of Lancashire in 2005.

John brings his unique radio insight, local community perspective and entrepreneurial flare to the Proud FM bid. Over the years John has demonstrated an unrivalled integrity and commitment to the development of the Lancashire region. This plus his track record of building highly successful local radio stations from the ground up, which truly serve their local communities, makes John a critical part of Proud FM's success.

DIRECTOR

Name: Paul Jordan

Occupation: Radio Consultant and Voice Artist

Other directorships:

None

Other media interests:

None

Background and relevant media experience:

Paul has 24 years experience in the radio industry, much of which has been in Preston and the North West. He is one of the few people who has reached the top of the radio management ladder and also knows what it is like behind the 'mic'.

Paul was a breakfast show presenter for eight years (on Radio City in Liverpool and Rock FM). He also spent eighteen months on Radio 1 and was a regular on Top of the Pops.

Paul took up his first management position at Rock FM in 1992 as Head of Presentation responsible for the presenters and output of the station and within a year Rock FM went from 5th to 1st in the marketplace.

In 1996 he came off air and became Programme Director of Rock FM/Magic 999 and two years later went to Radio City to run programmes there. During this time Paul won many industry awards – CRCA Station of the Year, Sony Gold for Live in the Car and silver for Dash For Cash. Over the years there have been many more wins and nominations.

In 2000 Paul returned 'home' to Rock FM/Magic 999 as Managing Director where he would stay for over six years. During this time with ever increasing competition Rock FM had some barnstorming years where local revenue reached £2.7 million and audiences hit 5 million hours.

In terms of community involvement, Paul was the initiator of, and the driving force behind, the station charity Help A Local Child, which from humble beginnings now grants around £200,000 a year to the local community. With the support of the Council, Paul also spearheaded and chaired the Lancashire Red Rose Awards, which brought together all the media players across Lancashire to recognise those who do great things across the Red Rose County. It is now into its third year and going strong.

After fourteen years Paul's roots are firmly planted in Lancashire. Given his unquestionable radio expertise, local knowledge and contacts, Paul's involvement with Proud FM will be of great benefit to the station.

DIRECTOR

Name: John McCann

Occupation: Group Chief Executive, UTV plc

Other directorships:

102.4 Wish FM Limited	Radio County Sound Ltd
1458 Big AM Limited	Radiowave (Blackpool) Limited
96.3 QFM Limited	Shawnee Ltd
Allied Radio Limited	Signal Radio Limited
Allied Radio Productions Limited	Soccerbet Limited
allTALK fm Limited	Swansea Sound Limited
allTALK fm North East Limited	Switch Digital (London) Ltd
allTALK fm Solent Limited	Switchdigital (Scotland) Limited
Anotherway	Talk 107 Edinburgh Limited
Bristol FM Limited	Talk Radio UK Limited
City Broadcasting Ltd	talkSPORT Limited
County Media Enterprises Ltd	The Digital Radio Group (London) Limited
County Media Ltd	The Wireless Group (IRLS) Ltd
DigitalSpace Ltd	The Wireless Group Holdings Ltd
Direct Net Access Ltd	The Wireless Radio Company Ltd
Emphurst Investments Ltd	Torbay 106.8 FM Limited
Emporia Ltd	Tower 107.4FM Limited
Fairtell Ltd	Tower FM Limited
Forever Broadcasting Digital Radio Limited	Town Centre Properties (Subsidiary) Limited
Forever Broadcasting Limited	Treaty Radio Ltd
Galactichalo Limited	Tullerstone Ltd
Grand Central Broadcasting Limited	TWG-Emap Digital (B&H) Ltd
Grand Opera House	TWG-Emap Digital Limited
Imagine FM Limited	TWG Impact Limited
Independent Radio Group Limited	TWG Payments Limited
ITV Network Limited	U105 Limited
Leahurst Investments Limited	UTV plc
Moyle Contractors Ltd (Dormant)	UTV Internet Ltd
New City Radio Limited	UTV Radio Limited
Newport FM Limited	UTV Radio (GB) Limited
Newstalk 105.2 FM Limited	Valley Radio Limited
Northern Ireland Film Commission	Wareselection Limited
Northern Bank Limited	Wave 102 FM Limited
Off The Telly Productions Limited	Wire FM (1997) Limited
Perfecttaste Limited	Wolverhampton Area Radio Ltd
Pulse F.M. Limited	Wyke FM Limited

Other media interests:

- Director of Northern Ireland Film and TV Commission
- Trustee of Grand Opera House Trust, Belfast

Background and relevant media experience:

John took over the leadership of Ulster Television in 1999 and has been responsible for the development of UTV into a multimedia group. A chartered accountant, he joined UTV in 1983 as Financial Controller and Company Secretary. He became General Manager in 1989 and was appointed to the Board in 1992.

John's strategy to develop UTV as a broad media player has primarily involved the acquisition of leading local radio stations in Ireland, the launch of the highly successful UTV Internet, and most recently the acquisition of The Wireless Group in the UK.

Under John's leadership UTV continues to drive forward, outperforming its peer groups in both audience and advertising revenue terms, and seeking out new opportunities to enhance and complement the group's existing business. John has successfully led the group into the radio business with strong success in both its Irish and UK operations.

John is a formidable media executive with the business and financial discipline to ensure the commercial success of Proud FM.

DIRECTOR

Name: Scott Taunton

Occupation: Managing Director, UTV Radio (GB) Limited

Other directorships:

102.4 Wish FM Limited	Swansea Sound Limited
1458 Big AM Limited	Switch Digital (London) Limited
96.3 QFM Limited	Switchdigital (Scotland) Limited
Allied Radio Limited	Talk 107 Edinburgh Limited
Allied Radio Productions Limited	Talk Radio UK Limited
allTALK fm Limited	talkSPORT Limited
allTALK fm North East Limited	The Digital Radio Group (London) Limited
allTALK fm Solent Limited	The Wireless Group (IRLS) Limited
Bristol FM Limited	The Wireless Group Holdings Limited
Bocom International Limited	The Wireless Radio Company Limited
First Radio Sales Limited	Torbay 106.8 FM Limited
Forever Broadcasting Digital Radio Limited	Tower 107.4FM Limited
Forever Broadcasting Limited	Tower FM Limited
Galactichalo Limited	Town Centre Properties (Subsidiary) Limited
Grand Central Broadcasting Limited	TWG Impact Limited
Imagine FM Limited	TWG-Emap Digital (B&H) Limited
Independent Radio Group Limited	TWG-Emap Digital Ltd
Leahurst Investments Limited	TWG Payments Limited
New City Radio Limited	U105 Limited
Newport FM Limited	UTV plc
Newstalk 105.2 FM Limited	UTV Internet Limited
Off The Telly Productions Limited	UTV Radio Limited
Perfecttaste Limited	UTV Radio (GB) Limited
Pulse F.M. Limited	Valley Radio Limited
Forever Broadcasting Limited	Wareselection Limited
Radiowave (Blackpool) Limited	Wave 102 FM Limited
Signal Radio Limited	Wire FM (1997) Limited
Somethin' Else Sound Directions Limited	Wolverhampton Area Radio Ltd
Soccerbet Limited	Wyke FM Limited

Other media interests:

None

Background and relevant media experience:

Scott, born in Australia, moved to Northern Ireland in 1995 and joined UTV in March 2000 when the group acquired DNA Internet where he was General Manager. He took on the role of Managing Director of UTV Internet and was responsible for introducing innovative broadband and telephony products, which saw UTV Internet become one of the largest service providers throughout Ireland.

In 2002, Scott took on the role of UTV Group Business Development Director, with specific responsibility for radio. UTV is one of the most successful radio groups in Ireland and Scott was responsible for the integration of Lite FM into the group in 2003 and its successful re-launch as Dublin's Q102. Scott is also responsible for overseeing the performance of Broadcast Media Sales, UTV's Irish radio sales house, and is on the board of First Radio Sales, the UK's fourth largest commercial radio sales point. Scott also played a key part in UTV's successful application for U105 in Belfast, which was successfully launched in November last year.

In June 2005 Scott took on the role of Chief Executive Officer of The Wireless Group (now renamed UTV Radio) following UTV's acquisition. He has turned around the fortunes of the group with GB radio revenues expected to show a 15% like-for-like improvement in the six months to 30 June 2006, compared to an anticipated 2% decline in the market. Scott was appointed to the UTV plc board in November 2005. His vast media experience will help the success of Proud FM and fulfil the group's strategic ambition to develop its network of truly great local radio stations in the UK.

DIRECTOR & SECRETARY

Name: Jim Downey

Occupation: Group Finance Director, UTV plc

Other directorships:

102.4 Wish FM Limited
1458 Big AM Limited
96.3 QFM Limited
Allied Radio Limited
Allied Radio Productions Limited
AllTALK fm Limited
Anotherway
Bocom International Ltd
City Broadcasting Ltd
Digital Space Ltd
Direct Net Access Ltd
Forever Broadcasting Limited
Galactichalo Limited
Grand Central Broacasting Limited
Imagine FM Limited
Independent Radio Group Limited
Leahurst Investments Limited
Marhall
Moyle Contractors Ltd
Newstalk 105.2 FM Limited
Off The Telly Productions Limited
Pulse FM Limited
Radiowave (Blackpool) Limited
Revandy Ltd
Signal Radio Limited

Swansea Sound Limited
Talksport Ltd
Tower 107.4FM Limited
Town Centre Properties (Subsidiary) Limited
Treaty Radio Ltd
Radiowave (Blackpool) Limited
Revandy Ltd
Signal Radio Limited
Swansea Sound Limited
talkSPORT Ltd
Tower 107.4FM Limited
Town Centre Properties (Subsidiary) Limited
Treaty Radio Ltd
TWG Impact Limited
U105 Limited
Ulster Television plc
UTV Internet Ltd
Valley Radio Limited
Wareselection Limited
Wave 102 FM Limited
Wire FM (1997) Limited
Wireless Group (IRLS) Ltd, The
Wireless Group Holdings Ltd, The
Wireless Group PLC, The
Wolverhampton Area Radio Limited

Other media interests:

None

Background and relevant media experience:

Jim joined Ulster Television in 1998 as Financial Controller having previously held a number of senior posts with Viridian Group PLC, the Irish energy business. In 1999 he was appointed Company Secretary of Ulster Television and in 2000 was appointed to the Board as Finance Director (now Group Finance Director).

Since joining UTV, Jim has assumed responsibility for all financial matters within the Group and has also taken over direct responsibility for the sales operations for both Television and Radio.

Given his wealth of knowledge and experience in both finance and media Jim will be important for ensuring the commercial success of Proud FM.

(ii) If there are firm plans to appoint any further directors, provide information (with details of any specific individuals in mind).

There are no firm plans to appoint further directors at this time.

(b) Proposed Investors and Shareholding Structure

Full details of the proposed shareholding structure should be provided, including:

(i) Names and addresses (the latter may be submitted in confidence) of all existing or proposed shareholders.

UTV Radio (GB) Limited
18 Hatfields
London
SE1 8DJ

(ii) Total number, class/classes of shares and issue price of shares (specify voting, non-voting, preference, other etc.).

Classes of share capital	Number of shares	Par value	Issue price
Voting Ordinary	900,000	£1.00	£1.00
Non-voting	-	-	-
Preference	-	-	-

(iii) All voting shareholders and holders of 5% or more of non-voting shares and loan stock should be named. State the number, class/classes and price of shares to be issued to each investor.

UTV Radio (GB) Limited will hold 900,000 ordinary voting shares, 100% of the total issued share capital of Proud FM Limited.

(iv) Outline any shareholders agreements or arrangements that exist.

There are no shareholder agreements or similar arrangements.

(v) Where a corporate body other than a current Ofcom licensee will be providing 30% or more of the required funding, details should be given of its directors and main shareholders, and of its activities.

UTV Radio (GB) Limited is the holder of a number of Ofcom radio licences.

(vi) Ofcom may request additional information (e.g. a banker's letter, statutory/management accounts) regarding the shareholders, or any other providers of finance, listed in the application.

UTV Radio (GB) Limited is happy to provide Ofcom with any additional information it may require in this regard.

(c) Involvement of the Applicant in Specified Activities

Details are required of the involvement by the applicant and its participants (including shareholders or other subscribers of more than 5% of the applicant's total funding requirements) in any of the activities listed below, and the extent of the interest. For these purposes, the applicant includes associates of the applicant (i.e. directors and their associates and other group companies).

(i) Advertising agencies;
None

(ii) Newspapers;
None

(iii) Other broadcasting interests;
UTV Radio (GB) Limited owns and operates the national commercial service talkSPORT and the following nineteen local commercial radio stations under licences from Ofcom: Imagine FM; Juice FM; Peak 107 FM; The Pulse; Pulse Classic Gold; Q96; Signal 1; Signal Two; Swansea Sound; Tower FM; Valleys Radio; 96.4 FM The Wave; Radio Wave 96.5 FM; Wave 102 FM; 107.2 Wire FM; 102.4 Wish FM; 107.7 The Wolf; Talk 107; U105. In addition, UTV Radio (GB) has a 22.12% shareholding in Chester's Dee FM.

UTV Radio (GB) Limited is also a leading participant in the following digital multiplex operators: Switchdigital (Central Scotland); Switchdigital (Aberdeen); Switch Digital (London); Digital Radio Group (London); TWG-EMAP Digital (Bradford & Huddersfield); TWG-Emap Digital (Swansea), TWG-Emap Digital (Stoke-on-Trent).

UTV plc owns and operates the ITV franchise for Northern Ireland and is broadcast in Northern Ireland and Ireland.

UTV also operates four commercial radio stations in Ireland under five licences from the Broadcasting Commission of Ireland. These are Cork 96 Fm, 103 FM County Sound, Limerick's Live 95 FM, Dublin's Q102 FM and Louth and Meath's LM FM.

UTV Internet Limited, a subsidiary of UTV, provides residential and business Internet and telecommunication services throughout Ireland.

(iv) Bodies whose objects are wholly, or mainly, of a religious nature;
None

(v) Bodies whose objects are wholly or mainly of a political nature;
None

(vi) Local authorities;
None

(vii) Other publicly funded bodies.
None

2. Financial and business plan

(a) Overall Financial Strategy

Provide a concise summary of how the applicant considers it is able to establish and maintain, throughout the licence period, its proposed service, and how this licence fits in with the investors' strategy.

Proud FM is extremely confident in its ability to establish and maintain its proposed service throughout the entire licence period. Several factors account for this confidence:

1. A focused, relevant and highly experienced board of directors
2. 100% ownership and backing of UTV plc, and all that brings
3. Recent new station launch experience
4. The long-term growth potential of Preston
5. Our entertaining and appealing format that is both distinctive and viable

Board of Directors

Proud FM is Chaired by John Barnett MBE DL. John brings his unique radio insight, local community links and entrepreneurial flare to the Proud FM bid. Over the years John has demonstrated an unrivalled integrity and commitment to the development of the wider Lancashire region. This plus his track record of building highly successful local radio stations from the ground up, which truly serve their local communities, makes John a critical part of Proud FM's success.

Proud FM will also be able to draw on the highly relevant talents of Paul Jordan. Paul is a seasoned radio professional and through his six years as station manager of Rock FM in Preston, brings a unique set of skills and contacts to the Proud FM board.

In addition, the Proud FM board also consists of the formidable talents of John McCann, Scott Taunton and Jim Downey. John is an extremely successful media professional. As Chief Executive of the UTV Group for the last six years, John has been the driving force and vision behind the excellent financial performance of UTV plc and its development into a multi-media group.

From his background in Internet and radio, Scott also brings broad media expertise to the board. From his position as Managing Director of UTV Radio, Scott brings to bear the wide and deep radio expertise and resources within the group. Jim in turn brings his deep financial acumen and experience to the board.

Benefits of being within the UTV group

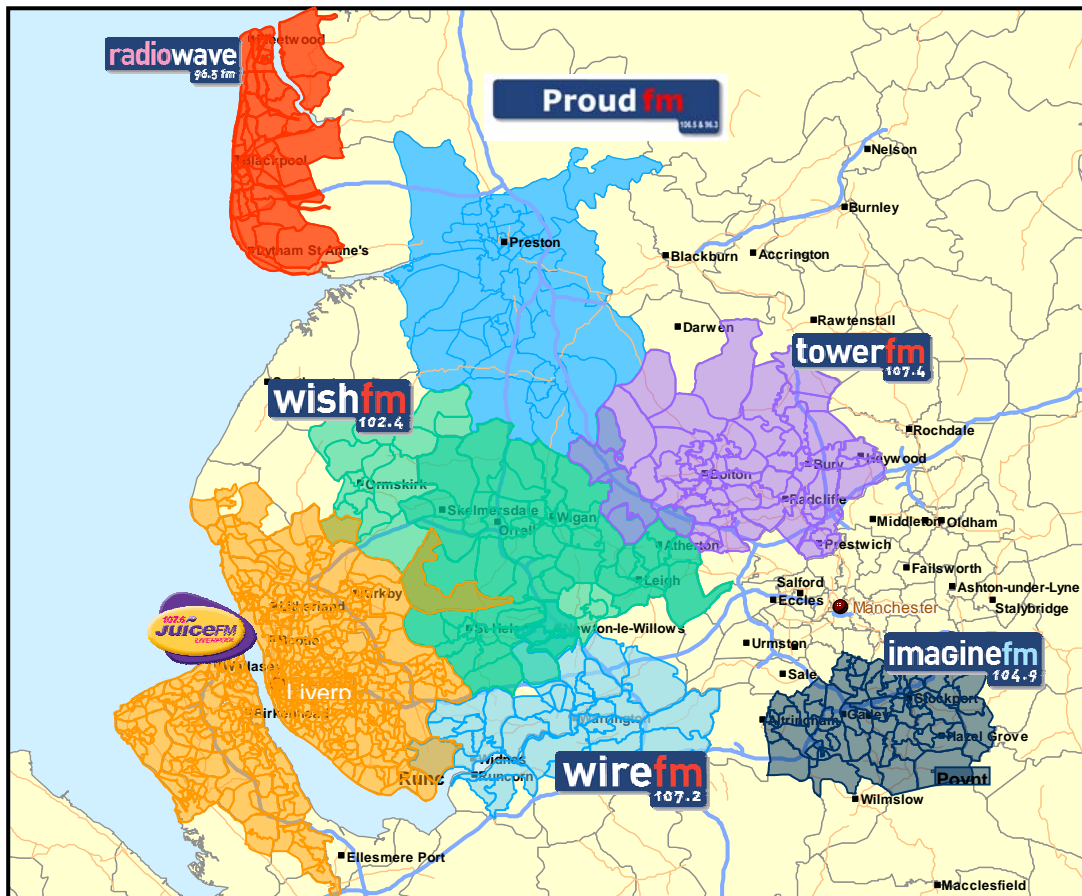
Proud FM is 100% owned by UTV plc, which is listed on the London Stock Exchange with a market capitalisation of approximately £200 million. Direct ownership by UTV gives the station the benefit of a clean, efficient and robust capital structure, and the full backing of, and unrestricted access to, all the resources of one of the most successful media groups in the UK and Ireland. UTV plc reported a post-tax net cash inflow from operations of £22 million in its last financial year to 31 December 2005.

Radio is an increasingly important driver of UTV's performance, and the group's radio division is one of the leading commercial radio groups in the UK and Ireland. In the UK, the group owns the very successful national speech station, talkSPORT, plus 19 diverse and individual local radio

stations throughout the country. UTV are firm believers in the important role local commercial radio stations play within their communities, and developing and growing the group's local commercial radio portfolio is a core part of the division's strategy. Proud FM forms an important part of this strategy.

In addition to its radio stations, UTV is a 50% shareholder in First Radio Sales (FRS), the UK's fourth largest commercial radio sales point, holding second or third position in all major markets outside London. FRS now represents, nationally, 126 local commercial radio stations. As reported recently, FRS had an outstanding 2005 with revenues growing by over 11% in a national market that is forecast to have declined by 1% to December 2005. This out-performance has continued in to the six months ended 31 March 2006 with FRS increasing sales by 8% in the period in a market that declined by 6%. Inclusion in the FRS network will therefore be a key financial benefit to Proud FM, as the incremental national advertising business this will generate will further strengthen the long-term financial viability of the station.

Uniquely, Proud FM will also benefit from being part of UTV's existing North West network. Winning this Preston, Leyland and Chorley licence will complete a key outstanding gap in UTV's North West geographic coverage, as illustrated below, and allow the group to develop a compelling regional sales package, opening up a further revenue source for the station. In addition from a sales perspective, Proud FM will be able to "hit the ground running" from launch by leveraging off many of the group's existing sales contacts in the region. Proud FM will also be able to benefit from access to existing group resources in the area, such as technical, engineering and Outside Broadcast support and facilities (UTV Radio has a regional OB facility based in Blackpool), and by tapping into one of the best-resourced news teams in the North West for regional stories relevant to our listeners.



Source: Mediatel

Being part of the UTV group will therefore be of key importance to Proud FM, and the station will benefit from access to the radio division's considerable financial, programming, sales, engineering, and administrative expertise and resources.

New launch experience

UTV Radio has a clear ability to establish new services having launched two new large-scale radio stations in Belfast (U105) and Edinburgh (Talk107). This recent experience will be of enormous benefit to the station.

Long-term growth potential of Preston¹

We believe the long-term outlook for Preston and the wider Central Lancashire economy, in which Preston plays a crucial role, is extremely positive.

Preston is an irrefutable economic success story, yet up until recently there has been little outside recognition of just how powerful an economic entity it actually is. Preston is not only the engine of economic growth for Lancashire but also one that potentially could act as a major stimulus for wider regional regeneration objectives (such as the Northern Way agenda).

At the macroeconomic level, growth across the Northwest is expected to be below the national rate, due to its structural composition and relative reliance on manufacturing. However it is the spread of sectors within the local economy (including key sectors such as financial, professional / business services and the higher value added manufacturing), which remains one of Preston's key strengths.

Overall employment growth in Preston (10%) has been far in excess of national (4%) and regional (6%) rates of growth. Preston is also expected to post well above regional average employment growth over the next 10 years. Furthermore, in terms of productivity, Gross Value Added ("GVA") has grown by 40% since 1990 in Preston. Total GVA in 2001 is estimated at just over £2.2billion with the estimate for 2004 at £2.6billion. Overall, GVA growth of around 25% to 2015 is expected in Preston (27% in the UK), which compares with around 23% for the North West.

The Community Strategy for Preston has established a vision for the city that will see it become "the Northwest's Third City" (behind Manchester and Liverpool) by 2012. Preston Vision represents the City Council's view as to where the city is heading and where it fits within the wider city-region. The vision is about city-building and place-making. Preston stands at a threshold in its development; developing from a town towards becoming a truly competitive European city. Part of the vision is also in recognising the functional relationship that exists between Preston and other local authority areas defined by Preston, South Ribble, Chorley and eastern-Fylde ("Core Central Lancashire" and Proud FM's coverage area). It is the Core area that will drive forward economic growth in Lancashire and it will be through the opportunities derived here that the regeneration needs of the wider City-Region will be maximised.

Proud FM will play a key role in supporting this vision. We will not only provide a much-needed focal point for the area, but also communicate key milestones in the area's development in a positive and progressive fashion.

¹ Sources include, Nicola Turner of Preston Vision and Preston Economic Regeneration Strategy and Action Plan, Final Report, September 2005.

Key development projects include:

- Tithebarn city centre retail project (£450m)
- Riverworks projects (£650m)
- Central business district (£350m)

As a result, we are highly confident that the top-down economic indicators for Preston and the wider Central Lancashire economy holdout the real prospect of sustained medium and long-term local advertising growth. This economic backdrop underpins the financial assumptions within our business plan, and supports our view of the attractiveness and sustainability of Proud FM over the entire licence period.

Financial viability of Proud FM's format

Given nearly 60% of Preston, Leyland and Chorley residents stated they would be likely to listen to Proud FM, we believe a strong demand for our format exists. As a result, Proud FM is confident its format is commercially viable. Our robust financial projections are set out in more detail in Section 2.(c) of this document.

Proud FM is however under no illusions that maintaining its proposed service against well entrenched and well financed heritage competition will be straightforward. While there is no existing truly local commercial service in the area, given the sheer number of commercial and BBC radio options available, listeners will be hard won. The total cash-funding requirement of Proud FM is expected to be £0.9 million. As we mentioned above, UTV plc's annual post-tax cash flow from operations is £22 million. Having the considerable financial resources of the UTV group behind it will therefore be of particular benefit to Proud FM, and a key competitive and strategic advantage of this application.

Fit with UTV's investment strategy

As regards investment strategy, the application to Ofcom for the ILR licence for the Preston area is entirely consistent with UTV Radio's general strategy of growing its position as a leading UK local commercial radio operator. Indeed, we indicated our willingness to apply for a Preston licence to Ofcom in a letter dated 25th July 2005.

Given the attractiveness of the Preston market and its proximity to UTV's existing stations in Blackpool, Wigan, Warrington, Liverpool, Bolton and Stockport, the application for this licence opens up the opportunity for UTV Radio to organically create a much stronger presence in the North West, to the ultimate potential benefit of all our stations and listeners in this area.

(b) Funding

Detail the sources of finance that will be used to fund the licence, under the following headings:

(i) Share capital

Should Proud FM be successful in its application for this licence, the pre-operational and operational cash-funding requirement will be funded by UTV Radio both through internally generated operating cash flow and through intercompany facilities provided to it by UTV plc. The cash-funding requirement of Proud FM is approximately £900,000. It is anticipated therefore that up to £900,000 will be raised by the subscription for 900,000 new shares in Proud FM Limited by UTV Radio (GB) Limited at a subscription price of £1.00 per share (see Section 1 (b) above).

(ii) Loan stock

Not applicable

(iii) Leasing/HP facilities (capital value)

Not applicable

(iv) Bank overdraft

Not applicable

(v) Grants and donations

Not applicable

(vi) Other (please specify)

Not applicable

Where relevant, provide information on:

(i) Loan terms (e.g. interest rate, repayment terms, redemption/conversion terms);

Not applicable

(ii) Assets leased.

Not applicable

All of the funding identified above should be confirmed to the applicant. Explanation should be provided if this is not the case.

Confirmation of funding from UTV is set out in Appendix 2.

(c) Financial Projections

The purpose of this section is to allow the applicant to demonstrate its understanding of the market. The forecasts should be based on reasonable assumptions that are logically applied and justifiable.

The applicant should provide financial projections on an annual basis for the licence. The projections must include:

- (i) Profit and loss accounts
- (ii) Balance sheets
- (iii) Cash-flow forecasts

The period covered is at the discretion of the applicant, but should be justified. The forecasts should be supplied on an Excel spreadsheet or similar, with any accompanying guidance notes. They may be submitted in confidence. This section must include a full listing of the underlying assumptions on which the financial projections are based, relating such assumptions clearly to other parts of the application (e.g. proposed format, extent of coverage area).

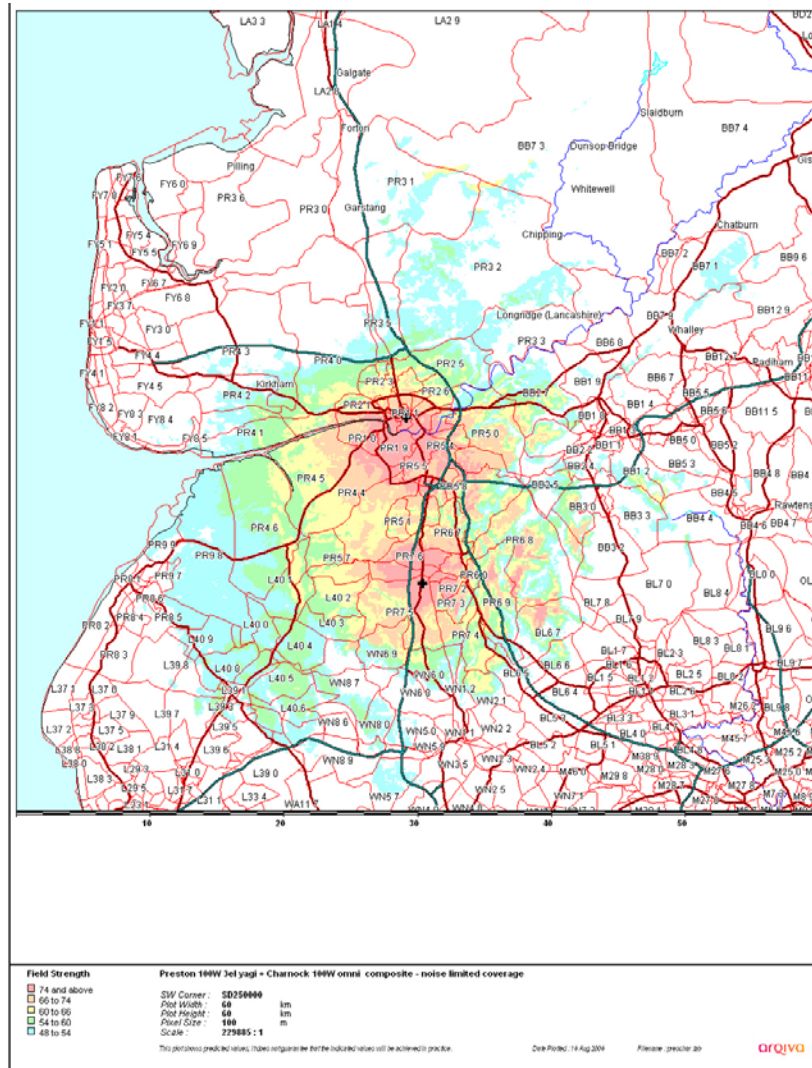
The applicant should detail how revenue figures were derived, distinguishing between local, national and sponsorship revenue.

Our financial projections are supplied separately in confidence (Proud FM financial projections.xls) together with guidance notes listing the detailed assumptions used in the preparation of the forecasts (Proud FM guidance notes.pdf).

(d) Audience Projections:

(i) Projected adult (aged 15+) population of the Total Survey Area (TSA) within which it is intended to measure the listenership of the service

To determine our TSA we overlaid a postcode sector map with a coverage prediction map supplied by Arqiva. This map is reproduced below.

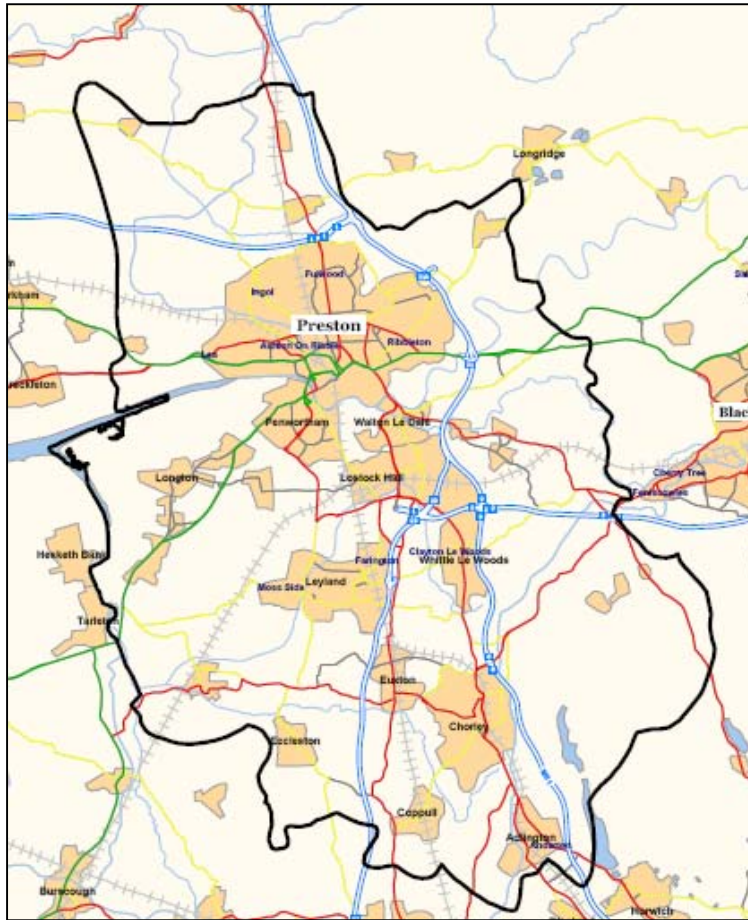


The purpose of this was to establish a list of whole postcode sectors that met the following criteria:

- some or all households in the postal sector could receive a signal strength at the 54dB(μ V/m) level;
- the sector was contiguous to the core Preston and Chorley area; and
- the postal sector was editorially compatible with the core Preston and Chorley area.

As a result of this analysis the following postcode districts and sectors were selected to define the Proud FM TSA for marketing and editorial purposes: all of PR1, 2, 5, 6, 7, 25 and 26, plus PR3 5, PR4 0, PR4 4, PR4 5.

A graphical illustration of these postcode districts and sectors is set out below.



Taking our selected area, we then commissioned CACI to run Census Population and Population Prediction reports to set out the population profile in 2001, and estimate the predicted population profile of the area in 2007, 2013 and 2019. These CACI reports (based on 2001 Census data) show a 2001 adult population of 267,529 and indicate a population prediction in 2007 of 281,708 adults aged 15 and over.

We have therefore used the CACI 2007 15+ population estimate to define the Proud FM TSA at **281,000**. This is broadly in line with the Ofcom estimate of approximately 270,000.

(ii) Projections for listenership ratings over the first three years of the service;

Proud FM has taken what we believe to be a genuinely realistic approach to its audience projections. These projections are ultimately based on a combination of our local market knowledge, UTV's extensive radio experience and Proud FM's market research into the likely demand for its service.

Our audience projections are set out in the table below.

Proud FM Audience Forecasts

	End Year 1	Year 2	Year 3	Year 4	Year 5
TSA (000's)	281	281	281	281	281
Weekly reach %	14.0%	17.7%	20.0%	23.0%	25.0%
Weekly reach (000's)	39	50	56	65	70
Average weekly listening hours	6.3	8.7	9.0	9.0	9.0
Total weekly listening hours (000)	248	433	506	582	632

We have based our forecasts on a five-year time horizon, rather than a three-year period, reflecting the competitive commercial radio environment in Preston. Our Year 2 estimates represent the 'initial reach' and 'initial average hours' forecasts generated from our quantitative research survey.

Initial reach was derived by taking only those respondents in our consumer research study who said they were "*very likely*" or "*fairly likely*" to listen to the proposed service and applying a weighting of 60% to the number who said they were "*very likely*" to listen, and a 10% weighting to the number who declared themselves "*fairly likely*" to listen. Using these weightings implies a weekly reach estimate of 17.7%, which we believe is both realistic and achievable by Year 2.

Initial average hours were derived from the declared intention of respondents to listen to the new station on weekdays and weekends, and the average length of time they felt they would listen on each day. This produced an estimated average weekly listening figure of 8.7 hours per listener per week.

However, given the fact that no truly local commercial radio alternative exists in the local marketplace, and given the level of investment we plan to make in truly compelling local radio programming, we believe the station will be able to move closer to a steady-state reach of 25%.

We believe this methodology represents a robust forecasting approach and that these estimates are justifiable and achievable. We have further benchmarked Proud FM's projections against the performance of similar sized stations operated by UTV Radio, and while our Year 5 projection for Proud FM would put it amongst the better performing stations, we believe these assumptions are clearly achievable.

Station	TSA	Reach (%)	Avg Hours	Total Hours
107.4 Tower FM	414	19	7.8	612
Peak 107 FM	392	22	10.1	874
Imagine FM	372	10	4.5	161
107.2 Wire FM	242	24	8.0	462
Radio Wave 96.5 FM	232	29	9.5	649
Average	330	21	8.0	552

Finally, despite the high demand for our proposition as revealed in our consumer research study (with nearly 60% stating they would be likely to listen), our audience figures are further supported by the marketing and promotional activity the station will undertake in its first year and beyond. In order to make our mark on the area quickly we have budgeted a significant cash (i.e. excluding contra) amount for marketing and promotional activity surrounding the launch of Proud FM, plus an ongoing budget for continuing research, marketing and station promotion in all future years. In these regards, Proud FM will have immediate access both to UTV Radio's regional OB facilities (based in Blackpool) and to the on-going group music research programme undertaken with our group music research partner, EMR.

Proud FM Projected Audience Profile

The table below outlines the projected audience profile of Proud FM based on our quantitative research survey and respondents responses to the Proud FM Concept Card.

This demonstrates Proud FM will have fairly broad appeal, which is commercially imperative in smaller TSA's such as this. Likely core reach would be against a 25 to 44 year old demographic and that significant listening hours will also be derived from 45 to 54 year olds.

Proud FM Listener Profile

	TSA Profile	Proud FM Reach Profile	Index	Proud FM Listening Hours Profile	Index
15-24	17%	16%	97	15%	88
25-34	15%	20%	130	20%	129
35-44	18%	19%	104	16%	89
45-54	16%	14%	89	17%	105
55-64	15%	14%	94	14%	96
65+	18%	15%	84	16%	87
Male	49%	43%	87	47%	95
Female	51%	57%	112	53%	104

(iii) The expected impact of the proposed service on existing services, in listenership terms.

The overall impact of Proud FM on listening to existing radio services is expected to be modest. Furthermore, what is clear is that the station will draw its audience from a range of existing stations, and of these, BBC services will suffer more than any commercial station.

In order to estimate the impact of Proud FM on existing services, we asked respondents in our market research study (who stated they would be likely to listen to our proposed service), whether they would increase, reduce or stop listening to existing services to accommodate their listening to the new Proud FM service.

46% of these respondents stated they would increase their radio listening to accommodate Proud FM, indicating our new service will help grow the overall radio market. This fact is not just good news for the commercial sector and advertisers generally; it also supports our assertion that Proud FM will not only cater for local tastes and interests, but broaden radio choice in the Preston area.

Only 9% said they would stop listening to existing services in order to accommodate their listening to our new service, further illustrating the modest impact Proud FM will have on the reach of existing services. Furthermore, 45% of those likely to listen to Proud FM said they would listen less to existing services to accommodate Proud FM.

The table below sets out those services that would be affected by this reduced listening, and clearly demonstrates BBC Radio stations will feel the majority of the effect.

Station	Listen less/stop listening % of responses
BBC Radio stations	38%
Rock FM	25%
Century	21%
Smooth	13%
Magic	1%
National Commercial Radio	2%

(iv) The basis on which the estimates above have been calculated and any assumptions taken into account

The basis of the estimates used above, and the assumptions used to reach these estimates, have been set out above. Proud FM is however very happy to provide further clarification of these, if required.

3. Transmission proposals

(g) Transmission Proposals

(i) Provide details of the transmission site, or sites, you propose to use, under the following headings:

(a) Name and National Grid Reference of site;

Name: Guildhall Preston

National Grid Reference: SD542295

(b) Height of site above Ordnance datum (in metres);

36 metres

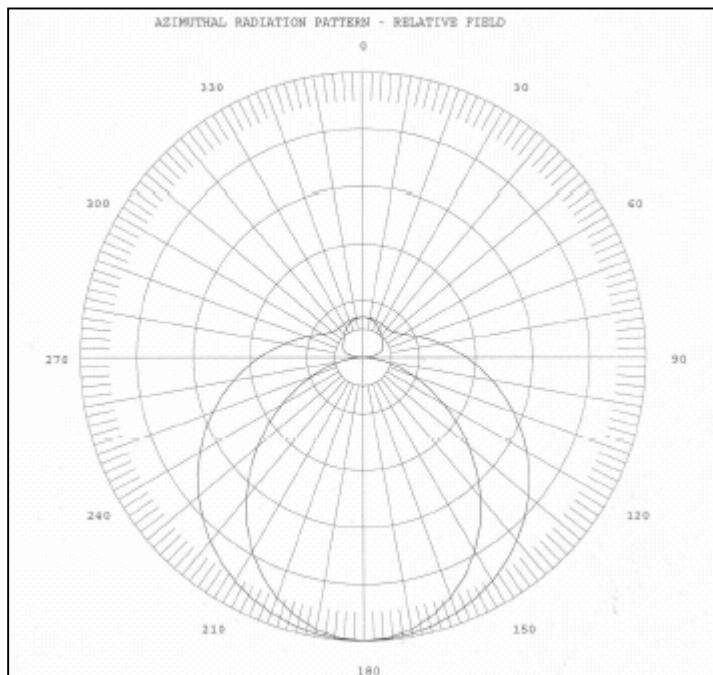
(c) Height of transmitting aerial above ground level (in metres);

80 metres

(d) Radiated power in either or both planes of polarisation, and aerial radiation pattern (if no aerial radiation pattern is submitted, it will be assumed without exception to be omni-directional).

100 watts vertical + 100 watts horizontal

Antenna pattern directional



The applicant should confirm whether he believes that his intended mast aperture will be available, and whether, where required, planning permission can be obtained. Where appropriate, evidence to support this belief should be provided. Details of any negotiations which have been entered into with the site owner(s) should also be provided.

Arqiva have informed us they have had discussions with the site owner, suitable accommodation and aperture space is currently available. Planning permission will be required, but Arqiva do not expect this to be a problem for this established transmission site.

The information provided above must take into account any requirements set out in Section 2 of this Notice. In the event of minor non-compliance, Ofcom may revisit an applicant's proposals with a view to modest adjustment following award and closer scrutiny. Significant non-compliance may render the application liable to disqualification.

Arqiva have chosen the Guildhall site. This provides excellent coverage for Preston and the surrounding area, and in their opinion meets meet the Ofcom restrictions for this licence.

(ii) Please provide a detailed computer predicted map (in colour) of the coverage anticipated using the transmission site(s) and parameters described above.

Please see coverage predictions for the area set out on page 29.

(iii) Describe proposed arrangements for transmission provision (installation, maintenance and repair). The transmission system and equipment must comply with the Engineering Code originally published by the Radio Authority, which represents Ofcom's current policy and is available at:

www.ofcom.org.uk/codes_guidelines/broadcasting/radio/codes/engineering_code.pdf

Our transmission provider Arqiva is well resourced to install the complete system and subsequently maintain and monitor the transmission parameters. Their maintenance personnel are highly trained with the necessary spares and test equipment to resolve any problem quickly.

(g) Transmission Proposals

(i) Provide details of the transmission site, or sites, you propose to use, under the following headings:

(a) Name and National Grid Reference of site;

Name: Charnock Richard
National Grid Reference: SD554170

(b) Height of site above Ordnance datum (in metres);

70 metres

(c) Height of transmitting aerial above ground level (in metres);

15 metres

(d) Radiated power in either or both planes of polarisation, and aerial radiation pattern (if no aerial radiation pattern is submitted, it will be assumed without exception to be omni-directional).

100 watts vertical + 100 watts horizontal

Antenna pattern omni-directional

The applicant should confirm whether he believes that his intended mast aperture will be available, and whether, where required, planning permission can be obtained. Where appropriate, evidence to support this belief should be provided. Details of any negotiations which have been entered into with the site owner(s) should also be provided.

Arqiva have informed us they own Charnock Richard, suitable space is available to install a street cabinet and aperture space is currently available. Planning permission will be required, but Arqiva do not expect this to be a problem for this established transmission site.

The information provided above must take into account any requirements set out in Section 2 of this Notice. In the event of minor non-compliance, Ofcom may revisit an applicant's proposals with a view to modest adjustment following award and closer scrutiny. Significant non-compliance may render the application liable to disqualification.

Arqiva have chosen the Charnock Richard site. This provides coverage for Leyland and Chorley and surrounding area, and in their opinion meets meet the Ofcom restrictions for this licence.

(ii) Please provide a detailed computer predicted map (in colour) of the coverage anticipated using the transmission site(s) and parameters described above.

Please see coverage predictions for the area set out on page 29.

(iii) Describe proposed arrangements for transmission provision (installation, maintenance and repair). The transmission system and equipment must comply with the Engineering Code originally published by the Radio Authority, which represents Ofcom's current policy and is available at:

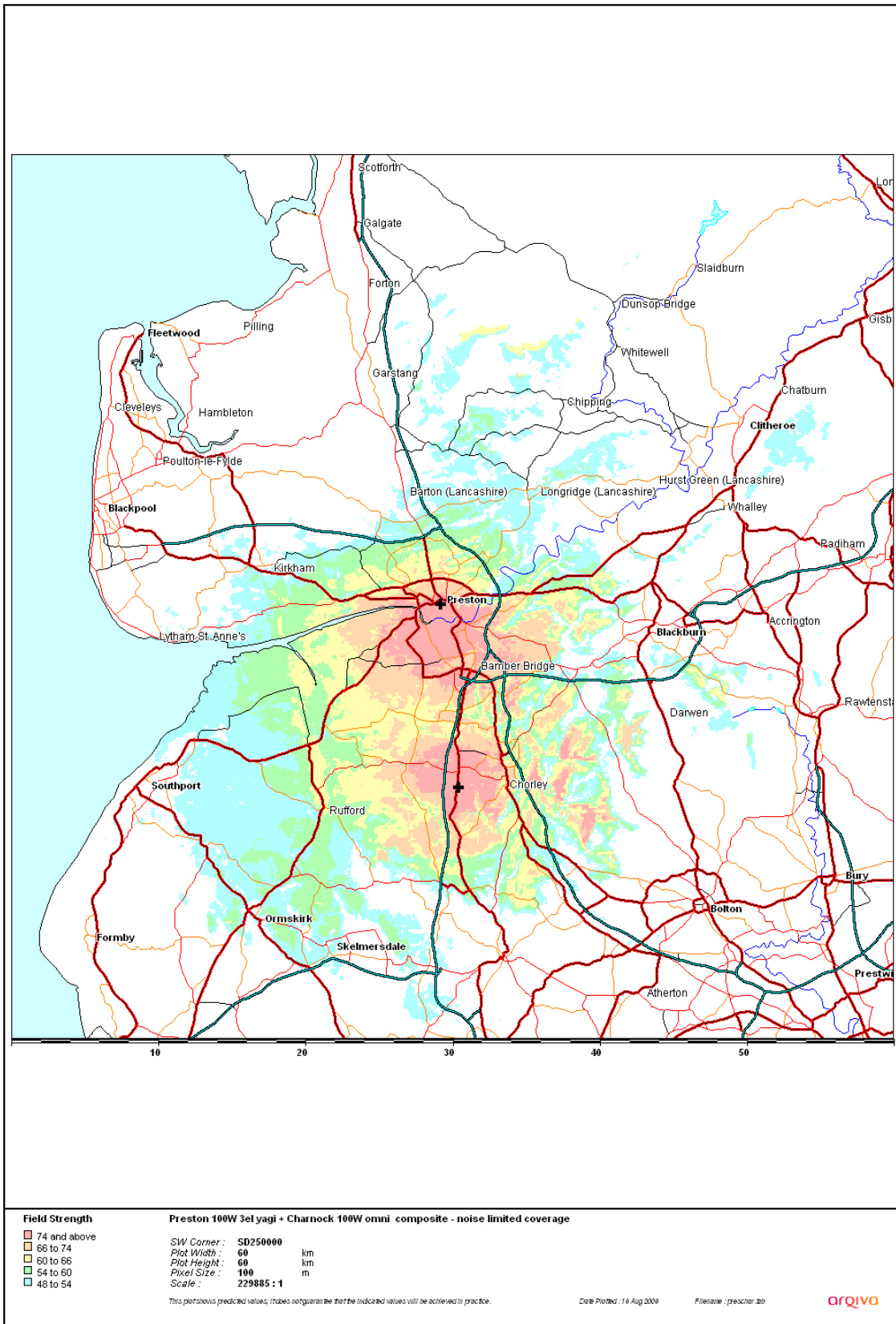
www.ofcom.org.uk/codes_guidelines/broadcasting/radio/codes/engineering_code.pdf

Our transmission provider Arqiva is well resourced to install the complete system and subsequently maintain and monitor the transmission parameters. Their maintenance personnel are highly trained with the necessary spares and test equipment to resolve any problem quickly.

(iv) What is the anticipated time-lapse between the award of licence and start of broadcasting? Applicants should note that failure to commence broadcasting the service within two years of the date on which the licence is awarded is likely to lead to the offer of a licence to the successful applicant being withdrawn. In these circumstances the licence would be advertised afresh and a new competition would be held to award the licence.

Proud FM expects to be ready to commence broadcasting within nine months from licence award.

Proud FM Coverage Predictions



SECTION 105(B) AND (C): CATERING FOR TASTES AND INTERESTS/BROADENING CHOICE

(4) Proposed Format

A blank Format is attached at Annex 3. Fill it in, ensuring that each of the following criteria are addressed within, where it is felt appropriate to do so. It should follow the style of Ofcom Formats, which can be viewed at: www.ofcom.org.uk/static/radiolicensing/amfm/analogue-main. Reasons for omission of any particular criteria (and it is accepted that not all criteria will be relevant to all applications) should be set out separately. The Format will form part of the licence. Therefore, questions of clarification may be asked prior to licence award and the wording amended to reflect this, if necessary.

- (a) Station Name (working titles accepted);
- (b) Service Duration. This is the number of hours you will broadcast each day. It should also include the number of hours of locally-made programming (i.e. programming made within the licensed area) promised.
- (c) Character of Service. This is a clear, one or two sentence description of the output and target audience.
- (d) Detail. This should address, where appropriate:
 - (i) A clear description of the type/range of music.
 - (ii) Specialist music programmes.
 - (iii) A level of speech content (peak/non-peak)
 - (iv) Any specific plans for local material.
 - (v) News obligations, local and national (weekdays and weekends, peaktime, non-peak, etc.)
 - (vi) Other character-defining elements of programming (N.B. As set out in Phase 2 of Radio - Preparing for the Future, Ofcom does not believe that the amount of automation utilised by a station is an indication of programme quality. Therefore, Ofcom has no specific rules relating to the amount of automation that a licensee may utilise, and applicants do not need to include details in their proposed Format of how much live programming they intend to provide. However, should an applicant wish to include such information, it should be included in this part of the Format and will be regarded as a binding commitment in the event of a licence award.

Proud FM STATION FORMAT

Licence Outline

Station Name	Proud FM
Licence Area	Preston and the surrounding areas, including Chorley and Leyland (as defined in the licence advertisement)
Frequency	tbc
Service Duration	24 hours a day (at least 20 hours locally made)

Definitions

Speech	excludes advertising, trails, sponsor credits, and the like and will be calculated over the period specified.
Music	Percentages are calculated as a percentage of the total tracks broadcast in the specified period.
Peaktime(s)	refers to weekday breakfast and afternoon drive output, and weekend late breakfast.
Daytime	is 0600 to 1900 weekdays, and 0800 to 1400 weekends.
Locally made	refers to output produced and presented from within the licence area and must include peak time where required.

Character of Service

A local speech and music station for Preston and the surrounding area, featuring local news, information and community-orientated programming and a broad, varied and engaging mix of music from the 1960's to today

Detail

The music mix will be engaging and varied and will consist of a broad range of great songs from the 1960's to the present day. No single decade (including current and recurrent tracks) will account for more than 25% of daytime output. Song repetition will be low and music will be scheduled such that no song will be played more than twice during daytime in any one day.

Relevant, engaging, community-orientated speech programming is an important part of the service. Speech will not fall below 20% of output during weekday and weekend daytime.

Local news is integral to the service and this will be prioritised whenever possible. Live news bulletins will be aired at least every hour during weekday and weekend daytime, with half-hourly updates during weekday and weekend peak time. Outside these times, national news will be broadcast hourly. During weekday daytime two extended news bulletins of at least ten minutes duration will feature. Business and sports news will be broadcast at least twice during weekday peak time.

Information will feature local traffic updates broadcast at least every 15 minutes during weekday peak time programming and at least hourly in other weekday daytime. Local weather reports will feature at least hourly during weekday and weekend daytime. Other character-defining elements of programming will include local what's-on information, a local entertainment guide and community action features.

(5) Programming Philosophy

(a) This sub-section of the application should take the form of a statement setting out the applicant's overall programming philosophy and vision for the radio service.

Preston is an attractive market and the powerhouse behind the Central Lancashire economy. Our vision for Proud FM is to deliver a new station, which offers a distinctive alternative for radio listeners in the area, and a station that feels very local.

Our vision is that this local radio station will offer music that does not compartmentalise tastes, but offers a wide and varied range of tracks of appeal to a broad adult audience.

Most important, our vision for the station is that it is 'heard to be', 'seen to be' and 'known to be' a Preston/Leyland/Chorley station, championing all things "Central Lancs", providing news and information for the community that is relevant to them. Our vision is that Proud FM becomes the destination station for local news and information.

Alongside the music played, it is the quality and localness of the news and information content that will distinguish Proud FM from its competitors in the marketplace. Our overall station vision (to create a very local feeling station) will be achieved through employing the following programme philosophy:

- Produce and present the vast majority (over 80%) of Proud FM's programmes from within the Preston area giving a true sense of localness to our output.
- Produce live daytime local news bulletins from a well-resourced team of reporters from 6am to 7pm every weekday. This philosophy will give the station an air of authority on local matters, and give the listener confidence that if they tune to Proud FM any matters of local importance will be covered.
- Deliver entertaining, mature speech programming with an emphasis on Central Lancs news. Speech will account for an important part of the station's output, and this will engage the local audience covering all aspects of Preston life from sports coverage to phone ins and local weather reports, to what's-on, traffic & travel information and community news. The quality and local nature of the information provided will create a major point of difference from the other stations broadcasting in the area.
- Proud FM will encourage and welcome listener interaction and phones-ins. This "open door" philosophy will give listeners a real feeling of ownership and the sense that this is "their" station.
- We will be highly active and visible in the community with outside broadcasts and live appearances to promote and support local events. As above, this gives listeners the sense that this is *their* station for *their* community.
- Employ presenters who are knowledgeable about the local area so as to enhance the sense of localness that listeners will get from our output. In addition, it is our philosophy that presenters should be professional, intelligent, challenging and provocative, as well as fun and entertaining. They will have the ability to interact, engage and empathise with their audience.

-
- (b) The strategies that the applicant proposes to implement in regard to:
- catering for the tastes and interests, general or particular, of persons living in the area;
 - broadening the range of local commercial services available in the area;
 - the provision of local material, if any;
 - the proportion of locally-made programming, if any should be set out in this section

Catering for local tastes and interests

1. Overall strategy to cater for local tastes and interests

RAJAR and our own analysis of radio listening in the Proud FM area reveals listeners are turning away from the traditional heritage "local" radio stations.

Commercial radio's market share (within the Rock FM TSA) has remained relatively static over the last three years. At 39.6% share for Q2 2006, this is higher than the national share for local commercial radio at 32.2%. Within that, however, it is clear that Rock FM has lost significant audience share, falling from 13.3% three years ago to 10.7% Q2 2006. The most dramatic share decline for Rock FM coming from the younger 15-44 end of the audience.

Century and Magic have remained broadly static in market share terms, whilst Smooth has grown from 1.5% to 8.0% in the last three years. The strongest competition from the BBC has come from a resurgent Radio 1, which has shown particularly strong growth amongst the 25-44 year old audience in the area. This is the demographic which has shown the highest propensity in our research to be likely to listen to the Proud FM proposition.

Our research revealed that current ILR services in the area were perceived as offering a narrow, repetitive music mix, with very limited local news, and little or no local community information.

Proud FM will change this, and cater for local tastes and interests, through its commitments to provide:

- True music variety through a broader, less repetitive mix of adult-focused songs.
- Mature, entertaining presentation by DJ's who are as passionate about the area as they are the music.
- More local, high quality news and information that really gets under the skin of our patch.

1. True Music Variety

Several key factors became clear from our market research as regards the music preferences in the Preston area, which were supported by the comments made in our Focus Group discussions. Key amongst these were that people in the Proud FM coverage area want a greater variety of eras and genres from their local commercial stations, and do not want high song repetition. As some of our Focus Group respondents put it:

"If it is a new song Rock FM play it about five times a day, it's too much, I get fed up of it"

"It all feels like the same day over again, no change"

" you get to know what record is coming next"

Proud FM will change this by offering true variety of songs, scheduled in a way "that you never know what great song we'll play next!"

To more fully understand music preferences in the Preston area, we tested a number of music genres amongst respondents to our quantitative market research study. From the 18 clusters tested in our music study, 15 were regarded as positive music styles for a new radio station. Furthermore, these clusters represent a consistent music style for a new station, as will be demonstrated in this document.

For some years now accepted industry wisdom has always assumed that older listeners wanted older music and younger listeners wanted new music (i.e. the 'Formative Years' theory). While this theory still holds there are significant 'other' elements that we now understand to be driving musical preferences.

Older listeners are becoming more 'Psychographic Typical'. Yes they still like the Doors (for example) but they also want more than this. They want to hear new music that fits their musical taste (like Coldplay, Keanne, The Strokes and Franz Ferdinand in this case). There is therefore a strong demand to be up-to-date with what is happening musically.

Similarly, younger generations not only want to hear current music, as to be expected, they also want to hear the classic tracks, say from the 60's and 70's, that their parents listened to.

As a result, 'pigeon holing' musical preferences is becoming increasingly difficult, and the 'Psychographic Typical' theory goes some way in understanding the extent of cross-over appeal and breadth of musical preferences amongst various demographics. Just because the Baby Boomers are demographically older, psychographically they are not. They have not stopped their journey of discovery. They want to know what new music is around but they are more discerning, and want new music that fits their taste. We believe this level of understanding goes some way in explaining the success of BBC Radio 2, who not only schedule music on the Formative Years theory, but also look at the new music that fits their older audience.

As a consequence of this and the homogeneity of preferences across demographics, Proud FM music will be designed to appeal to a wide audience, with the central 35-54 age group providing the focus for our music scheduling.

The music genre preferences are listed below in breakdowns of the broad 25 to 64 adult audience, and the central 35-54 year age group.

25-64 - Music Genre Preferences
(Ranked)

Rank	Genre	Score (Adj)
1	Classic Soul	1140
2	Contemporary Hits	861
3	Classic Hits	816
4	Modern Rock	748
5	Adult Hits	710
6	Golden Oldies	634
7	Rock	634
8	Classic Rock	597
9	Melodic Hits	566
10	Soft Rock	536
11	Cont. R&B / Soul	340
12	Easy Listening	310
13	Classic Indie	302
14	New Indie	106
15	Chart Pop	98
16	Jazz	-53
17	Dance	-264
18	Country	-340

35-54's - Music Genre Preferences
(Combined/Ranked)

Rank	Genre	Score (Adj)
1	Classic Soul	2451
2	Classic Hits	1889
3	Modern Rock	1756
4	Contemporary Hits	1713
5	Soft Rock	1499
6	Adult Hits	1369
7	Classic Rock	1363
8	Golden Oldies	1225
9	Melodic Hits	1088
10	Rock	949
11	Classic Indie	898
12	New Indie	632
13	Chart Pop	545
14	Easy Listening	478
15	Cont. R&B / Soul	138
16	Jazz	-5
17	Dance	-380
18	Country	-1218

The tables above indicate a clear music preference for an Adult Music Format that covers specific styles of music. These styles (genres) are linked across era through a similarity of genres. There is a clear preference for more guitar based music genres (rock) that reflects the age group's taste; however there is also a demand for some rhythmic style music. What is less desirable is jazz, dance and country, which all received negative responses.

Proud FM's music format has been designed specifically to cater for these musical preferences. In its purest essence, Proud FM's music format is familiar, friendly and stimulating, for an adult audience, without the high repetition.

To give a feel for the main music mix Proud FM will play, the table below shows the type of songs we will schedule in an illustrative hour.

Proud FM: Illustrative hour of music

Song	Artist
Side	Travis
Don't Stop	Fleetwood Mac
Wouldn't It Be Nice	Beach Boys
Runaway	The Corrs
Speed Of Sound	Coldplay
Night Fever	Bee Gees
I Will Always Love You	Whitney Houston
To The Moon And Back	Savage Garden
Beautiful Day	U2
As	George Michael
Hotel California	Eagles
Music	Madonna
I'm Still Standing	Elton John
Flying Without Wings	Westlife

Conclusion

Through its music programming commitments, Proud FM is highly confident that its distinctive music policy will cater for tastes and interests currently not provided for by existing commercial radio services.

Furthermore, Proud FM will benefit from the investment UTV Radio is making, and will continue to make, into music research. A group wide continuous music-testing programme for all UTV Radio ILR stations commenced in May 2006. The research is conducted by Entertainment Media Research (EMR), Europe's leading online music research company. The programme includes continuous music testing on a weekly basis, and includes a programme of auditorium testing for all UTV Radio's ILRs. The aim is to continually update our knowledge of what music listeners in our TSA's love, what they are sick of hearing, and what they would like to hear more of. Proud FM will become part of this research programme both as part of its pre launch and ongoing activity.

2. Presentation

Our Focus Group discussions highlighted a number of disappointing perceptions of the quality of commercial radio speech programming and DJ presentation in the Preston area.

'Puerile waffle, nonsense, too much chat between music'

'Two presenters is usually puerile banter'

"I dislike DJ's who talk about themselves all the time"

These views were further supported by our consumer research study, as the very high levels of agreement with the following statements make clear.

Rank	Proposed Presenter Attributes	Agreement*
1	Presenters Should Be Informed About And Interested In The Music They Play	97%
2	Presenters Should Be Professional And Knowledgeable, Fun But Not Juvenile	95%
3	When Interviewing / Hosting, Presenters Should Be Intelligent And Challenging	93%
4	Presenters Don't Have To Be Local But Must Have A Good Understanding Of The Local Area	82%

* % of those expressing a definite opinion

To fully cater for local tastes and interests therefore, presentation style is key. Proud FM's presenters will be professional, intelligent, challenging and provocative, as well as fun and entertaining. They will be knowledgeable about Preston and the local area.

Proud FM will also have no double headers during daytime programming so that the opportunity for "puerile" DJ waffle is reduced to an absolute minimum.

3. News and Information

Several key messages regarding commercial radio news provision in the Preston area came out of the consumer research study, which tended to corroborate the perceptions of our Focus Group respondents, namely that:

- current ILR stations do not update bulletins or develop stories through the day,
- do not focus on local stories; and,
- repeat the same recorded bulletins.

Furthermore, there were good levels of demand for a number of news features, as demonstrated in the table below.

Rank	News Proposal	% Agree Strongly/ Slightly *
1	Update News Bulletins & Develop Stories Throughout The Day	87%
2	Prioritise Local News For Preston	80%
3	Hourly News Bulletins Throughout The Day At Non-Peak Times	75%
4	Live News Bulletins From 6am to 7pm	74%
5	Two Extended Bulletins, One At Lunchtime And One At Drivetime	70%
6	Interactive Rolling News Feature Combining Studio Comments & Listener Opinion	62%
7	News Bulletins Every Half Hour During Peak Periods	52%

* % of those expressing a definite opinion

In order to ensure relevance of our speech content, particularly news and information, we asked respondents to our consumer research what area they considered to be local. 62% considered 'The City of Preston and The Surrounding Area', 13% nominated 'Lancashire' and 24% 'The North West'. Furthermore, when asked which areas they would regularly like to hear news and information about, 55% wanted to regularly hear news & information about 'The City of Preston & The Surrounding Area', 41% 'Lancashire' and 47% 'The North West'.

This demonstrates that there is a very clear perception of 'localness' in the Proud FM TSA; it also reveals a desire to be kept informed not only about local news and events, but also of what is happening in the wider geographical area.

Proud FM's news programming will have a strong emphasis on local Preston, Leyland and Chorley news. Locally compiled news bulletins will be broadcast live at least every half hour during peaktime by reporters based in the station's Preston studios. Furthermore, extended news bulletins will feature at lunch and drive, and selected bulletins during breakfast and drive will also include Business Report and Sports News. In addition, Proud FM will be able to tap into UTV's existing North West newsteams to cater for listeners' demand for Lancashire and North West stories.

In terms of information, Proud FM will broadcast reliable 'up-to-the-minute' traffic and travel reports every 15 minutes during peaktime and at least hourly during other weekday daytime. Weather reports will also feature at least hourly during daytime. The station will also carry what's-on, community information and all the latest sports news and results. Interesting and entertaining features covering a wide range of subjects will also be broadcast, and Proud FM will be active in the community through outside broadcasts and live appearances to promote and support local events. This will cater for the local information and community programming needs highlighted within our consumer study, the results of which are summarised in the tables below.

Rank	Information Proposal	% Agree Strongly/ Slightly *
1	Regular 'What's On' Information Covering Preston And The Surrounding Area	80%
2	Up to the minute Traffic & Travel Information Every Hour and Every 15 minutes At Peak Times	72%
3	Hourly Weather Forecasts For The Preston Area	60%
4	Regular Information And Results On Local Football, Rugby, Cricket And Other Sports	44%
5	Jobseekers Slots With Advice & Guidance For Jobseekers	39%

* % of those expressing a definite opinion

Rank	Proposed Speech Feature	% Agree Strongly/ Slightly *
1	Record Requests & Dedications	72%
2	Entertaining Studio Interviews With A Variety Of Guests	70%
3	'Phone-ins Where Listeners Can Voice Their Opinions	64%
4	'Listener Is The Critic' Restaurant, Film, Show, Event Review	58%
5	A Range Of Competitions & Quizzes	56%
6	Advice Slots – Health & Fitness, Legal, Money, etc.	54%
7	Magazine Style Feature Combining Interviews, 'Phone-ins & Music	53%
8	Hard Hitting Interviews, Debates & Discussions With Elected Representatives, Local Businessmen etc.	49%

* % of those expressing a definite opinion

Rank	Proposed Community Involvement	% Agree Strongly/ Slightly *
1	Should Support Local Community And Charity Events	93%
2	Should Be Active In Promoting Preston And The Surrounding Area	92%
3	Should Maintain An Active Presence In The Community With Outside Broadcasts	92%
4	Should Keep Listeners Informed About Local Politics And Economic Decisions which Affect The Community	78%

* % of those expressing a definite opinion

Broadening the range of local commercial services

Proud FM will significantly broaden commercial radio choice by delivering a distinctive format of speech and music programming to adults in the Preston, Leyland and Chorley area.

As identified by Ofcom, there are four existing local commercial radio services and one community radio service that Proud FM must broaden choice against. The overview below bullets the key points of difference where Proud FM will broaden choice against current local commercial and community radio output.

Rock FM Current chart music High track repetition Principally targeting a younger audience Regional editorial focus Brief news headlines Limited local information	Proud FM Broad range of music from 60's to today No song to be played more than twice during daytime Broad adult appeal Local Preston, Chorley and Leyland focus At least hourly local bulletins in daytime + 2 extended Local what's on and community features
Magic Classic pop music Majority networked programming Lack of local agenda during networking	Broad range of music from 60's to today At least 20 hours locally produced each day Driving the local agenda
Smooth FM Specialist jazz, R'n'B and Soul music Regional editorial focus No local news and information service	Broad range of music from 60's to today Local Preston, Chorley and Leyland focus Prioritise local news and information
Century 105 AC music offering of 80's, 90's and now Regional editorial focus No local news and information service	Broad range of music from 60's to today Local Preston, Chorley and Leyland focus Prioritise local news and information
Chorley FM Extreme youth orientated music Targeting LGBT community in Chorley	Broad range of music from 60's to today Broad adult appeal across Preston, Leyland and Chorley

Proud FM will significantly broaden commercial radio choice by delivering a distinctive music format plus locally relevant news and information.

"The Proud FM difference" includes:

- An unremitting focus on the local Preston, Leyland and Chorley area
- Less DJ waffle and more intelligent presentation
- A much wider mix of music than is currently available anywhere on the dial
- A commitment to less song repetition
- Broad listener appeal

1. Editorial Focus

By serving the 'Preston, Leyland and Chorley' area, Proud FM will broaden choice by serving a coverage area not already directly serviced by existing (commercial or BBC) stations.

By being narrower in focus than all the existing commercial ILR services, Proud FM's Preston, Leyland and Chorley editorial focus will not only cater for the demands of listeners in this area to hear local news about their area, but also broaden choice by so doing.

In order to ensure relevance of our speech content, particularly news and information, we asked respondents to our consumer research what area they considered to be local. 62% considered 'The City of Preston and The Surrounding Area' to be local, 13% nominated 'The County of Lancashire' and 24% 'The North West'.

Furthermore, when asked which areas they would regularly like to hear news and information about, 55% wanted to regularly hear news & information about 'The City of Preston & The Surrounding Area', 41% 'The County of Lancashire' and 47% 'The North West'.

This demonstrates that there is a very clear perception of 'localness' in the Proud FM TSA; it also reveals a desire to be kept informed not only about local news and events, but also of what is happening in the wider geographical area.

Analysis of the news output of the existing ILR services reveals that none of the existing commercial radio stations give any real weighting to Preston stories.

Comparative news provision (news stories)

	National/Intl	Regional	Preston specific
Rock FM	45%	49%	6%
Magic 999	57%	38%	5%
Century	50%	50%	0%
Smooth	45%	55%	0%
Proud FM	30%	20%	50%

As result of its clear editorial focus, Proud FM will patently broaden choice in this regard.

2. Presentation

When we asked respondents to our consumer research a series of questions on presentation style, strong opinions were recorded, with a very high level of agreement with the proposals for the qualities presenters should possess; qualities which will be the hallmark of Proud FM's presenters.

Rank	Proposed Presenter Attributes	% Agree Strongly/ Slightly *
1	Presenters Should Be Informed About And Interested In The Music They Play	97%
2	Presenters Should Be Professional And Knowledgeable, Fun But Not Juvenile	95%
3	When Interviewing / Hosting, Presenters Should Be Intelligent And Challenging	93%
4	Presenters Don't Have To Be Local But Must Have A Good Understanding Of The Local Area	82%

* % of those expressing a definite opinion

When we monitored the output of existing commercial stations, we noticed very low levels of serious editorial and little (if any) what's on programming. Furthermore, our monitoring revealed some very high levels of "DJ Chatter" on all the stations.

Comparative speech presentation composition

	Promos & competitions	DJ Chat	What's on	Serious Editorial	Weather & travel	Fun Editorial
Rock FM	21%	48%	0%	0%	11%	20%
Magic 999	7%	56%	1%	1%	9%	27%
Century ²	8%	35%	0%	32%	8%	17%
Smooth	14%	60%	5%	0%	21%	1%
Proud FM	15%	30%	10%	10%	15%	20%

Proud FM will significantly broaden choice by offering Preston, Chorley and Leyland listeners more locally relevant, engaging and community orientated speech programming, with less DJ chatter.

² All serious editorial on Century relates to the afternoon "Legends" sports phone-in

3. Broader music choice

It is clear from our monitoring that Proud FM will also significantly broaden choice in the Preston area through its distinctive policy of varied, less repetitive, and adult-focused music.

The table below illustrates that the music output of the four commercial radio stations is in many cases very polarised.

Comparative playlist (tracks played categorised by decade)

	1950's	1960's	1970's	1980's	1990's	2000's	Recurrent	Current
Rock FM	0%	2%	4%	7%	13%	20%	17%	37%
Magic 999	1%	7%	35%	45%	7%	3%	1%	0%
Century	1%	3%	8%	35%	22%	9%	14%	7%
Smooth	1%	8%	33%	34%	13%	3%	4%	3%
Proud FM	1%	11%	18%	20%	20%	18%	12%	

Proud FM will broaden choice by its commitment that no particular era will account for more than 25% of tracks played and song repetition will be low such that no song will be played more than twice during daytime in any one day.

As indicated earlier in this application, our research makes clear that our target audience are a group of adults who have not stopped growing 'musically' and want to listen to a mix of music that not only brings back memories of their formative years, but also appeals to their need to stay in touch with today's new music. Our commitment to play familiar songs alongside new ones that we think will have appeal to our target audience, is clearly distinctive, and will significantly broaden choice.

Proud FM's music policy will reflect the need for a more adult based radio station in the Preston region. Unlike most 'older' radio stations Proud FM will draw on the experience gained with other markets around the world and to a large extent demonstrated by BBC Radio 2 in the UK.

Research indicates changing attitudes among older and younger listeners. Older listeners want to hear music from their youth but also strongly want to be kept up-to-date with music now. In other words they like the memories but do not want to live in them.

Our research clearly shows a strong appeal for a local radio station that plays a good selection of guitar based, rock genre music and melodic songs from four decades, as well as current music. Unlike the more current/recurrent, pop/R&B orientated Rock FM, or the oldies format of Magic, or the smooth jazz format of Smooth, Proud FM will appeal to adults with music that is low in rotation but broad in appeal. Music with a foot in the rock genres mixed with old and new, all with high credibility is the mainstay of our music format.

As Proud FM will have wide audience appeal, it is important to appeal to the middle ground audience of 35-54 year olds. By aiming for this central audience Proud FM will also be musically attractive at either ends of this core group.

Our mix of music clearly indicates a variety of eras both old and new, which further demonstrates a broadening of choice in the Preston area. The broadening of choice not only comes from the mix of eras but also from the choice of music and the slow rotations that are the opposite of the Rock FM heavy rotation policy. Proud FM's emphasis will be on less repetition and more variety.

The table below indicates monitored hours of existing stations against a typical hour for Proud FM. As mentioned previously, older listeners want current music, but current music that appeals to their tastes. Proud FM will play adult appeal "currents" like Coldplay, Madonna, REM, Dido and Santana, while existing stations play Destiny's Child, Sonique, Kelly Clarkson, Liberty X. Our research also shows the audience does not want the more dated genres like Captain & Tennille, Four Tops, etc.

Rock FM	Century	Smooth	Magic	Proud
Sonique	George Michael	Barry White	Pointer Sisters	Travis
Robbie Williams	Natalie Imbruglia	Dina Carroll	Four Tops	Fleetwood Mac
Britney Spears	Paul Simon	Chi-Lites	Elton John	Beach Boys
Daft Punk	Kelly Clarkson	Jackie Wilson	Soul 2 Soul	The Corrs
Craig David	Sixpence Non The Richer	Luther Vandross	David Essex	Coldplay
Leann Rimes	Liberty X	Oleta Adams	Queen	Bee Gees
Baha Men	Soft Cell	Chris Rea	Crowded House	Whitney Houston
Destiny's Child	Melanie Williams	Toni Braxton	Wham	Savage Garden
S Club 7	Daniel Powter	New York City Boys	Lighthouse Family	U2
Eminem	Phil Collins	Simply Red	Brendan Lee	George Michael
Feeder			Captain and Tennille	Eagles
				Madonna
				Elton John
				Westlife

Conclusion

The music research from Preston indicates a strong desire for a wide range of guitar-based music. There is an acceptance of new music alongside familiar 'gold'. There is a strong desire for a variety of music not just a selected few being played over and over. Our playlist will reflect an adult contemporary format based on the accepted genres listed in the tables above. The percentage of each era, mixed with the accepted genres, will broaden choice. Proud FM's format is clearly distinct from existing commercial stations.

Provision of local material

UTV Radio has an excellent track record of delivering high-quality, appealing local radio services throughout the UK. Our diverse range of local stations each have their own distinctive character that reflects their own unique local area. Proud FM will be no different. Local content is key to us and, as outlined above, local material will be key to shaping and characterising the Proud FM service.

Proportion of locally made programming

We currently envisage all programmes on Proud FM will be locally made and presented in our studios in the heart of Preston by people who know the area well. However, given the close proximity of Proud FM to other UTV Radio stations in the North West, there may become an opportunity, over time, to develop a high quality networked programme going out across all our stations in the area, which would not be possible for Proud FM to sustain on its own. Therefore, we would like to reserve the option to network up to four hours of non-daytime programming per day.

(c) If appropriate, the applicant may also provide a typical programme-by-programme weekday schedule, to give a flavour for the direction of the station.

The Proud FM weekday programme schedule will typically follow the following pattern:

WEEKDAYS	
Programme	News, Traffic and Travel
<p>06.00 – 10.00 Breakfast Show A bright start to the day with a locally focused mixture of fun, music and topical information.</p> <ul style="list-style-type: none"> ❖ Morning news, local traffic & travel and weather will play an integral role. ❖ The launch of the day’s “Pressing Issue” where we invite listeners to call, text and email in with their point-of-view on subjects (both local and national) that matter to the people of Preston (e.g. retirement age, licensing laws, smoking ban, etc). ❖ Day Planner - all the information about events in and around the area. Highlight of the day will focus on one particular event that is relevant to audience interests. ❖ “Job spot” (a free service to local employers) where we broadcast information on jobs in the area. ❖ Accumulator competition feature where the prize goes up £5 for every wrong answer 	<p>NEWS – locally compiled and presented at 0600, 0700, 0800, 0900. News Headlines at 0630, 0730, 0830. Bulletins to include Business Report and Sports News at 0700 and 0800.</p> <p>Traffic and Travel news – 0620, 0635, 0650, 0705, 0720, 0735, 0750, 0805, 0820, 0835, 0850, 0905, 0920, 0935 and 0950.</p> <p>Weather will accompany all news bulletins</p>
<p>10.00 – 14.00 Mid-morning Show Great music and news and information for local people at work or at home.</p> <p>Daily features to include:</p> <ul style="list-style-type: none"> ❖ “Office on-line” The @-Work Network gives local shops, businesses and listeners at work the chance to call, text or email in and request the songs they need to get them through the day. ❖ “The Pressing Issue” – where we open up the phone lines to get further comments from listeners on our hot topic of the day. ❖ “What’s On” - All the information about all the goings-on in and around the area. This segment will regularly highlight a specific event and talk to the organisers or participants. ❖ Bright Lights - Film, theatre and entertainment reviews with performers and studio guests. ❖ “Community Focus” – regular social action programme feature/interviews for non-profit or charitable organisations to speak to the community. <p>Other weekly features will include:</p> <ul style="list-style-type: none"> ❖ “Preston People” – where we talk to people from the area, those in the local eye, and those visiting the local area. 	<p>NEWS – locally compiled and presented at 1000, 1100, 1200 plus an extended ‘Proud FM Report’ – Lunchtime Edition at 13.00 to include Business Report and Sports News</p> <p>Traffic and Travel – 1050, 1150, 12.50, 1350.</p> <p>Weather will accompany all news bulletins</p>

WEEKDAYS

Programme	News, Traffic and Travel
<p>14.00 – 15.00 The Afternoon Session</p> <ul style="list-style-type: none"> ❖ Non-stop one-hour music programme featuring hits from two different years played alternately. Listeners ring/text to give the years and get entered into a draw. 	<p>NEWS – locally compiled and presented at 1400. Weather will accompany the news bulletin</p> <p>Traffic and Travel – 1450</p>
<p>15.00 – 19.00 Drivetime</p> <p>An entertaining show with more great music, fun, competitions and guests.</p> <p>Features include:</p> <ul style="list-style-type: none"> ❖ “The Pressing Issue” – phone-in plus a review and round up of listeners’ comments on our big issue from across the day. ❖ Evening Planner - all the information about events in and around the area. Highlight of the day will focus on one particular event that is relevant to audience interests. ❖ Bright Lights - Film, theatre and entertainment reviews with performers and studio guests. ❖ “Job spot” (a free service to local employers) where we broadcast information on jobs in the area. ❖ “Community Focus” – regular social action programme feature/interviews for non-profit or charitable organisations to speak to the community. ❖ “Where am I?” competition where listeners have to guess the mystery location. ❖ Top 5 at 5 – where each weekday we count down listeners’ favourite songs from a featured artist for the week. 	<p>NEWS – locally compiled and presented at 1500, 1600, 1700 plus an extended ‘Proud FM Report’ at 1800 which will include Business Report and Sports News.</p> <p>News Headlines at 1630, 1730</p> <p>Weather will accompany all news bulletins.</p> <p>Traffic and Travel News – 1520, 1535, 1550, 1605, 1620, 1635, 1650, 1705, 1720, 1735, 1750, 1810, 1835, and 1850.</p>
<p>19.00 – 22.00 The Evening Show</p> <ul style="list-style-type: none"> ❖ Proud FM’s great music through the evening - plus each night a commitment to local up and coming bands, new DJ talent and artists. 	<p>NEWS – IRN on the hour.</p>
<p>22.00 – 00.00 The Request Show</p> <ul style="list-style-type: none"> ❖ Love songs and dedications: The all request show where listeners email or text their requests and dedications. 	<p>NEWS – IRN on the hour.</p>
<p>Midnight – 06.00 Proud FM Nights</p> <ul style="list-style-type: none"> ❖ Non-stop music through the night with an added chill out feel. 	<p>NEWS – IRN on the hour.</p>

SECTION 105(D): EVIDENCE OF LOCAL DEMAND OR SUPPORT

(6) Evidence of Demand

This section should provide an analysis of the reasons as to why it is considered that there is a demand for the type of service proposed, with reference to the size and nature of the proposed target audience.

If original market research has been undertaken, please provide the following information:

- (a) A statement of the key objectives of the research;
- (b) The specific questions that the research sought to answer;
- (c) How the research was conducted;
- (d) The size and composition of the sample(s);
- (e) When and where the research was conducted;
- (f) A summary of the main findings from the research, showing how these demonstrate evidence of demand for the service proposed;
- (g) Full data tables for any quantitative research undertaken.

As part of this application, Proud FM has undertaken a comprehensive programme of research to shape its format so that it caters for local tastes and interests, broadens commercial radio choice, and is commercially viable. This research programme consisted of the following elements:

1. Review of the current ILR formats identified by Ofcom
2. Monitoring of existing commercial radio services
3. Focus group research / Format Study
4. Quantitative consumer market research survey

Review of existing commercial radio formats

We reviewed the formats of the four commercial stations and one community radio station identified by Ofcom in order to identify the market gap and assess the extent to which Proud FM would broaden commercial radio choice in the Preston area.

The formats of these stations are summarised in the table below.

Station	TSA (000s)	Music	Speech	Target mkt
Rock FM	1,345	Up to 90% current chart hits, new releases or hits up to 3yrs old. Music over 3yrs old not to exceed 50%.	Speech to account for at least 10% of weekday daytime output. Local news at least hourly during weekday peak-time and weekend breakfast. National news at other times.	15-44 yr olds
Magic 999	1,108	Classic pop hits over 5yrs old. Hits less than 5yrs old not to exceed 30%.	Speech not to fall below 15% of weekday daytime output. Local news at least hourly during weekday peak-time including one extended bulletin of at least 10mins. National news at other times. 4hrs of locally produced output per day.	Over 30's
Smooth FM	5,424	Music for lovers of Jazz, Soul, Blues and R'n'B. 45hrs of specialist jazz genres each week. Complemented by new AC, big band, specialist soul, and world/roots music.	Speech relevant to target audience of jazz music lovers including weekly guides, reviews and documentaries featuring the North-West jazz scene. 3 regional news bulletins during breakfast. 7hrs of locally produced output per day.	All ages
Century FM	5,144	Up to 50% AC with remainder made up from modern and classic easy listening, and Soul/Motown	Regional speech to account for one third and 50% of daytime output, and not to fall below 20% at other times. Regional news from 0600 to 2200 weekdays and weekend peak-time, plus regular sports bulletins. At least 3hrs of daily weekday phone-ins.	25-54 yr olds
Chorley FM	n/a	60% music output: <ul style="list-style-type: none"> • House, Trance, Dance – 25% • Rock, Heavy Metal, Punk – 20% • Chart & Pop – 20% • Local Bands – 20% • R&B, Hip Hop – 10% • Soul, Motown – 5% 	40% speech output, consisting of: <ul style="list-style-type: none"> • Local topics relevant to target aud(30%) • Interviews with young people (25%) • LGBT Group Show (20%) • Phone-ins (15%) • Rural views and news (5%) • Older listener recollections (5%) 	15-25 yr olds, and Chorley's LGBT community
Proud FM	281	Engaging and varied mix consisting of a broad range of great songs from the 1960's to the present day. No single decade to account for more than 25% of daytime output. No song will be played more than twice during daytime in any one day.	Relevant, engaging, community-orientated speech programming is an important part of the service. Speech will not normally fall below 20% of output during daytime. Live news bulletins will be aired at least every hour during weekday daytime, and at least half-hourly during weekday peak time. During weekday daytime two extended news bulletins of at least ten minutes duration.	All ages

While the formats of some of these services are relatively broad and provide a degree of programming flexibility, our analysis highlighted a number of key points.

The leading heritage station, Rock FM is clearly targeted towards a younger 15 to 44 year old audience with a chart and contemporary hit music offering. This is reflected in the fact that no more than 50% of music output may be older than 3 years old. In terms of speech, its speech minimum of 10% does not suggest any serious commitment to this type of programming, as does its commitment to carry local news just in peak-time. This station is further editorially hamstrung

by its wider 'regional' focus taking in not just Preston, but Blackpool, Blackburn, Bolton, Wigan, and Southport.

Magic's classic pop service in contrast is targeting an older audience. As hits less than 5 years old can never account for more than 30% of music output, Magic will not be able to move to attract a significant younger audience. The station bills itself as a music-led service, but commits to feature speech items of appeal to listeners in Preston and Blackpool. However, given the networking arrangements on this station, and that speech should not fall below 15% of daytime output, there appears little serious commitment to this type of programming either.

Smooth FM's music format of Jazz, R'n'B and Soul appealing to all lovers of these genres in the region sets the clear tone of this service. This station has no pretensions to provide a local news and information service for Preston, Chorley and Leyland, and given its specialist music policy, has no intentions to be of broad appeal to listeners in the Proud FM coverage area either.

Century's format provides some degree of flexibility as regards music, however its positioning as "80's, 90's and now" is certainly not as broad as the Proud FM service. The station does commit to a high degree of speech programming, and its regional editorial remit precludes the station from offering any truly local Preston news and information services.

Chorley FM's community focus is on a very specific 15 to 25 youth and Lesbian, Gay, Bisexual and Transgender community in a five mile radius of Chorley town centre, featuring largely extreme music styles. As a result this service will not overlap with the Proud FM service.

Conclusion

We therefore believe there is a clear format gap for a new local commercial radio station that plays a broader music mix, with less repetition, combined with more local news and information for the Central Lancashire area, and that deals with issues of relevance to a broad cross section of the adult community.

Monitoring

Key Objectives	To understand the way in which existing commercial stations in the Preston area are implementing their formats
Specific Questions sought to answer	To quantify music genres, eras and variety of tracks played To evaluate the amount of news coverage and local information To evaluate the nature of speech programming
Research Methodology	The daytime output of the four commercial stations in the area were logged and then analysed
Size and composition of the sample	n/a
When and where research conducted	6 th December 2005

In addition to reviewing the formats of existing commercial stations identified by Ofcom, we also monitored the daytime output of these stations to better understand how these formats were being implemented. The results of this analysis are set out in summary comments relating to the output of each station and a quantification of their music and speech elements.

Station Summaries

Rock FM A Big City traditional heritage CHR station. This station has dropped a significant amount of audience and has recently launched a new breakfast show. The entire daytime line up has also recently changed so there's been a fair amount of disruption.

Presentation style borders on the retro incorporating much of the "DJ cheesy" style waffle disliked by our research respondents rather than presenters of a genuine feel. The presenters come across as very egocentric and therefore become rather "exclusive" rather than "inclusive" for the audience. This was also reflected with a prolonged 'in' discussion about how much the traffic person gets paid, her terms and conditions with regards to her role in the local pantomime and when she's leaving the radio station.

Musically it has re-positioned its on air positioning to a station offering 'the Best Variety Of Hits'.

From our monitoring it feels that the station is attempting to compete on a regional level (to compete with Smooth and Century) and this is at the expense of relevance to Preston and Blackpool, which become neglected in the news and information output. This is reflected in the fact that on the day of monitoring, only 6% of stories had any relevance to the Preston area. Instead the news team chose to run with stories of a bias towards the northwest region or national news. There are no real news or travel stories related to Preston with most travel news centring on the Manchester motorway network and other towns within it's TSA. And reflective of the lack of local focus was that in the afternoon bulletins, the top traffic story was an accident at Jct 16 of the M6 at Stoke, very much a regional story and well out of their transmission patch. And perhaps even more telling is that regional competitor, Century FM, secured the Christmas Light Switch On that has traditionally been a Rock FM event.

The lack of focus on good, accurate, local news and information was also evident when outside of peak hours Rock FM were running a pre-recorded, out of date traffic bulletin talking of delays on the M62, where there were none. This ran this for a number of hours as the "latest" travel news.

Preston is a new City. It has plenty to shout about, with new investment, a football team who have come close to Premiership status recently, and a diverse cultural landscape to reflect. Towns such as Chorley inherit a lot of the wealth and benefits such a close neighbour brings.

Our monitoring of Rock FM demonstrates output with little passion for its patch and in our view a station which has abandoned its "localness" USP to the detriment of the station.

Magic 999 The early hours of Magic output suggest it will be a service much more focussed to its local area. The breakfast show gives reference to Kate Garraway who is pregnant and will be spending Christmas at home in Chorley and there is a mention for the Christmas market at Preston and Chorley. However local coverage does not seem to extend beyond these fleeting mentions in any meaningful way.

Magic is a station whose audience has declined to an all time low in the face of stiff competition from BBC Lancashire, which reflects its area with much more commitment and Smooth FM which is adult orientated and uncluttered in its environment.

Magic plays a mix of 70's 80's 90s and 00's with a networked show in the middle of the day that completely eradicates any localness on the service and undermines its own commitment to the area. It also runs an hour of non-stop 80's at 2pm.

With a planned rebrand and an increase in networked programming this is clearly not a station that is well positioned to serve the local community with meaningful local output. This is reflected in the fact that news bulletins run from the FM service with little local orientation throughout.

Smooth FM

In the last two years the popularity of Smooth FM has really taken hold and this, in audience terms is a successful regional service. As such however it cannot achieve the levels of localness that a focussed local service such as Proud FM can.

The station's regional focus is reflected in its news and travel stories which on the day of monitoring were focussed on the key cities of Liverpool and Manchester with no specific information dedicated to the Preston area.

The station does mention Chorley within the produced localiser strap line just before the news at the top of the hour and there's also a text reference to a Chorley workplace, but that's as far as it goes.

This service is about providing a music-focused 60's 70's 80's and 90's offer for the North West, in an uncluttered environment. Proud FM through its locally focused news and information agenda will broaden choice.

Century

As a regional station, its success is undermining the audiences of the traditional heritage stations in Manchester, Liverpool and Preston. This station has a strongly defined brand image with a clear musical offer. It plays 'the best in 80's 90's and Now' and is a very female and rhythmically driven proposition.

Its regional remit however negates it from providing the in depth local news and information at a local level, which will be a hallmark of Proud FM. Whilst there were text references to its neighbours in Wigan, Leigh, Blackpool and St Helens there was no meaningful editorial or reflection of local life in Preston, Chorley or Leyland.

There is no relevant local traffic news with most stories centring on Liverpool, Manchester or North Wales. The news stories also reflect what's going on in Liverpool, Manchester or nationally.

Output Analysis

Our monitoring of the music output of the four commercial radio stations revealed a very polarised offering from the existing stations. This polarisation in terms of tracks played by decade was evident in the predominance of Current and Recurrent tracks on Rock, (reflecting their younger demographic targeting), the heavy dominance of 80's and 90's tracks of Century and a dominance of 70's and 80's tracks on Magic and Smooth (albeit relating to different music genres).

Comparative playlist (tracks played categorised by decade)

	1950's	1960's	1970's	1980's	1990's	2000's	Recurrent	Current
Rock FM	0%	2%	4%	7%	13%	20%	17%	37%
Magic 999	1%	7%	35%	45%	7%	3%	1%	0%
Century	1%	3%	8%	35%	22%	9%	14%	7%
Smooth	1%	8%	33%	34%	13%	3%	4%	3%

Analysis of the news output of the services reveals that none of the existing commercial radio stations give any real weighting to Preston, Leyland and Chorley stories. The lack of any real local news content reflects each station's wider regional bias. Two stations carried extended news bulletins (Century in the 1700 hour and Magic in the 1800 hour), however despite this the only Preston specific story carried on these bulletins was carried by Magic and related to a children's ward visit by Preston North End football stars.

Comparative news provision (news stories)

	National/Intl	Regional	Preston area specific
Rock FM	45%	49%	6%
Magic 999	57%	38%	5%
Century	50%	50%	0%
Smooth	45%	55%	0%

Looking at the composition of speech programming on the existing ILR's reveals very low levels of serious editorial and little (if any) what's on programming. Furthermore, our monitoring reveals some very high levels of DJ Chatter on virtually all the stations.

Comparative speech presentation composition

	Promos & competitions	DJ Chat	What's on	Serious Editorial	Weather & travel	Fun Editorial
Rock FM	21%	48%	0%	0%	11%	20%
Magic 999	7%	56%	1%	1%	9%	27%
Century ³	8%	35%	0%	32%	8%	17%
Smooth	14%	60%	5%	0%	21%	1%

³ All serious editorial on Century relates to the afternoon "Legends" sports phone-in

Focus Group Research

Key Objectives	To understand the preferences of 18-54 year old radio listeners in the Preston area						
Specific Questions sought to answer	<p>Specific questions were asked to ascertain listener preferences as to:</p> <ul style="list-style-type: none"> • Music • News • Traffic & Travel • Information features (what's on, jobs, etc) • Presenters • Phone-ins/studio discussions • Competitions • Community information • Sports coverage <p>At the end of the discussion sessions each group was asked their opinion on the draft proposal for a new station as described on a Concept Card</p>						
Research Methodology	Four Focus Group discussions. Previously conducted desk research and monitoring had identified an opportunity to develop a local commercial radio station with speech content focused on Preston, targeting the older 35 to 54 radio listener. Recent research experience on licence applications indicated that a station targeting this age group could also attract a sizeable audience from younger age groups. Recruitment quotas were therefore set for age, gender and current radio listening preference to ensure that the composition of the groups in total reflected the profile of the potential audience (18 to 54's) of the proposed new station.						
Size and composition of the sample	<p>Recruitment for each group was conducted to two non-linked quota criteria (below), age group and 'station listened to most'. 2 Groups (1 male, 1 female) were recruited in Preston and 2 (1 male, 1 female) in Leyland / Chorley, a total of four groups</p> <p>Age Group</p> <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • 2, aged 18 to 24 • 3, aged 25 to 34 • 3, aged 35 to 44 • 3, aged 45 to 54 • 1, aged 18 to 54 </td> <td style="vertical-align: top;"> <p>'Most' listening</p> <ul style="list-style-type: none"> • 2, Century 105.4 FM • 2, 97.4 Rock FM • 2, Magic 999 AM • 2, 100.4 Smooth FM • 2, BBC Radio 1 / Rock FM • 2, Any of the above </td> </tr> </table> <p>Actual group attendance was as follows:</p> <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top;"> <p>Group 1 (Preston) – Males 18 to 54</p> <ul style="list-style-type: none"> • 2 males, aged 18 to 24 • 3 males, aged 25 to 34 • 2 males, aged 35 to 44 • 4 males, aged 45 to 54 </td> <td style="vertical-align: top;"> <p>Group 3 (Leyland/Chorley) – Males 18 to 54</p> <ul style="list-style-type: none"> • 2 males, aged 18 to 24 • 2 males, aged 25 to 34 • 1 males, aged 35 to 44 • 4 males, aged 45 to 54 </td> </tr> <tr> <td style="vertical-align: top;"> <p>Group 2 (Preston) – Females 18 to 54</p> <ul style="list-style-type: none"> • 1 female, aged 18 to 24 • 2 females, aged 25 to 34 • 2 females, aged 35 to 44 • 3 females, aged 45 to 54 </td> <td style="vertical-align: top;"> <p>Group 2 (Leyland/Chorley) – Fem. 18 to 54</p> <ul style="list-style-type: none"> • 2 female, aged 18 to 24 • 3 females, aged 25 to 34 • 4 females, aged 35 to 44 • 3 females, aged 45 to 54 </td> </tr> </table>	<ul style="list-style-type: none"> • 2, aged 18 to 24 • 3, aged 25 to 34 • 3, aged 35 to 44 • 3, aged 45 to 54 • 1, aged 18 to 54 	<p>'Most' listening</p> <ul style="list-style-type: none"> • 2, Century 105.4 FM • 2, 97.4 Rock FM • 2, Magic 999 AM • 2, 100.4 Smooth FM • 2, BBC Radio 1 / Rock FM • 2, Any of the above 	<p>Group 1 (Preston) – Males 18 to 54</p> <ul style="list-style-type: none"> • 2 males, aged 18 to 24 • 3 males, aged 25 to 34 • 2 males, aged 35 to 44 • 4 males, aged 45 to 54 	<p>Group 3 (Leyland/Chorley) – Males 18 to 54</p> <ul style="list-style-type: none"> • 2 males, aged 18 to 24 • 2 males, aged 25 to 34 • 1 males, aged 35 to 44 • 4 males, aged 45 to 54 	<p>Group 2 (Preston) – Females 18 to 54</p> <ul style="list-style-type: none"> • 1 female, aged 18 to 24 • 2 females, aged 25 to 34 • 2 females, aged 35 to 44 • 3 females, aged 45 to 54 	<p>Group 2 (Leyland/Chorley) – Fem. 18 to 54</p> <ul style="list-style-type: none"> • 2 female, aged 18 to 24 • 3 females, aged 25 to 34 • 4 females, aged 35 to 44 • 3 females, aged 45 to 54
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When and where research conducted	Recruitment interviewing was conducted "in home" between Saturday 10th June 2006 and Saturday 24th June 2006 in the area covered by the TSA. Discussions with Preston respondents (groups 1 & 2) were conducted on 28th June 2006 at the Holiday Inn Hotel, Preston. Discussions with Leyland / Chorley respondents (groups 3 & 4) were held on 29 th June 2006 at the Best Western Hotel, Leyland.						

Overview

The key objective of our focus group research was to understand the preferences of radio listeners in Preston and the surrounding area. Commercially, given the small TSA, we were aware the station would need to appeal to as broad an audience as possible. As a result we focussed our attentions on the 35 to 54 age group, which would likely represent the key middle ground.

Having recently conducted similar research in support of a number of radio licence applications, we were also aware that a station targeting a 35 to 54 year old core audience would be likely to attract a sizeable audience at either ends of this age range. As a result, we recruited within a broader 18 to 54 demographic.

The clear “take away” from all Focus Group discussions was the participants’ strong desire for Preston to have its own music-based radio station, with news and information content that is focused on the local area, that is presented in a concise, timely and accurate fashion.

Descriptors of Preston / Leyland / Chorley

Preston was viewed positively overall as ‘Developing’, ‘Up & Coming’ and ‘Vibrant’.

Leyland, and to a lesser extent Chorley were viewed as overdeveloped in housing, with Leyland also regarded as overdeveloped in multiple food retailing. These factors were viewed as having led to a loss of community cohesion.

There was no sense of modern day rivalry between Leyland & Chorley and neither was there a sense of being ‘2nd class citizens’ in comparison to their city neighbour – Preston.

Music Preferences

In terms of musical preferences, the following were clearly expressed across the groups:

- Want – Variety – a mix of era’s & genres from 60’s to recent
- Fairly high interest in local bands
- Some interest in ‘B’ sides & Album tracks

- Don’t want – extreme music styles (Punk, Hard Garage, Heavy Bass)
- Don’t Want - repetition of tracks

Current Local Stations

- ILR’s perceived to be repetitive for music
- ILR’s perceived to be lightweight and repetitive for news & information
- ILR’s poor for ‘What’s On’
- Inaccurate weather forecasts

“If it is a new song Rock FM play it about five times a day, it is too much, I get fed up”

“It all feels like the same day over again, no change”

“Get fed up with the same news”

“They should follow up a story”

“Rock FM and Magic give totally different weather forecasts”

News

- Local / Regional and National / International News broadly 70/30 split
- Local news to be important & relevant
- Bulletins on the hour, extended lunch & teatime bulletins
- Development of news stories not repeats of the same taped bulletin
- Local considered to be TSA boundary + 10 miles

"Local level [news] that's not on television"

"Local should cover Preston and the surrounding area"

"It depends on the item and the interest in it but should be for Preston, Leyland and Chorley"

"I want to know what's going on and it's got to be progressive news"

Traffic & Travel

- All find traffic & travel info useful
- 15 minute updates at peak times, hourly off peak.
- All want a 'Jam Buster' phone- in which they consider particularly useful
- Traffic news to cover major trunk roads / motorways around Preston / Leyland / Chorley as well as local roads in the city / towns.
- Increased coverage during peak holiday periods
- Want to know when jams are cleared
- Want info on major Bus, Train & Airport delays

"It must be up to date information covering all main roads in the area and to say when the obstruction is cleared"

"Every 15 minutes in the rush hour. Non-rush hour only once an hour unless there has been an accident"

Information

- There was interest in 'What's On' info including cinema, theatre & arts, pubs & clubs, museums & galleries, and some interest in 'What's On' for families with young children.
- Weather Reports – Current & 24 hr forecasts hourly or less. Longer range forecast to cover the weekend to facilitate activity planning.

"Give out local things in area to do especially at weekends"

"I don't buy a local paper so use the radio for local information"

"I want weather for over the weekend when I am off work"

Sport

- There was little personal interest in sports coverage from the female group, but they did want results service and some info about major events so they could have common conversational ground with children or male work colleagues.
- Demand for sports coverage was generally fairly muted from the males with the general demand being for 'lightweight' coverage of major events such as The World Cup and Wimbledon and a results service with additional news on local teams.

"Just the results so we can talk at work"

"Main results for local teams"

"Bulletins and anything interesting but keep short. Interview local sports personalities"

Presenters

- All thought presenter personality & style were important
- Intelligent humour where appropriate
- Don't want – presenters waffling
- Like northern accents but not essential, clarity more important
- All want presenters to be knowledgeable about the region and music
- 'False' northern accents a definite turn-off.

"Cut the waffle"

"Want someone who talks sense"

"Two presenters is usually puerile banter"

"Needs good local knowledge with no broad accents of any kind or fake accents. Needs a natural clear voice and to know the music they are talking about. Mustn't try too hard to sound cool"

"Good sense of humour, but intelligent humour"

"Probably middle-aged (thirty) so they know their stuff"

"I dislike someone who talks about themselves all the time"

"Don't want anyone not local pretending to be local"

Other Entertainment

- Some interest in studio discussions dependent on subject, not at peak times.
- Interest in a range of phone-ins from serious topical issues to lighter topical subjects, wind-ups & prank calls to late night phone-ins.
- Some interest in interviews with celebs, local politicians and ordinary local people
- Widespread interest in a range of competitions & quizzes

Adverts

- Both groups disliked adverts as executed by currently available ILR stations
- Want – Less frequent advert breaks, fewer adverts in a block, less repetition of same advert, Better quality of advert, Humorous (not juvenile) adverts, less 'cheesy' jingles.

"Make ads sensible, no stupid jingles and not too much repetition"

"Don't have long ad breaks in blocks, make them short and sweet"

Format Test & Potential Listening Survey

Key Objectives	<p>1.To test each individual component of the proposed station format designed to meet the identified market gap and developed through the research series, particularly in relation to music preference & mix, news and information provision, specific features and presenter style.</p> <p>2. To test the overall appeal of the station as summarized on the Proud FM 'Concept Card'</p> <p>3. To establish the size of the potential audience for the Proud FM concept in terms of reach and listening hours and to determine the impact the station might have on existing radio listening.</p>
Specific Questions sought to answer	<p>Radio stations currently listened to</p> <p>Recent audience movements and the reasons for this</p> <p>Time of day of listening</p> <p>Key elements attracting listeners to their favourite station</p> <p>What is considered to be local and which other areas should be covered in news & information content</p> <p>Music preferences in terms of both style and mix</p> <p>Levels of agreement with specific aspects of news coverage proposed</p> <p>Levels of agreement with specific aspects of information coverage proposed</p> <p>Levels of agreement with proposals for other speech features</p> <p>Levels of agreement with proposed presenter attributes</p> <p>Levels of agreement with stations proposals for involvement with the local community</p> <p>Likelihood of listening</p> <p>Days and hours likely to listen</p> <p>Positioning of new station</p> <p>Impact on existing stations. To which stations would listening cease or reduce.</p>
Research Methodology	Face to face in street conducted by First Surveys across the proposed TSA
Size and composition of the sample	500 adults aged 15+ with quota breaks for age group with gender to reflect the TSA demographic
When and where research conducted	<p>Fieldwork was conducted over a fourteen-day period between Monday 3rd July and Sunday 16th July 2006 inclusive, across postcode sectors within the Proud FM TSA.</p> <p>The TSA of the proposed station was divided into five sectors, each of which was nominated as a sample area. Interview quotas were allocated across these sample areas, broadly in line with population density, ensuring that opinion was tested on a representative cross-section of residents throughout the TSA.</p>

Summary of main findings:

Likelihood of listening

Towards the end of the questionnaire respondents were shown a concept card outlining the Proud FM proposed format and were asked to indicate their likelihood of listening. Encouragingly, 57% of respondents said they would be “very” or “fairly” likely to listen with a further 11.8% being neutral.

To establish realistic potential reach for the new station we assumed a conversion rate of 60% of all “very likely” listeners and 10% of those “fairly likely”. This suggests an adult weekly reach figure of 17.7%, which forms the initial basis of our financial and business planning.

In terms of listening hours we asked positive or neutral respondents what days of the week they would listen and for how long. This determined that, of those who said they were likely to listen or neutral, their average weekly listening hours would be 8.71.

Of all of those likely/neutral listeners, 46% said they would increase their listening to accommodate the new station; 45% said they would listen less to an existing one; and only 9% said they would stop listening to an existing station. The table below sets out those services that would be affected by this reduced listening.

Station	Listen less/stop listening % of responses
BBC Radio stations	38%
Rock FM	25%
Century FM	21%
Smooth FM	13%
Magic 999 AM	1%
National Commercial Radio	2%

Of those who said they were likely to listen to the new station or neutral (69% of the base), we asked where they would position the station in terms of their listening choice. By applying a simple scoring system to the responses (e.g. 3 points for 1st choice, etc.) we established that Proud FM is likely to become the overall 2nd choice radio station in the area.

Proud FM Projected Audience Profile

The table below outlines the projected audience profile of Proud FM based on our quantitative research survey and respondents responses to the Proud FM service proposition and demonstrates the appeal of Proud FM to a broad audience.

Proud FM Listener Profile

	TSA Profile	Proud FM Reach Profile	Index	Proud FM Listening Hours Profile	Index
15-24	17%	16%	97	15%	88
25-34	15%	20%	130	20%	129
35-44	18%	19%	104	16%	89
45-54	16%	14%	89	17%	105
55-64	15%	14%	94	14%	96
65+	18%	15%	84	16%	87
Male	49%	43%	87	47%	95
Female	51%	57%	112	53%	104

Listening by Time Of Day

In order to help shape our programming we asked respondents at what time of day they were most likely to listen to the radio. ABC1 adults were more prominent at Breakfast, as were females and whilst highest proportion of 15 to 24's daily listening (36%) occurred in the Breakfast time slot, the 25 to 34 age group accounted for the highest proportion (21%) of all breakfast time projected hours, indicating music choice to suit this age group will be important during that slot.

Music Preferences

Respondents were asked to study a show card containing 18 blocks of music each listing the names of four artists/bands who typified a particular genre of music. Respondents were then asked to select the single block they would most like to hear on a new local radio station. They were then asked to nominate other blocks representing other music styles they would like to hear, plus name those blocks they would not like to hear, and those blocks which if played would make them switch to another station.

Music Clusters

Classic Soul	Chart Pop
I Will Always Love You - Whitney Houston Endless Love - Diana Ross Breathe Again - Toni Braxton Sexual Healing - Marvin Gaye	Spinning Around - Kylie Minogue Oops, I Did It Again - Britney Spears Round Round - Sugarbabes Don't Cha - Pussycat Dolls
Contemporary Hits	Easy Listening
Angels - Robbie Williams Side - Travis As - George Michael I'm Outta' Love - Anastacia	Evergreen - Barbara Streisand Close To You - Carpenters Three Times A Lady - Lionel Ritchie Can't Smile Without You - Barry Manilow
Melodic Hits	Jazz
High - Lighthouse Family Life For Rent - Dido To The Moon and Back - Savage Garden Flying Without Wings - Westlife	Groovin' High - Charlie Parker Bitches Brew - Miles Davis Courtney Pine Breezin' - George Benson
Modern Rock	Classic Indie
Speed Of Sound - Coldplay Have A Nice Day - Stereophonics No Surprises - Radiohead Smells Like Teen Spirit - Nirvana	This Charming Man - The Smiths Fools Gold - Stone Roses Step On - Happy Mondays Primal Scream - The Roots
Contemporary R&B/Soul	Adult Hits
Independent Women - Destiny's Child 7 Days - Craig David Dreams - Gabrielle Dreamlover - Mariah Carey	Runaway - Corrs Music - Madonna Losing My Religion - REM Against All Odds - Phil Collins
Soft Rock	Golden Oldies
Hard To Say I'm Sorry - Chicago Sultans of Swing - Dire Straits Alone - Heart Don't Stop - Fleetwood Mac	Dancing Queen - ABBA Wouldn't It Be Nice - Beach Boys Jailhouse Rock - Elvis Presley Night Fever - Bee Gees
Country	Dance
This Kiss - Faith Hill Crazy - Willie Nelson How Do I Live - Leann Rimes Islands In The Stream - Kenny Rogers	Another Chance - Roger Sanchez 9PM (Til I Come) ATB Red Alert - Basement Jaxx Movin' Too Fast - Artful Dodger

Music Clusters (continued)

Rock	Classic Rock
Keep The Faith - Bon Jovi	(I Can't Get No) Satisfaction - Rolling Stones
Beautiful Day - U2	Wish You Were Here - Pink Floyd
Summer Of '69 - Bryan Adams	Hotel California - Eagles
Rock The Casbah - Clash	Light My Fire - Doors
Classic Hits	New Indie
I'm Still Standing - Elton John	Green Day – American Idiot
I Want To Break Free - Queen	Arctic Monkeys – I Bet You Look Good On The Dance Floor
The Best - Tina Turner	Kaiser Chiefs – I Predict A Riot
Tonight's The Night - Rod Stewart	Walk Away – Franz Ferdinand

Initial analysis showed that all music types attracted a broad range of nominations from the base, principally due to overlaps in taste from adjacent age groups.

To gain a better understanding of listener preferences, data for 'Most Like To Hear' was cross-tabulated with 'Other Like to Hear'. This revealed a degree of clustering of music choice by era, (the 'formative years effect') a result, which has been noted in previous UTV licence support research and typically observed in similar studies. It also illustrated the fact that the music tastes of the 15 to 24's were narrower than those of the other age groups and that the music preferences of most 65+'s lay (with the exception of 'Easy Listening' and 'Golden Oldies') outside the range of styles tested.

The degree of overlap in music tastes that exists across the age ranges (and particularly in the central 35 to 54 age range) does however provide a relatively homogenous audience, which could be attracted and retained in commercially significant numbers by careful music programming.

The data for 'most', 'other', 'don't like' and 'would switch' for the 25-64 and 35-54 groups was examined and then combined, with a simple scoring scale applied to provide a means of measuring music preferences for these two groups overall. The scale used ('Most Like' = 10, 'Other Like' = 5, 'Dislike' = -5 and 'Would Switch' = -10), provides a means of ranking the relative popularity of the genres tested. The table below shows the results of this analysis.

25-64 - Music Genre Preferences
(Ranked)

Rank	Genre	Score (Adj)
1	Classic Soul	1140
2	Contemporary Hits	861
3	Classic Hits	816
4	Modern Rock	748
5	Adult Hits	710
6	Golden Oldies	634
7	Rock	634
8	Classic Rock	597
9	Melodic Hits	566
10	Soft Rock	536
11	Cont. R&B / Soul	340
12	Easy Listening	310
13	Classic Indie	302
14	New Indie	106
15	Chart Pop	98
16	Jazz	-53
17	Dance	-264
18	Country	-340

35-54's - Music Genre Preferences
(Combined/Ranked)

Rank	Genre	Score (Adj)
1	Classic Soul	2451
2	Classic Hits	1889
3	Modern Rock	1756
4	Contemporary Hits	1713
5	Soft Rock	1499
6	Adult Hits	1369
7	Classic Rock	1363
8	Golden Oldies	1225
9	Melodic Hits	1088
10	Rock	949
11	Classic Indie	898
12	New Indie	632
13	Chart Pop	545
14	Easy Listening	478
15	Cont. R&B / Soul	138
16	Jazz	-5
17	Dance	-380
18	Country	-1218

The music research indicates a strong desire for a wide range of guitar-based music. There is an acceptance of new music alongside familiar 'gold'. There is a strong desire for a variety of music not just a selected few being played over and over. The playlist will reflect an adult contemporary format based on the accepted genres listed in the table above.

NON-MUSIC PROGRAMMING

In this survey we sought to 'spell out' exactly what Proud FM would deliver in non-music programming with a view to engendering a clear-cut response to each of our specific proposals as well as summarising these proposals in our 'Concept Card' to test the overall appeal of Proud FM.

In order to test reaction to our proposals a series of statements covering key delivery points for each area of station programming were read to respondents who were asked to indicate how much they agreed or disagreed with each statement by selecting their response from a 4 point scale printed on a show-card. This scale was common to statements covering 'News', 'Information', 'Other Speech Features', 'Presenter Attributes' and 'Station Involvement With The Community'.

A simple scoring regime was applied to the scale to facilitate calculation of mean scores, enabling simple comparison and ranking of the data: 'Agree Strongly' = 100, 'Agree Slightly' = 50, 'Disagree Slightly' = -50 and 'Disagree Strongly' = -100

Thus the highest mean score a statement could achieve would be 100 indicating universal strong agreement with the statement. A mean score of -100 would indicate universal strong disagreement with a statement, and a mean score of 0 would indicate that overall respondents neither agreed nor disagreed with a statement.

The following paragraphs deal with each of the programming areas listed above and list in table format (ranked by level of agreement as indicated by base mean score), respondent reaction to Proud FM's proposed output.

Areas Considered to Be Local

In order to ensure relevance of our speech, particularly news and information content, we asked respondents what area they considered to be local. 62% considered 'The City of Preston and The Surrounding Area' to be local, 13% nominated 'The County of Lancashire' and 24% 'The North West'. (This lower level of association with the intermediate geographical area has been observed in previous surveys supporting other licence applications)

Furthermore, when asked which areas they would regularly like to hear news and information about, 55% wanted to regularly hear news & information about 'The City of Preston & The Surrounding Area', 41% 'The County of Lancashire' and 47% 'The North West'.

This demonstrates that there is a very clear perception of 'localness' in the Preston TSA; it also reveals a desire to be kept informed not only about local news and events, but also of what is happening in the wider geographical area of the North West.

News and Information Features

It was notable that agreement levels were slightly lower for the '15 to 24' age group than for the base and that generally agreement levels with the news statements rose with advances in age. This reflects the perceived wisdom that 15 to 24's have a lower appetite for news & information on the radio.

Agreement with the statements ranged from fair to high, with the top 4 ranked statements tending to corroborate the perceptions of our Focus Group respondents, namely that:

- current ILR stations do not update bulletins or develop stories through the day,
- do not focus on local stories and
- repeat the same recorded bulletins.

Rank	Q No.	News Proposal	Base Mean Score	% Agree Strongly/ Slightly *
1	Q7d	Update News Bulletins & Develop Stories Throughout The Day	52	87%
2	Q7c	Prioritise Local News For Preston	42	80%
3	Q7e	Hourly News Bulletins Throughout The Day At Non-Peak Times	31	75%
4	Q7a	Live News Bulletins From 6am to 7pm	30	74%
5	Q7f	Two Extended Bulletins, One At Lunchtime And One At Drivetime	26	70%
6	Q7g	Interactive Rolling News Feature Combining Studio Comments & Listener Opinion	12	62%
7	Q7b	News Bulletins Every Half Hour During Peak Periods	3	52%

* % of those expressing a definite opinion

For 'Information' there was again a high level of approval for the proposed programming, with the exception of 'Jobseekers Information' (which attracted approval from 15 to 24's which was offset by no interest from other age groups) and sports results & information, which (predictably) was approved of by males (14) but disapproved of by females (-34). Again the views of our quantitative survey respondents are consistent with the opinions expressed by our Focus Groups.

Rank	Q No.	Information Proposal	Base Mean Score	% Agree Strongly/ Slightly *
1	Q8b	Regular 'What's On' Information Covering Preston And The Surrounding Area	40	80%
2	Q8a	Up to the minute Traffic & Travel Information Every Hour and Every 15 minutes At Peak Times	35	72%
3	Q8c	Hourly Weather Forecasts For The Preston Area	15	60%
4	Q8d	Regular Information And Results On Local Football, Rugby, Cricket And Other Sports	(11)	44%
5	Q8e	Jobseekers Slots With Advice & Guidance For Jobseekers	(17)	39%

* % of those expressing a definite opinion

Other Speech Features

Using the same technique employed for 'news' and 'information', specific proposals for other speech features were tested. There was, once again, overall a fairly high level of approval for the proposed programming with all items attracting positive mean scores.

By sub-group the following general conclusions were evident, namely that:

- interest in the more serious items tested tended to increase with advancing age;
- interest in 'competitions & quizzes' waned with advancing age.
- interest in 'Record Requests & Dedications' and in 'Entertaining Studio Interviews' was at a fairly high level across all age groups.

Rank	Q No.	Proposed Speech Feature	Base Mean Score	% Agree Strongly/ Slightly *
1	Q9f	Record Requests & Dedications	30	72%
2	Q9d	Entertaining Studio Interviews With A Variety Of Guests	28	70%
3	Q9a	'Phone-ins Where Listeners Can Voice Their Opinions	17	64%
4	Q9h	'Listener Is The Critic' Restaurant, Film, Show, Event Review	9	58%
5	Q9b	A Range Of Competitions & Quizzes	6	56%
6	Q9c	Advice Slots - Health & Fitness, Legal, Money, etc.	3	54%
7	Q9g	Magazine Style Feature Combining Interviews, 'Phone-ins & Music	3	53%
8	Q9e	Hard Hitting Interviews, Debates & Discussions With Elected Representatives, Local Businessmen etc.	(3)	49%

* % of those expressing a definite opinion

Presenter Attributes

There was a very high level of agreement with the proposals for the qualities presenters should possess, qualities, which will be the hallmark of Proud FM's presenters.

Rank	Q No.	Proposed Presenter Attributes	Base Mean Score	% Agree Strongly/ Slightly *
1	Q10c	Presenters Should Be Informed About And Interested In The Music They Play	77	97%
2	Q10b	Presenters Should Be Professional And Knowledgeable, Fun But Not Juvenile	71	95%
3	Q10d	When Interviewing / Hosting, Presenters Should Be Intelligent And Challenging	66	93%
4	Q10a	Presenters Don't Have To Be Local But Must Have A Good Understanding Of The Local Area	52	82%

* % of those expressing a definite opinion

Station Involvement With The Community

Testing of the new station's proposed involvement in the local community was conducted in the same manner as the other elements. There was a very high level of agreement with the station's proposals. In common with previous research findings on issues of community engagement, this was at a reduced level in the '15 to 24' age group.

Rank	Q No.	Proposed Community Involvement	Base Mean Score	% Agree Strongly/ Slightly *
1	Q11a	Should Support Local Community And Charity Events	65	93%
2	Q11b	Should Be Active In Promoting Preston And The Surrounding Area	64	92%
3	Q11c	Should Maintain An Active Presence In The Community With Outside Broadcasts	59	92%
4	Q11d	Should Keep Listeners Informed About Local Politics And Economic Decisions which Affect The Community	37	78%

* % of those expressing a definite opinion

(7) Evidence of Support

This section should provide evidence of support, where appropriate, from the applicant's potential audience or from prospective local advertisers.

In addition to the formal research set out above, Proud FM invested a significant amount of time communicating and gathering broad support for our proposals. As a result of this exercise, Proud FM received overwhelming support from key opinion formers, community organisations, charities, educational establishments, local sports clubs, public sector bodies, and key commercial companies and organisations.

A number of these expressions of support, which were addressed to our Chairman, are set out below.

Babs Murphy, Chief Executive, North & Western Lancashire Chamber of Commerce

As you may know the Preston, Leyland and Chorley area is being re-branded by our local authorities, the Lancashire Economic Partnership, and the North Development Agency as the Central Lancashire City Region. The move towards City Region status will provide a catalyst for a range of activities to increase the prosperity of the area.

The allocation of a radio licence to serve the Central Lancashire City Region, therefore, comes at an exciting time for the area. Not only will the new commercial radio station provide an opportunity to help create a separate identity for Central Lancashire but it will also serve to showcase the region's entrepreneurial talent.

As a chamber, therefore, we recognise the need for a new commercial station to cover Central Lancashire and are delighted to support your application.

Paul Bowker, Bowker BMW

Thank you for your recent letter regarding your exciting new venture Proud FM, and thanks for taking the time to let me know a little more about it. I agree with your comments regarding music policy and programming etc and believe that it will certainly broaden the choice to what is currently available, and I was particularly pleased to hear that you would be focusing on local news / issues as well as a broader range of music.

As you are aware, we are a Preston based business who is always keen to promote both our services and our brand to as wide an audience as possible. We currently utilise a number of media to achieve this including local radio stations, which we have found particularly successful.

The prospect of a new commercial radio station covering our key target areas of Preston, Chorley and Leyland run by a financially robust, credible and established radio operator who truly understands the area would be a benefit to us and definitely play a part in our future marketing campaigns and activities.

Preston is witnessing some considerable change at present and it's future through initiatives such as Preston Vision, is extremely exciting, and we thoroughly support Proud FM's proposals to reflect the positive aspects of England's newest city.

I'm sure with your involvement we will no doubt witness another radio success!

Roy Page, Chief Executive, Prime Resorts Ltd

I have recently heard about the exiting proposals for Proud FM, I must say a new radio station based on this format is long overdue and it is great to see the project has the support of John Barnett who brings with him a wealth of experience of Local Radio.

I believe the proposed Format / programming proposals for the station are just what the area needs, Proud will offer more choice and will focus on key local issues and events. A much broader music mix will also be the basis of the stations wide market attraction.

Initiatives such as Preston Vision sound fantastic and we at Prime Resorts fully support Proud FM's proposals to reflect the positive aspects of England's most progressive new city.

We use radio advertising as a key part of our overall media and sales activity and would definitely support the new station.

Mike Rudd, Director, BAE Systems

On behalf of BAE Systems at Warton thank you for your letter concerning Proud FM.

I am delighted to hear of your proposals and welcome the strong community spirit inherent in your ideas. Our company always welcomes any initiative that benefits the local community and I am very pleased to lend my support for your bid.

I am familiar with much of your excellent quality professional work in the entertainment and media field and I can vouch for your high standards and exceptional quality of production.

I wish you all the best with your endeavour and look forward to hearing Proud FM on the airwaves.

Edwin J Booth, Chairman, Booth & Co

The new radio station for Preston, Leyland and Chorley looks very exciting and, given the potential for these 3 districts to see themselves more as part of a whole, the foundation of Proud FM looks particularly appropriate. I particularly like the bit about "unnecessary DJ chatter"!

I am sure that Proud FM has the potential to garner a great deal of local business support.

Wishing you every success with your new venture and looking forward to having the opportunity of meeting you again before too long.

Paul Whelan, Chairman, Blackpool International Airport

I am delighted to hear about your application for this new exciting commercial radio station. As the former Chairman of Radio Italia Network in Italy, I know at first hand the importance of radio to local communities. I fully support your initiative and wish you and your colleagues great success with Proud FM.

Please let me know how your application progresses and if there is anything else you need from me regarding your application.

Darren Mercer, Director of Leisure, Preston Marriott Hotel

Thanks for your letter re-Proud FM. It sounds a really exciting project and something that will certainly appeal to lots of people in this area including me! I wish you the best of luck with your application and when you are successful I look forward to being able to work with you on joint promotions and marketing opportunities, I'm sure there will be lots of them! If there's anyway I can help you don't hesitate to call. Once again good luck with the application and I look forward to hearing Proud FM and its new sound for the people of Preston in 2007.

David Key, Sales and Account Manager, Preston Marriott Hotel

Thank you for your letter. Having reviewed the content, the station concept and spoken to you directly, I would like to offer Marriott's local support of Proud FM. As a business located in Preston we constantly look for new ways to advertise our services to local people. The catchment area of Proud FM would fit very well with our local marketing campaign. I look forward to meeting you in the near future to discuss how we can work together moving forward.

Angela Moore, Director, Lancashire Business Network

I write to pledge my support for you and your bid to deliver the new radio station in Preston, Leyland and Chorley.

With a business in the local area which serves numerous other businesses, I am sure that the type of service you are proposing will be of incredible value and that many of our members will become customers of Proud FM.

The local focus proposed will be an important feature of the station particularly in light of high profile developments in the area affecting local businesses and people. I can see that the format will offer something new to listeners.

With your personal success behind Radio Wave and the backing of UTV, I would also pledge support as this station will offer a sustainable new option. I would hate to see any new venture disappear due to insufficient backing or experience.

I wish you every success with your bid and look forward to hearing the outcome.

Clive Memmott, Chief Executive, Business Link Lancashire

Many thanks for your letter concerning the Proud FM bid to provide a new radio station for Preston, Leyland and Chorley. It's great news to hear that you're chairing the Proud FM bid and don't hesitate to contact me if BLL and/or myself can be of any help.

I welcome this initiative and the vision you have for this new station and it's obviously persuasive that it will be part of an established, well-respected group.

I am delighted, on behalf of myself and my organisation, to enthusiastically support your bid and look forward to a lively and energetic new commercial radio station that will add real value to the area.

J.E. Carr, Chief Executive, Preston City Council

The council is pleased to support your proposal in principle based on the outline format supplied.

We particularly like the focus you will bring on issues relating to the central Lancashire area which are distinct at times from those of other parts of Lancashire.

A mixed programme is to be welcomed because existing stations concentrate on either music or speech. We would like to hear a station that reaches the widest audience by appealing to all ages.

Should you become established, we would look forward to working with you on a variety of issues.

Councillor Howard Gore, Leader Of The Council, South Ribble Borough Council

Thanks for meeting with us today. It was very interesting to hear what you have planned for Proud FM, should your licence application to Ofcom be successful.

I fully support any move to introduce a new radio station in the Borough, and think people in Leyland and the wider South Ribble area will benefit tremendously from the creation of a station that's truly local to them.

As I mentioned in our meeting, the council takes a very proactive approach to communications and I have no doubt that our public relations team will be looking to build an excellent rapport with whichever applicant is successful in obtaining a licence to broadcast locally.

Ben Rhodes, General Manager, Preston North End Football Club

I am writing in support of the application by UTV Radio for the licence under the name Proud FM. I met with the representatives from Proud FM and am excited at the prospect of having a truly local station that directly addresses a core part of our supporter/fan base.

From our discussions we at Preston North End are very keen to work with Proud FM, not only in terms of promotional campaigns, but also in partnership through our many community based projects such as our School Visits, Footballs For Schools campaigns and our work in increasing female/disability and ethnic minority involvement at Preston North End.

We are well aware, due to their presence elsewhere in our region, of UTV Radio's credentials as a credible broadcaster, both in terms of locally focused stations, but also as a national sports broadcaster, and are hopeful that they will win the licence and we can form a successful partnership in the future.

Peter Holland, Chief Fire Officer, Lancashire Fire and Rescue Service

Thank you for your letter informing me about your new Radio Station for Preston, Leyland and Chorley. As you know well we work very closely with the media and any additional opportunity to engage with the public through the medium of radio is to be welcomed.

I sincerely wish you and your company all the best.

Al Yusuf, Business Development Officer, The Lancashire Partnership Against Crime

Thank you for your recent letter summarising the Proud FM's concept. Your proposals for a new radio station which will cover Preston, Leyland and Chorley appear very attractive. The Lancashire Partnership Against Crime (LANPAC) would be delighted to form a partnership with Proud FM and would welcome the Radio Station to become associate members of LANPAC. I take this opportunity to wish you every success with your licence application and the very best for the future.

Tom Croft DL

Please rest assured that the Lancashire Partnership Against Crime will be very supportive of your new project as I am sure 'Proud FM' will be of LANPAC. May I at the same time thank you for the tremendous support you have given to LANPAC over the years and long may it continue.

Michael Sheehan, Principal, Runshaw College

Thank you for your recent letter regarding Proud FM's bid for the franchise to broadcast locally. We would certainly welcome any new radio service which promoted local news and information particularly those relating to educational matters. We wish you well in your application.

Neil Aspinall, Chorley FM

Many thanks for meeting with both Michelle and I last week, we found it a very productive and useful initial meeting.

Your plans for a new radio station in Preston sounds very interesting and can see how your presence in the City will have many benefits not only for the community of Preston but further a field and including our plans for a full time Community Radio Station in the heart of Chorley.

With the above in mind we give you and your plans our full support.

Both Michelle and I look forward to seeing you again soon.

DECLARATION

Applicants are required to conclude their submission by responding to the following question:

Do you confirm that, to the best of your knowledge and belief:

- (i) the applicant is not a disqualified person in relation to the licence by virtue of the provisions of section 143(5) of the Broadcasting Act 1996 (relating to political objects);
- (ii) no director or person concerned directly or indirectly in the management of the company or the applicant group is the subject of a disqualification order as defined by section 145(1) of the Broadcasting Act 1996;
- (iii) no person involved in the application has been convicted within the past five years of an unlicensed broadcasting offence and that the applicant will do all it can to ensure that no person so convicted will be concerned in the provision of the service, the making of programmes included in it, or the operation of a radio station if the applicant is granted a licence; and
- (iv) any matters which might influence Ofcom's judgement as to whether the directors and substantial shareholders involved in the application are fit and proper persons to participate in a radio licence have been made known to Ofcom?

Applicants should note that Ofcom reserves the right to revoke a licence if at any time any material statement made is found to be false and to have been made by the applicant or any member or officer thereof knowing it to be false, and that in the circumstances of section 144 of the Broadcasting Act 1996, the provision of false information or the withholding of relevant information with the intention of misleading Ofcom could incur a criminal conviction and a disqualification from the holding of a licence.

The directors of Proud FM Limited are happy to confirm the above points and to certify that all directors of the company are considered fit and proper persons to participate in a radio licence.

Appendix 1: Certificate of Incorporation



**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

Company No. 5035439

The Registrar of Companies for England and Wales hereby certifies that
PCL RADIO LIMITED

having by special resolution changed its name, is now incorporated
under the name of
PROUD FM LIMITED

Given at Companies House, Cardiff, the 7th August 2006



Companies House
— for the record —

HC005A

Appendix 2: Confirmation of funding from UTV



Neil Stock
Head of Radio Planning & Licensing
Ofcom
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

7th September 2006

Re: Preston licence application

Dear Neil

This letter confirms that in the event that the FM ILR licence for Preston is awarded to Proud FM Limited, then UTV plc will fully fund the company up to an amount of £900,000, plus such additional amounts as may be required.

You will note from the latest full year results of UTV plc that the group continues to perform in line with expectations.

I trust this confirmation will give you the comfort you require under Section 2.(b) of the Proud FM licence application.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Scott Taunton'.

Scott Taunton
Director

Appendix 3: Market Share Analysis: Rock FM TSA

	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2006 Q1	2006 Q2	Mkt Share +/-
	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	
All BBC Radio														
Adults 15+	52.6	48.5	45.1	47.7	49.4	49.0	49.6	51.6	51.7	52.1	53.3	50.7	48.0	-2.6
Adults 15-24	29.4	23.8	22.6	21.5	20.1	27.3	26.1	19.8	25.0	38.8	37.4	32.0	25.9	-0.8
Adults 25-34	38.6	34.3	25.8	34.0	35.2	35.2	34.4	31.0	34.2	35.6	35.2	39.0	39.1	6.5
Adults 35-44	39.6	37.2	38.7	39.3	38.8	35.7	35.5	46.1	41.3	35.0	38.8	37.1	42.4	0.9
Adults 45-54	56.6	49.2	44.3	46.0	44.8	46.7	50.9	54.4	49.4	48.5	57.1	52.6	43.6	-3.3
Adults 55-64	63.4	63.9	64.7	67.2	68.2	65.8	65.2	65.4	65.5	61.7	60.2	61.4	57.4	-16.1
Adults 65+	76.9	76.9	72.9	73.2	78.8	76.1	74.4	78.4	78.4	77.0	78.2	72.5	68.2	-7.8
Men 15+	52.7	49.8	46.6	50.4	52.3	52.0	51.7	51.4	52.6	50.0	53.5	55.6	50.5	-1.3
Women 15+	52.4	47.0	43.2	44.5	46.1	45.6	47.4	51.7	50.7	54.2	52.9	45.8	44.8	-3.9
All Local Comm														
Adults 15+	39.0	41.0	43.4	43.6	39.7	38.1	39.8	38.4	38.0	37.5	35.9	37.3	39.6	-1.5
Adults 15-24	62.5	64.1	63.3	63.2	62.7	56.5	61.9	68.3	62.5	46.5	48.6	55.0	57.6	-9.6
Adults 25-34	54.5	51.6	58.0	61.8	58.5	58.7	59.3	61.2	58.3	59.4	55.4	52.0	52.3	-9.7
Adults 35-44	52.9	56.3	55.2	54.2	49.9	53.2	54.2	41.4	46.9	54.5	50.8	52.4	47.9	-7.2
Adults 45-54	38.8	42.8	46.1	47.7	46.0	37.2	39.3	36.0	41.7	43.4	36.5	40.1	45.4	5.8
Adults 55-64	25.6	26.8	23.0	26.0	22.4	20.0	25.0	25.9	23.1	27.6	26.5	21.9	30.8	9.8
Adults 65+	11.4	10.2	15.6	14.4	9.5	11.0	11.4	12.1	11.6	10.6	10.4	13.4	14.3	4.5
Men 15+	38.2	40.5	41.3	39.8	36.3	34.5	36.7	36.7	35.4	37.7	34.9	33.0	38.0	0.2
Women 15+	40.0	41.7	45.9	48.1	43.5	42.2	43.2	40.5	40.7	37.3	36.9	41.7	41.6	-4.1
BBC Radio 1														
Adults 15+	6.9	7.2	6.8	7.4	6.2	8.0	7.8	6.7	7.2	7.4	8.4	8.6	11.1	3.4
Adults 15-24	17.6	19.8	17.5	14.5	12.3	19.4	18.6	14.3	17.4	26.1	24.7	23.4	20.8	1.5
Adults 25-34	17.9	17.2	12.9	16.6	18.8	21.1	18.7	14.6	15.3	17.2	19.5	21.3	28.9	17.0
Adults 35-44	6.8	4.9	7.4	9.4	5.8	4.6	4.3	6.8	11.0	7.7	8.6	6.8	14.7	5.6
Adults 45-54	2.6	2.9	2.1	1.6	2.1	4.6	6.3	5.4	3.0	2.6	3.3	3.9	7.4	2.9
Adults 55-64	1.5	0.7	0.7	2.9	1.5	1.3	2.2	2.0	2.1	1.1	0.4	0.7	1.9	-1.8
Adults 65+	0.4	0.5	0.3	0.8	1.5	1.9	0.9	0.8	0.9	1.0	1.7	2.8	1.4	0.6
Men 15+	7.7	8.2	9.2	9.2	6.8	9.1	8.8	6.9	8.6	7.8	10.6	11.5	13.4	4.3
Women 15+	6.1	6.0	3.8	5.2	5.6	6.8	6.7	6.4	5.8	7.0	6.1	5.7	8.3	2.6
BBC Radio 2														
Adults 15+	16.3	15.7	14.8	16.4	18.2	17.0	17.1	18.6	17.8	16.5	15.8	15.2	12.0	-3.5
Adults 15-24	1.2	1.0	1.9	2.4	4.0	2.8	1.9	1.3	2.8	4.8	4.2	3.5	1.0	-0.8
Adults 25-34	14.1	12.2	6.8	6.8	8.1	8.0	8.8	9.3	12.1	9.8	8.1	9.8	6.8	-3.9
Adults 35-44	14.6	14.8	13.6	14.2	16.0	15.9	15.9	21.9	14.6	12.5	12.9	13.4	10.0	-4.9
Adults 45-54	22.5	20.1	18.6	20.6	19.3	16.6	20.7	22.6	18.9	21.8	21.4	17.4	17.9	0.9
Adults 55-64	20.3	18.7	23.9	25.0	30.1	31.7	25.2	23.8	28.6	23.0	19.8	24.0	18.4	-2.7
Adults 65+	21.3	24.6	23.6	26.9	26.1	23.1	25.0	26.2	23.1	20.6	22.7	19.1	14.4	-9.8
Men 15+	15.7	16.0	14.8	16.8	19.5	18.8	16.9	17.3	16.8	16.2	17.4	17.4	12.5	-3.3
Women 15+	17.1	15.3	14.7	16.0	16.7	15.0	17.4	20.1	18.8	16.9	14.1	13.1	11.3	-3.6
BBC Radio 4														
Adults 15+	10.7	10.3	8.3	6.6	7.4	8.2	8.3	9.1	8.9	9.6	10.0	9.2	7.5	-2.7
Adults 15-24	0.7	0.5	0.4	0.6	0.5	0.3	1.0	0.7	0.5	2.6	1.8	0.1	0.5	-0.7
Adults 25-34	3.4	2.0	0.8	1.1	0.7	1.4	2.1	3.4	1.3	1.0	0.8	3.0	0.0	-2.6
Adults 35-44	4.2	4.3	4.4	3.8	5.3	4.3	4.6	5.5	5.6	4.4	7.5	5.8	3.2	-3.5
Adults 45-54	13.2	13.6	10.2	7.2	8.4	11.1	9.8	11.0	10.4	8.8	8.8	10.8	5.3	-4.4
Adults 55-64	13.7	17.7	16.9	11.5	8.2	11.7	13.1	14.0	12.7	14.9	17.4	15.4	13.2	-11.7
Adults 65+	23.1	21.2	16.8	13.9	17.8	17.5	15.7	16.2	17.3	18.3	18.1	15.7	17.6	3.6
Men 15+	8.1	8.8	7.0	5.4	5.8	7.7	7.8	7.5	8.1	7.2	6.8	7.9	5.4	-4.2
Women 15+	13.8	12.1	9.8	8.1	9.3	8.8	8.8	11.0	9.8	12.0	13.6	10.5	10.1	-0.9

Source: RAJAR

Appendix 3: Market Share Analysis: Rock FM TSA

	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2006 Q1	2006 Q2	Mkt Share +/-
	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	Mkt Share	
BBC Lancs														
Adults 15+	7.7	5.8	5.5	5.6	7.1	5.9	5.1	6.1	6.6	6.7	6.9	6.5	7.1	-0.3
Adults 15-24	5.5	1.2	1.0	1.0	0.2	0.4	0.4	1.5	1.8	1.1	1.3	0.2	0.2	-0.1
Adults 25-34	0.8	1.3	2.1	2.2	0.6	0.5	0.9	1.1	1.2	2.4	2.4	2.1	0.7	-0.8
Adults 35-44	2.5	3.2	2.9	1.6	3.0	2.6	1.0	2.1	1.5	1.3	1.5	1.7	2.2	-1.2
Adults 45-54	3.8	2.6	3.3	5.9	6.2	3.7	4.5	4.0	5.5	5.2	8.5	5.5	5.1	0.6
Adults 55-64	13.6	8.4	7.5	10.8	14.4	9.3	8.9	9.2	8.8	7.8	7.1	7.6	10.7	-1.5
Adults 65+	17.0	15.8	15.6	11.2	15.1	16.5	12.3	15.6	16.6	16.4	16.6	17.9	19.8	-0.2
All Men 15+	7.3	5.7	5.6	5.7	7.1	5.0	4.8	5.7	5.9	5.9	5.7	5.0	5.7	-0.3
Women 15+	8.1	5.8	5.4	5.5	7.2	7.0	5.5	6.5	7.3	7.5	8.2	8.1	8.7	-0.5
Rock FM														
Adults 15+	13.3	13.9	15.6	15.4	14.3	11.3	10.2	9.1	8.0	8.9	9.1	8.6	10.7	-3.4
Adults 15-24	35.2	35.2	38.3	44.1	42.3	27.0	24.8	21.3	20.3	24.5	22.0	18.0	19.7	-17.3
Adults 25-34	20.1	17.6	24.2	23.2	21.7	17.9	16.2	19.4	16.0	15.0	16.5	14.6	18.5	-3.7
Adults 35-44	15.2	16.8	14.5	11.7	12.2	13.3	12.5	10.4	10.4	12.9	12.7	12.5	12.0	-6.2
Adults 45-54	8.8	11.9	10.7	11.1	12.7	9.4	9.5	5.9	4.6	5.3	6.6	5.6	7.9	0.5
Adults 55-64	4.3	3.1	4.1	4.7	3.9	3.9	2.7	2.4	3.3	4.4	1.0	2.9	9.2	5.7
Adults 65+	2.6	1.2	1.8	1.7	0.9	0.6	0.9	1.0	0.7	0.8	1.6	2.0	1.2	-0.9
All Men 15+	10.6	11.6	13.8	12.4	11.8	9.2	9.1	8.8	6.9	8.3	8.7	7.6	10.2	-1.0
Women 15+	16.5	16.7	17.8	19.0	17.2	13.7	11.4	9.5	9.2	9.6	9.5	9.6	11.3	-6.8
Magic 999														
Adults 15+	1.9	2.7	3.0	3.2	2.0	1.0	1.2	1.5	1.5	1.5	1.4	1.2	2.0	-0.4
Adults 15-24	1.8	2.3	0.9	0.7	0.3	0.2	0.2	0.8	1.0	0.3	1.2	1.8	0.3	0.0
Adults 25-34	0.5	0.3	1.9	7.7	5.6	0.0	0.3	0.4	0.1	0.3	0.3	0.1	0.8	-0.3
Adults 35-44	2.1	1.7	2.3	3.9	2.9	1.0	0.7	0.8	2.4	2.2	1.1	1.0	2.5	-0.7
Adults 45-54	3.7	5.1	6.7	4.0	1.9	1.2	2.2	1.9	1.0	2.3	1.6	0.4	1.5	-2.5
Adults 55-64	1.5	5.7	4.4	1.3	2.0	2.8	3.1	3.4	2.5	2.0	2.1	1.8	3.4	0.3
Adults 65+	1.5	1.6	2.1	2.0	0.3	0.3	0.7	1.4	1.1	1.1	1.6	1.9	2.7	0.2
All Men 15+	1.4	2.2	2.7	4.1	2.5	0.6	0.5	0.5	1.1	1.7	1.2	0.7	1.6	-0.9
Women 15+	2.4	3.4	3.4	2.1	1.5	1.4	1.9	2.7	1.9	1.3	1.6	1.8	2.5	0.1
Century														
Adults 15+	9.2	9.6	9.4	11.4	10.2	9.1	8.6	8.5	9.6	9.3	8.8	10.9	6.3	-0.4
Adults 15-24	8.3	7.9	9.6	9.2	3.9	8.1	10.3	16.3	12.3	7.6	8.9	11.8	10.1	3.7
Adults 25-34	13.9	15.2	13.9	18.1	13.9	15.7	16.3	17.3	20.1	17.0	19.5	21.2	9.8	-1.2
Adults 35-44	16.5	20.3	18.4	17.5	19.2	15.4	14.7	10.8	11.3	13.4	13.6	21.5	9.2	-3.7
Adults 45-54	12.1	8.1	8.4	14.7	16.6	11.4	8.7	7.0	12.9	14.0	9.9	10.2	7.8	1.5
Adults 55-64	4.3	4.0	4.6	8.4	5.7	2.7	2.7	2.2	3.1	6.3	4.9	3.0	3.2	0.4
Adults 65+	1.8	2.8	1.9	1.9	2.0	2.6	1.2	1.5	2.4	1.5	0.5	1.2	0.1	-1.6
All Men 15+	11.6	11.9	10.1	11.6	10.2	8.4	8.6	8.8	10.0	10.6	8.7	10.9	7.5	1.0
Women 15+	6.3	6.8	8.5	11.2	10.1	9.9	8.6	8.1	9.2	7.9	8.9	10.9	4.8	-2.2
Smooth														
Adults 15+	1.5	1.8	1.9	2.1	2.3	3.1	3.5	4.3	5.5	5.5	4.7	5.8	8.0	6.3
Adults 15-24	0.5	1.0	0.7	0.3	0.5	0.4	1.4	2.1	2.2	2.1	2.5	3.2	5.0	4.3
Adults 25-34	1.9	1.2	0.3	0.8	3.0	6.9	5.0	2.5	4.7	7.7	3.8	2.7	0.8	-0.3
Adults 35-44	2.6	2.7	2.2	2.9	2.8	4.4	3.7	4.0	6.7	6.6	5.8	6.2	12.7	10.5
Adults 45-54	1.5	2.2	3.4	3.7	4.3	3.4	3.9	6.3	8.9	9.9	7.8	11.1	15.4	12.4
Adults 55-64	1.6	2.4	1.6	0.9	2.1	2.5	4.7	7.2	5.6	4.0	5.8	8.1	5.9	4.1
Adults 65+	1.1	1.2	3.1	3.4	1.0	1.4	2.3	2.8	3.4	2.9	2.4	2.8	5.5	4.6
All Men 15+	1.8	1.6	2.3	2.8	2.8	3.0	3.1	4.1	4.8	3.8	3.9	4.8	6.6	5.0
Women 15+	1.3	2.0	1.4	1.2	1.7	3.2	3.9	4.5	6.2	7.2	5.7	6.8	9.7	7.9

Source: RAJAR