RADIO NEWS

Spanish Broadcasting draws class action suit
Is it open season on IPO’s? It seems they’re ready to pounce on any company that went public before the economic swoon.
NAB wants to wipe out crosstownship ban
Federal courts: Let the sunshine in
Mays sees no problem with Monterey radio-TV cluster
Don & Mike shopping for new syndicator?
Frequent frequency shifts allow KC move-in
Small Town moving in on the southeast

ABOBIZ

Sean Hannity takes the country by storm

MEDIA MARKETS AND MONEY

Group heads ready to round the revenue corner
Positive signs are starting to appear, giving rise to hopes that 2002 will not be a repeat of 2001—January may be an up month.
More dereg is de rigueur for Mays, Karmazin
HBC high on Hispanic pop spike
Smeulyn may pay tribute for Tribune Denver radio
Ulloa wants to say hello to at-par billings

ENGINEERED FOR PROFIT

Remote chance for out-of-studio broadcasts

Anti-CCU petitioning Farr from over
California Congressman Sam Farr (D) has joined Buckley Broadcasting in objecting to part of the Clear Channel (N:CCU)-Ackerley (N:AK) merger, specifically, the transfer of two television stations in the Monterey-Salinas-Santa Cruz market, part of which is Farr’s district. One of the stations is owned by Ackerley, while the other is run in an LMA.
However, while Buckley petitioned to deny, Farr is only asking for a “full hearing on the matter.” That said, it appears the Congressman would favor denial of this part of the transaction. He wrote, “I am very concerned that this facto television disoploy has not served my constituents in Monterey well, and its combination with the largest radio operator in the market only threatens to make the situation worse.”

FILED NOVEMBER 2001

Nassau Broadcasting Partners, LP
Has agreed to acquire
WVPO & WSBG
Stroudsburg, Pennsylvania
Joan Multicultural Radio Broadcasting, Inc.
SERAFIN BROS.
Broadcast Brokerage & Finance

Nassau Broadcasting Partners, LP
Has agreed to exchange
WHWH/WTMJ for WJHR
Trenton & Flemington, New Jersey
in a transaction with
Multicultural Radio Broadcasting, Inc.
P.O. Box 262888, Tampa, FL 33685
Ph: 813-883-4900 • Fax: 813-883-8687
Email: gazetters@onsipnu.com

Coen "modestly optimistic" about 2002
After seeing his 2001 forecast blown away by economic reality, Universal McCann forecaster Bob Coen is modestly optimistic about 2002. But Coen told the 1999 Warburg Media Conference in New York, "It’s not easy to tell what’s going to happen in the chaos that we’re in right now."

Even so, Coen is expecting a somewhat weaker recovery than we saw in the last recession. For the total US ad market, Coen is predicting that 2002 will bring growth of 2.4% from this year’s depressed levels. That will still bring in the year slightly above 2000 at $239B in total ad spending. While Coen expects national ad spending to rise 2.5% for all media, he thinks national radio will drop an additional 1% from this year’s dismal level. The outlook is better at the local

level. Radio should have growth of 2.9% slightly better than his forecast of a 2.4% gain for all local advertising.

The forecast from Intermedia (O:IREP) CEO Ralph Guild was similar. He’s predicting that local will have modest growth all year, while national spot will kick in for the second half following more negative numbers for the first half. Over all, Guild forecasts total radio revenues to be up 1 to 2% in 2002.

“I don’t agree with the numbers that were shown in the previous session,” Viacom (N:VIA) President Mel Karmazin said immediately after Guild spoke. The Zen Master didn’t offer his own prediction. But he said radio should grow more than 1.2% in 2002. Karmazin’s optimism was echoed by Clear Channel (N:CCU) CEO Lowry Mays who said, "I think things are going to be better next year than most people think.”

Told of Karmazin’s comments, Guild told BBR later that his projections were mathematical, based on historical trends. He said he’s hopeful that radio will grow more in 2002, along the lines of 3-4%.

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Bob Coen

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Open season on IPOs?

Yet another radio group is in the news as the state of the market is in flux. This time the target is Spanish Broadcasting System (SBS,ASIA). Schiffert & Barroway has filed a probe of questionable IPO practices, including the practice of offering a single channel of video programming in return for getting access to blocks of the IPO shareholders.

**RBR observation:** What's unique about this lawsuit is that SBS First Boston was NOT an underwriter of the SBS IPO. All of the previous lawsuits have targeted CS First Boston clients, since it is the main target of an SEC probe of questionable IPO practices. According to the Wall Street Journal, the group is also looking into the IPO practices of three other firms, two of which—BankBoston Robertson Stephens and Markel Capital—were underwritten by the SBS underwriters.

**Lead underwriter Leman Bros. has not been mentioned as a target of the probe.** The other two firms that the Journal says are under investigation are Goldman Sachs and J.P Morgan Chase.

As we suggested previously (WWW 11/26 p. 7), the law firms which specialize in securities law class action suits are likely to find some reason to sue any company whose stock price now is less than its IPO price—and that's virtually every company in the public in the past three or four years.

Although the real targets of these IPO class action suits are the banks that handle IPOs for these houses, the lawsuits are at the very least a nuisance for the public companies which are named as defendants. The banks could hurt their stock trading and there are sure to be some legal costs involved in responding to the lawsuits.

**NAB argues to strike down crossownership ban**

The National Association of Broadcasters has not only petitioned the FCC to do away with the ban on broadcast/newspaper/newspaper crossownership, it has attacked the rule as never having a basis at all. "Since the early 1940's, the Commission has tried to specify which universes or local problems presented by newspaper ownership of broadcast outlets, wrote the NAB, "despite a surge of opinion, decades of caution, the Commission has, however, consistently failed to establish the existence of any competitive or other harms arising from newspaper/broadcast/crossownership. Faced with this lack of evidence it has chosen to apply a general crossownership policy to all U.S. radio stations in order to restrict competition." The NAB contends that the rule is based on a request for comments on the effects of the rule, or its lack, are misguided, and the P.C. itself has "no evidence of competitive harms when it adopted the rule in the first place." It even is harder to come by now with the vast increase in media options which have come into being since 1975, the newspaper/broadcasting crossownership rule must be regarded as a backward-looking relic, reflecting a bygone media age in which the broadcast industry was dominated by controlling three or four networks which specialize in securities law practices.

Broadcasting have voiced concerns over the ban on broadcast/newspaper crossownership, which was established in 1975 in order to protect localism in the broadcast industry. The Justice Department and Federal Trade Commission have also expressed concern about the ban, which they argue is "unduly restrictive and out of step with the current media market.

**Senate courts sunshine legislation**

The Senate Judiciary Committee has introduced a bill (S 626) that would make it easier for the public to obtain information about government decision-making. The bill, sponsored by Charles Grassley (R-Iowa) and Charles Schumer (D-New York), would give the public access to information about government decisions, including secret court rulings and closed-door budget deliberations. The bill would also create a public records appeals process and a national public records clearinghouse.

**MAYS sees no problem in multimedia cluster**

Congressman Sam Farr (D-CA) and in-market competitor Hubbard Broadcasting have voiced concerns about the part of the Clear Channel (NCCU) Ackley/NK merger which would add an owned and operated LMA television station in Clear Channel's six radio station clusters in the Monterrey-Santa Cruz market on California's central coast to another one (see story, p. 1). Asked by RBR about this part of the deal, Farr said, "My feelings is that it is how you define the market. We can't influence prices by owning both that we couldn't individually." He continued that radio should be treated as a separate market, based on the DOJ's established precedent and, that "no predatory pricing is possible." He does not expect any problems getting approval for the merger.—JM

Don & Mike not happy about their present syndicator

Westwood One's Don & Mike are looking for a new syndicator. On their 12.5 program, they mentioned that while there are still 18 months left on their contracts, they are definitely interested in others. Don Geronimo specifically mentioned Clear Channel and E禳me. They also mentioned they were promised clearance in Pennsylvania and New Jersey, while the system in Arizona is not.

**Don & Mike abandoned syndication contract.**

The duo’s contract with Interep ended December 31 and they moved to Infinity Regional. Asked by RBR about this part of the deal, Golly said, "My feelings is that it is how you define the market. We can't influence prices by owning both that we couldn't individually." He continued that radio should be treated as a separate market, based on the DOJ's established precedent and, that "no predatory pricing is possible." He does not expect any problems getting approval for the merger.—JM

**RBR observation:** Maybe we should have been surprised that Don & Mike are having problems. The FM Taliers moved from PM drive where 1) people in cars could pay attention to their show. If we were satisfied, we could pay as much attention to our own show as the backround music, or 2) money invested in competing from living legends like Rush Limbaugh. We are surprised all right.—JM

**Kmart sales are down—how'd that happen?**

Kmart CEO Chuck Gomann commented on a same-store drop of 2.6% for November sales, said, "Our performance fell short of our expectations as planned reductions in advertising and promotion activity decreased customer traffic more significantly than we anticipated. Recognizing the impact, we have adjusted our advertising, and marketing strategy appropriately for the holiday season and over the Thanksgiving weekend we recognized significant sales increases compared to last year.**-JS

**RBR observation:** Stop adver-
**KC to get new station**

The FCC has given permission for a new station to be built that will result in a new station serving Kansas City. Best Broadcasting's KCSX-FM 97.3 (Country) will get the new city of license in the Kansas City market, where it was licensed to Best, MO. KCSX will upgrade to a C1 and remain at 97.3 MHz.

To accommodate the move, KNDY-FM Mankato, MO moves from 97.5 to 103.5 MHz, KPOW-FM La Monte, MO moves from 95.3 to 97.5 MHz, KSNP-FM Burlington, KS moves from 94.5 to 97.5 MHz, and KINZ-FM Nevada, MO moves from 97.7 to 97.3 MHz. KNDY-FM Mankato, MO moves from 97.3 to 97.5 MHz, and KSNP-FM Burlington, KS moves from 94.5 to 97.5 MHz, and KINZ-FM Nevada, MO moves from 97.7 to 97.3 MHz.

**Compelling Media**

**Newspapers Hurting**

Advertising revenues for newspapers at 103.3% of 94.9% drop, to $10.61. Retail was down 3.8% to $4.98, national was down 10.8% to $1.78 and the true culprit, classified advertising, was down 17.1% to just under $4.1B.

YTD, the total value of $301 billion represented a 7.8% shortfall compared to 2000. Retail is down 2.2%, national is down 7.7% and classified is down 13.9%.

The difficult trend experienced by most advertising-based media was exacerbated by 9/11 — DES

**Latest line on on-line ad revenue, auto ads**

According to a Reuters report, on-line advertising took in $6.2B in 2000, but is expected to reach a mere $7.3B total for the year 2001. However, a bounce-back to $8.1B is forecasted for 2002, almost getting it back to the Y2K high water mark.

Q3 results included income of $1.7B, a 9% drop from last year YTD, the industry take is at $5.5B, down 8-10% from the same period in 2000.

Meanwhile, a COMTEX NewsWire reports that automakers are rapidly increasing their use of web advertising. Trumpeting the 0% financing deals, automakers have increased web impressions by 30% and expenditures by 20% from August to October. $2.3M was spent on Internet advertising in October alone — DES

**Just a few of our 2001 Station Sales**

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**Political files defamation suit against Mancow**

Cuccio, the former President of the law firm Goldberg, has filed a defamation lawsuit against Eric "Mancow" Muller for comments he made on his radio show 6/18. Mancow said Loren-Maltese accepted payoffs and was involved with members of the mob. Her suit also names Emma and she couldn't be a better adversary. It's the end of free speech in America as we know it if politicians are able to silence those who criticize them. If you can judge a man by his enemies, then I must be a saint. — CM

**Sirius softens on outpricing XM**

The new CEO of Sirius Satellite Radio (O:SBOR), John Sculley, is already backing off his company's plan to charge $12.95 per month for its service, while competition XM Satellite Radio (O:XMSR) has already launched with a $9.95 price. “If people don’t feel that paying more for 100% commercial-free is worth it, we will change,” Sculley said this morning (12/6) to the CS First Boston Media Week Conference in New York.

But while Sculley was hedging on price and pointing to his company's planned launch in February, XM CEO Hugh Panero after the conference said that his company is already operating and already having customers. It’s real. It’s happening and it is the next generation of radio,” Panero said. He told that gathering that the feedback from early customers has been strong, and he added, "We're creating a world of car radio now."
A rising star shines for national radio

Outspoken, intelligent, hard-working and principled—That's Sean Hannity. The broadcast-centric career began in college radio and quickly transitioned to hosting Talk programs in WVNN AM Huntsville and later WGST Atlanta. Hannity’s leapfrogged over to TV in '96 to host "Hannity and Colmes" at Fox News Channel. That success funded him the afternoon drive slot on WABC AM NY shortly thereafter. He most recently took "The Sean Hannity Show" national with ABC Radio Networks in September (1999; 3 p.m.) and it’s clearing like gangbusters.

How does Hannity get so far so quickly? His youthful, yet professional approach, seasoned with an intensive political commentary that connects with listeners, viewers and top newsmakers alike, including President Bush, Steve Forbes, Newt Gingrich, Mayor Rudy, and all the other newsmakers from the California system, it was fairly clear that the idea was really off the charts. We were told it was going to clear pretty much every major market with 75 affiliates.

I arrived on a Saturday and was on the air the next day, because I live out in Long Island and I was hired over the phone. I got a call one day from Huntsville, AL and I was hired over the phone.

I think within 40 on-air hours. I was on the air. I didn't even have a hard drive. My head was spinning like gangbusters. We had just announced that and the story was going to snowball into a discussion and it seemed that there was a niche that needed to be filled. And it just felt in afternoon drive there really was a niche that needed to be filled. And it just snowballed into a discussion and it seemed to work and the local ABC O&Os seemed to like it and the other stations liked it. Really, it happened that quickly. One discussion became a meeting and a meeting became a contract and here we are. We think we've about 75 stations strong today. It's a great launching. We launched the show on 9/11 and think by the end of the year, we will have cleared nine of the Top 10 markets.

ABC Radio Networks announced just recently you had cleared 65 affiliates. Now you're already up to 75?

Yes, but we're not announcing yet, we have four big announcements coming that I can't tell you about. You could figure it out if you look at our Top 10 list and see which stations are missing. They're all there through.” It’s only one market missing.

How did you handle 9/11? Your national show launches 9/10 and the new day this happens.

We couldn't even get into the city the next day, because I live out in Long Island and literally after these attacks, the city was shut down. We had to get a hook-up from a Long Island radio station, WLRN-FM. So we did the show from that day commercial free and we did what we do best. We got the top newsmakers, the top people in the country, administration officials. Newt Gingrich and I remember was on that day, somebody from the mayor's office. We just walked through as it best we could. Took people's phone calls, gave our take on it, and that led to what did that, that led to fear of other term that led to the antisemitic scare, that led to the buildups to the war in the middle east. Each step is exactly like that. It's a talk radio show, you really want to talk about what are the issues, what are the issues.

What advertisers are interested in your nationally syndicated program?

We bought a lot of the people that we had locally into the syndicated show because we delivered well. We've had people on the air for the Verizon, for the Home Depot, for the Lerner Group, for The Sharper Image to Flowers.com to a bunch of others. And it's only because I understand this is a business.
There's a new generation on the right side of the political spectrum. Every day, they exert more influence on American political, fiscal and social policy. No wonder The Sean Hannity Show is growing at the speed of sound - because Sean Hannity is the bold, new voice of today's professional, high-powered audience.

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### Radio Business Report

**Voice Of The Radio Broadcasting Industry**

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**Cumulus Media, Inc.**

has agreed to purchase radio stations

**WQQQ-FM, WNPL-FM**

and **WROI-FM**

**Nashville, Tennessee**

**DBBC, LCC**

for stock and assumed debt valued at approximately

**$84.0 Million**

* Pending closure under the Hart-Scott-Rodino Act, FCC and shareholder approval

**Media Services Group**

www.mediaservicesgroup.com

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**The Radio Index™**

The Radio Index™ moved up 9.4 for the week to close 12/5 at 217.416

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**Alfred Liggins**

CEO Summer Redstone declared to the CSFB conference: "We believe very strongly that the economic recovery will come in the second half of 2002, Redstone said he expects it to come sooner in the first or second quarter of the year.

"There should be further deregulation in the largest markets, only four or five owners are needed. Thus, he said, a single company should be able to own 25-30% of the signals, regardless of number. "We believe very strongly there should be further deregulation in the radio sector," Mays said. He called for elimination of the rule barring in-market cross-ownership of newspapers and broadcast properties, although Mays noted that Clear Channel has no interest in buying newspapers.

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**Sumner Redstone**

"I did not ever conceive of what we would call cross-selling," Redstone said of the merger, which he said had been driven strictly by the value of the two companies to buyers. "There's no question that cross-selling. The CEO listed Viacom Plus success stories-Johnson & Johnson, the biggest to date, a $300M multi-platform deal with Procter & Gamble.

"That was just the beginning," Redstone said of the P&G deal, indicating that even bigger deals are likely in the future.

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**Mack Tichenor**

Hispanic expects boost from Census numbers

"It is much more recognized and warmly received at Wall Street conferences than it is in reality on the street," Emmis (EMMS) CEO Jeff Smulyan said when asked about cross-platform selling at the UBS conference. "Sure, you can always sell a package if you want to give it away," he added.

---

**Jeff Smulyan**

CEO Jeff Smulyan of Emmis Communications (EMMS) is looking to sell some non-core assets to reduce its debt level. While he didn't identify what assets Emmis might want to part with, he did confirm speculation seen in RBR and elsewhere that Emmis is interested in taking Tribune (TRIB) up on its offer to swap Tribune's Denver radio assets for TV assets. "It is something we've been looking at," Smulyan said at the UBS conference. "They're nice properties and they would fit.

Smulyan indicated that Emmis is still working on plans to separate its radio and TV operations so that Wall Street investors can see the pure play radio investment that they want from Emmis. He didn't indicate how soon that might take place and said that the solution may surprise many people.

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**Ulta wants to close revenue gap**

Envision (N EVC) CEO Walter Ulloa told the UBS Warburg conference that if his company's Spanish TV and radio stations got the same rates as their English competitors, his company would be howing $180M in additional annual revenues -so closing that gap through more aggressive selling and convincing advertisers of the value of the Hispanic market remains his top priority. That big part of that gap is in radio, where Ulloa calculates that Envision's stations command 8.5% of the audience in their markets, but only 2.6% of revenues. That means that...
Dickens wants more big market stations

In the coming months, Cumulus Media (O:CMLS) will begin operating in its largest markets—Houston and Kansas City—but without buying a station in either market. Rather, the company has engineered moves from smaller markets into those cities. However, on-air formats that are important in those markets may be shifted to the larger market clusters. To wit, the sale of WGNA-AM Albany NY (O:CMLS). Regent has already begun operating the stations in those market clusters. To wit, the sale of WGNA-AM Albany NY (O:CMLS). Regent has already begun operating the stations in those market clusters. Regent's existing superduopoly to two AMs and four FMs, but will still plunk down $1.3M cash for WLSP-AM & WRXF-FM in the Flint market. The news comes at a time when Regent Chairman/CEO Terry Jacobs was quoted as saying, "We've got a few more that we're working on right now," CEO Lew Dickey told the UBS Warburg conference. He noted that Cumulus cost for the KAYO-FM move into Houston will total only about $10M, while a similar signal in the same market, KQKQ-FM, was recently purchased by Hispanic Broadcasting (N:HISP) for $180M.

Beasley watching the calendar

Regardless of how soon the US economic recovery comes, George Beasley knows that WQAM-AM Miami will be up in the number of sportspersons by 2001's $134.3M performance. That, he noted at the UBS Warburg Media Conference, will improve the station's cash flow margin from 20% to 30%. Beasley was also optimistic about growth prospects for Beasley Broadcast Group's (O:BBGI) other big market, Philadelphia, where it defines all of its own markets as 'entertainment staging,' since all are operating below 40% cash flow margins. "Turnaround is not new to us," Beasley noted, given that he's now running his fifth decade in the radio business. Asked by an audience member when the company would have its Philadelphia stations operating as 'normal and satisfactory' properties, CFO Caroline Beasley replied, "Up to mature and satisfactory, I think it will be beyond 2002." Co-CEO Bruce Beasley channelled that in Country Hits station, WPTP-FM, which is on track to improve its methodology for measuring listening by Hispanics. The CFO also noted that the company's new 80s format will be beyond 2002.” Co-CEO Bruce Beasley chimed in that Country Hits station, WPTP-FM, will not reach the mark until sometime after 2002. CFO Caroline Beasley replied, "Up to mature and satisfactory, I think it will be beyond 2002." Co-CEO Bruce Beasley channelled that in Country Hits station, WPTP-FM, which is on track to improve its methodology for measuring listening by Hispanics. The CFO also noted that the company's new 80s format will be beyond 2002.” Co-CEO Bruce Beasley chimed in that Country Hits station, WPTP-FM, will not reach the mark until sometime after 2002.

Entercom adds Carolina combo

Entercom (N:ETM) has a $20.5M deal to buy WPET-AM & WSKY-FM from Balakal Media. The deal, which includes an LMA beginning December 12, 2001, will give Entercom a match with Clear Channel (N:CCOI) for station 4WD in market #35. WPET-AM is a News/Talk station that will be a sister to Entercom’s Philadelphia format, WSKY-FM. However, CCI will still have one more FM (5 FMs & 1 AM) with Entercom having four FMs and two AMs. Broker: Elliot Evers, Media Venture Partners.

Upstate uppstart for Radio Disney

Disney (N:DIS) via its subsidiary AIC Radio, has found yet another home for its Radio Disney-Children's format. This time, it will be WQAM-AM in the New York market, pending FCC approval. That, the company has engineered moves into smaller markets into those cities. However, CCI will still have one more FM (5 FMs & 1 AM) with Entercom having four FMs and two AMs. Broker: Elliot Evers, Media Venture Partners.

Lord of Albany, LP

Edward F. Levine - President

WABY/AM - WKLI/AM

Albany, New York

from

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FRY from RBR

Due to the holiday calendar RBR will not be printing the weekly issue on December 28, January 4 or January 11. The next issue will be January 7, 2002. Don't be without RBR News and Observations over the holidays. Get the news you need to know. Subscribers are invited today to receive our daily email service. A one year subscription is only $399. Call April Olson # 703-719-7721.
Remote gear has come a long way

In the past 20 years, the science of remotes has changed dramatically. Talk show hosts are broadcasting from their bedrooms. Remotes from any- where cost a fraction of what they once did and sound better.

That’s not the way it used to be, for sure. "Thinking back almost 20 years, it definitely would have involved equal- ized lines. You know—calling Ma Bell and saying I need a 15k or an 8k equalized loop. So here’s Olso Bell having to take copper over several miles and—would take days to do. You would certainly gain a few weeks of lead time, it was obviously one way. The quality would usually be OK, but it was the time factor, and you were a slave to wherever that thing was anchored," recalls Savoldi. "You could have done it better, but for an FM broadcast where you would broadcast from a nightclub and play music, now you’re talking about two 15k pairs, and they had to be conditioned for stereo so the phasing was OK so it wouldn’t have a mono compatibility problem. That would cost a couple of grand to put those in, but now it’s a lot cheaper."

Flash forms arising in the mid-90s, with a Telos Zephyr or Comrex TX-200 codec on ISDN, engineers could put an ISDN line in for a couple of hundred bucks, hook up these codecs and have 15k bandwidth stereo. "And it would play all day and all night on a piece of telephone wire extended 500 miles, at that lowest of the deep point was. So just in that 10-year period, we were able to quantum jump as far as technology because of the virtues of digital and ISDN becoming readily avail- able," adds Savoldi. "Now, not only do we have, by regular POTS line achieved a high quality, high bandwidth feed of audio, additionally, you can connect to the hands-free port on a GSM phone feed audio quality. Additionally, it can connect to the hands-free port on mobile phones and place calls to telephone hybrids (no codec is required on the receiving end of the call)."

Remote gear has come a long way in the past 20 years, the science of remotes has changed dramatically. Talk show hosts are broadcasting from their bedrooms. Remotes from anywhere cost a fraction of what they once did and sound better.

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That’s not the way it used to be, for sure. "Thinking back almost 20 years, it definitely would have involved equalized lines. You know—calling Ma Bell and saying I need a 15k or an 8k equalized loop. So here’s Olso Bell having to take copper over several miles and—it would take days to do. You would certainly gain a few weeks of lead time, it was obviously one way. The quality would usually be OK, but it was the time factor, and you were a slave to wherever that thing was anchored," recalls Savoldi. "You could have done it better, but for an FM broadcast where you would broadcast from a nightclub and play music, now you’re talking about two 15k pairs, and they had to be conditioned for stereo so the phasing was OK so it wouldn’t have a mono compatibility problem. That would cost a couple of grand to put those in, but now it’s a lot cheaper."

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Powell gets Bush nod for FCC Chair

The FCC wasn’t without a Chairman for long. Two days after taking office (1/22), President George W. Bush appointed Michael Powell to head the Federal Communications Commission. Since Powell was already a Commissioner (his term runs through 6/30/02), no Senate confirmation is necessary. President Bush still has one vacant seat to fill and Harold Furchtgott-Roth is a Republican holdover whose term expired last summer. Of the two Democrats, Susan Ness’ recent recess appointment by then-President Bill Clinton (RBR 12/25/00, p. 1) will allow her to remain until Congress adjourns late this year and Gloria Tristani’s term runs through 6/30/03.

“...I am deeply honored and privileged to have received President Bush’s designation to be Chairman of the Federal Communications Commission,” Powell said in a statement. “I look forward to working with the new administration, Congress, my fellow Commissioners and the very talented FCC staff on the important and challenging communications issues facing our nation.”

On Capitol Hill, House Energy & Commerce Committee Chairman Billy Tauzin (R-LA) applauded Powell’s appointment. “He is the one person best suited to bring the agency into the 21st Century,” Tauzin said. The Louisiana Republican had publicly campaigned for Bush to pick Powell for the post.

Look for Powell to have better relations with Congress than his two predecessors, Democrats Bill Kennard and Reed Hundt, both of whom frequently locked horns with Republicans and even several Democrats on key congressional committees.

Others also hailed the choice. “Michael Powell has demonstrated a keen intellect and a firm grasp on public policy issues,” said NAB President Eddie Fritts. “Commissioner Powell is a proven leader in the communications industry and will bring his sharp intellect and substan

continued on page 2
Radio Business Report

Monthly Radio Revenues, 2000

<table>
<thead>
<tr>
<th>Month</th>
<th>Local</th>
<th>National</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>40%</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>Feb</td>
<td>35%</td>
<td>25%</td>
<td>40%</td>
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<tr>
<td>Mar</td>
<td>20%</td>
<td>10%</td>
<td>30%</td>
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<td>Apr</td>
<td>15%</td>
<td>5%</td>
<td>20%</td>
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<tr>
<td>May</td>
<td>0%</td>
<td>-5%</td>
<td>5%</td>
</tr>
<tr>
<td>Jun</td>
<td>10%</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>Jul</td>
<td>-10%</td>
<td>0%</td>
<td>-10%</td>
</tr>
</tbody>
</table>

t Source: RAB

continued from page 1

Radio revenues rose 3% in November 2000, according to the Radio Advertising Bureau. The RAB reported that local revenues were up 4% in November, while national spot was flat. Through the first 11 months of 2000, total revenues were up 13%. Local was also up 13% and national 14%. RAB CEO Gary Fries noted that the month marked the 99th straight with an overall gain for radio.

In a departure with past practice, the RAB report did not include regional breakouts. “The decision was made by Miller, Kaplan not to supply the information,” explained RAB VP/Corporate Marketing Renee Cassis.

“We will begin providing index numbers (1998 = Base Year 100) along with nationwide year-to-year growth effective 1/01,” Miller Kaplan partner George Nadel Rivin said in response to an inquiry from RBR. “With regional differences not nearly as pronounced as they were a decade ago, each of the regions are within a 3% range from nationwide growth for 2000.”

Material for the RAB’s report is gathered from over 100 markets nationwide by two CPA firms. Miller, Kaplan, Arase & Co. and Hungerford, Aldrin, Nichols and Carter. However, Miller, Kaplan covers more markets than Hungerford.

RBR observation: The childishness of the radio executives (and you know who you are) who’ve been pressuring Miller, Kaplan to clam up is truly astonishing, not to mention short-sighted and self-destructive. They seem to be oblivious to the damage they’re doing to themselves and the rest of the radio industry. (See also, pages 8-11.) First they put a halt to RBR’s twice-monthly pacing reports and now they’ve blocked after-the-fact information on regional trends.

Wall Street analysts have noticed and they aren’t happy. One, who asked that his name not be used, warned that if the Street is denied access to reliable information about the radio industry, investors will knock stock prices down to reflect that increased risk—and some will take their money out of radio and put it into a sector where they can get better information.

Reaching to touchy times by blocking your head in the sand is not reassuring to investors. The tough times of today will pass. Being more forthcoming with Wall Street, via the analysts and publications such as RBR, will make that passage less painful. Going into hiding, as some of you want to do, will only make things worse.

Radio fought for years for a chance to play in the big leagues and finally achieved that goal over the past four years. The time has come for a few guys to abandon their bush league thinking—JM

McCaIn renews campaign finance battle

As promised, one-time presidential candidate John McCain is pushing to make campaign finance reform the first agenda item for the new Congress. On the first day to submit bills in the Senate, 1/22, Sen. McCain (R-AZ) joined with long-time co-sponsor Sen. Russ Feingold (D-WI) and new backer Sen. Thad Cochran (R-MS) to introduce the "McCain-Feingold-Cochran Campaign Reform Bill.

Although the actual bill is not yet available, a working draft makes no mention of free broadcast air time. McCain and Feingold dropped that idea a few years back after it ran into strong opposition. That doesn’t mean, however, that the issue couldn’t come up again. McCain has said he’s open to amendments which would strengthen the bill and help win passage, but warns that he’ll fight efforts to add killer amendments, such as efforts by some Republicans to restrict union spending to support candidates—spending that tends to go overwhelmingly to Democrats.

The new bill does, however, include a provision which would restrict so-called advocacy ads paid for by independent groups if they target specific candidates. Such ads, which are usually in the form of TV or radio spots, would be banned within 30 days of a primary or 60 days of a general election—JM
The FCC has set 5-9 as the date for its auction of 355 construction permits for new FM stations. The auction had previously been scheduled for 2/21. In its order setting out bidding rules, the FCC warned that collusion is prohibited and that the Commission won’t hesitate to investigate allegations of contacts between bidders regarding bids, bidding strategies or settlements. Companies may, however, merge their bidding efforts prior to 3/19, when Form 175 short form applications would be due for all bidders.

FM minor change freeze announced

Due to the pending FM auction (see previous), the FCC has ordered a freeze on minor changes for many of its stations, including Clear Channel. The goal is to prevent or seek minor changes by FM stations from 3/7 to 3/19. Those are the same dates specified for auction participants to file preferred sites for the new station allotments they wish to bid on.—JM

Big City clarifies rep claim

Big City Radio (A/ABM) issued a clarification 1/16 (after RBR went to press) of its earlier press release, which had caused some consternation at Hispanic Radio Corp. (N/ABF) and Kari Hispanic Media (RBB 1/22, p. 2). “Big City Radio announced earlier today that it has been approached in exclusively representing the six-seven radio station affiliates of Hispanic Radio Network (HRN). Big City Radio will only represent HRN’s nationally syndicated radio programs, and will not represent any of the individual radio stations that air those programs,” the company said.—JM

Arbitron issues special notice to SBS’s La Ley

It’s usually a given that any station that prompts listeners to remember when they diaries come in the mail is going to be punished, at least by a “special notice” from ratings giant Arbitron. Well, this time Spanish Broadcasting Systems’ WLEY-FM, “La Ley” got a special notice in the Fall book for a recent promotion that didn’t actually mention dailies, and the GM Mario Paci wasn’t too happy. “Our intent had nothing to do with doctoring ratings!” It was simply a promotion, he told Robert Feder of The Chicago Sun Times. Arbitron’s take on it seems more diabolical than we wanted to do it. After all, it’s all semantics. But that’s the unfortunate part about Arbitron—that they are so Dickinson.

The promo that got the station in trouble is: “Don’t let anyone surprise you. Write down your GUESS or your telephone, say it without fear, “La Ley rules here.” All of your sisters always on La Ley 107.9.” And Arbitron’s notice, along with pointing out it regularly contacts household by phone for participation in upcoming surveys, “Listeners may interpret WLEY-FMs and perhaps unwanted publicity from many of radio’s “bad boy” (and bad girl) hosts. In this case, we’re no talking subtle.—JM

The product is set to debut in early summer in the Northeast and Southeast. Kimberly-Clark is projecting that sales could top $150M in the first 12 months and $500M within six years. The company said. There’s no word on what media will be used to introduce Rollwipes, but a company spokeswoman told reporters at the company’s Dallas headquarters that the approach will be “subtle.”

RBR observation: Look for this product to get some free airplay—perhaps on some stations that are already talking about tobacco woes.

FCC issues a Shady fine

WZZE FM Madison, Wilt has pushed the envelope of telephone “requests” to an FCC fine. On August 24, 2000 at approximately 3:30 p.m., an uncensored version of Rapper Eminem’s song, “The Real Slim Shady”—including several instances of the “f’’ word—was broadcast on the station. In response to an FCC inquiry, WZZE admitted to inadvertently airing the wrong version of the song, but in doing so, and did not violate the FCC’s definition of what is considered broadcast indecency. The FCC disagreed with Clear Channel on both clauses of the broadcast being inadmissible as well as not falling under the definition of what is indecent and fined WZZE $7K. When asked whether Clear Channel intends to pay the fine or appeal the FCC, Jeff Tyler, GM at WZZE stated, “An appeal is still pending as of now. The play was strictly accidental.”

RBR observation: Good luck trying to win this appeal. If the FCC determines that Clear Channel’s agreement to pay the fine accidentally inadmissible, then it may well be required to re-broadcast the uncensored version. This is a clear case of the FCC redefining what is acceptable content. The FCC’s reasoning was that this song was not a song that was intended to be broadcast on the air on Clear Channel stations. This is a disastrous decision, which could open the door for other stations to air similar content, without penalty.

December NTR goes its own way

December is definitely a different animal when it comes to bringing non-traditional revenues to radio stations. After all, who wants to think about office-related products in the midst of Christmas shopping? On the other hand, everyone wants to know about fun (Leisure) and yummy goodies (Food/Grocery) for the holidays. Maybe Revenue Development Systems should add a Diet Program/Health Club category just for January.—JM

Table: Non-traditional Revenue Track

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<tbody>
<tr>
<td>Automotive</td>
<td>18.91</td>
</tr>
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<td>Leisure</td>
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<td>19.12</td>
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Source: Revenue Development Systems, based on revenues from 76 stations in 32 markets.

Closed: CP-KQOK (TV)

Shamrock, OK

OKC-30 TELEVISION, LLC.

1200 Broadview
Shamrock Broadcasting

1000 Watchman Drive

CP-WBIF (TV)

Mariana, H.

Channel 51, L.L.C.

1200 Watchman Drive

Mariana Broadcasting, Inc.

(c) 1998-2001 RBR, Inc.

* Communications with communities.

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Radio turns 100

The focus of our careers turned 100 1/23. Radio was first proven to be a dkpcnser much like baby wipes, how-ever, die Rollwipes are made of fibers that break apart in a flushable. Cottonelle Fresh Rollwipcs-pre-

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(c) 1998-2001 RBR, Inc.

* Communications with communities.
 gathers information from their communities about those interests and needs.

- Enhancing democracy: Broadcasters should air programming that covers political candidates and events of significance to their communities (not imposing blanket bans on the sale of a mine available to state and local candidates).

- Diversity: Broadcasters' activities should not only reflect the diversity of their communities.—KR

Rick Dees cleared in DC

Premiere Radio Networks Rick Dees has been cleared at Bonneville’s WWZZ-AM Washington, D.C., and Clear Channel’s Billy Bush (W’s first cousin) from WWZZ-FM. Various other stations are using his programming.

- CM

XM needs additional $150M in funding by Q4

At the C.E. Unterberg Towbin satellite conference 1/22, XM Satellite Radio’s CEO Hugh Panero told attendees he would need to raise an additional $150-$175M towards the end of this year, even after the service launches in September. XM is currently funded to operate through its target launch date. Although XM’s target price has decreased $60 to $50 (and Sirius Satellite Radio’s $100 to $80), XM remains the #1 satellite pick for 2001. Sirius was deemed #2, possibly because it has an established on-demand receiver or listener market.

On the programming front, add National Lampoon, Full Frontal Theatricals, and The Discovery Channel for content deals with XM. Auto sound and telematics designer/manufacture responsible for designing and licensing agreement with the satellite broadcaster to manufacture and market XM car radios.—CM

Winstar Drops Fabulous Sports Gabe

After a year and a half run at WWZQ-AM (The Fabulous Sports Babe), the station was dropped from the roster. She and ABC-ESPN had parted ways previous, after a long rontum. No replacement is being sought and Winstar plans on going dark mid-July, focusing on other regions.

- CM

Elliott's numbers weren't all that exciting.

One thing, Billy Bush and co-host Janet Dees has been cleared Premiere Radio Networks' Rick Fez; 3P-7P “Opie and Anthony”; 7P-11P “The Sports Guys”; 9A-Noon "The Don & Mike Show."-CM

Don & Mike, Gold back at WNEW, lineup firmed up

Not long after we mentioned on RBR.com that Westwood One syndicated hosts Don and Mike were off their evening slot on WNEW-FM New York, per their own demands, the differences have been resolved and they’re back on air, regular time. 12/22 Problems between the NYC Talker and DC-based duo began when they were purportedly promised a live slot that would have coincided with their afternoon slot at flagship WJFK-FM (they had been doing a day or two live from NYC since getting cleared there). After "New" had recently fired local afternoon hosts Leslie Gold, they were not given the slot, and the real problems began. Don & Mike had also complained their program was overcrowded with local advertising. The differences have been resolved, and Leslie Gold has been reinstated. WNEW’s new lineup: 5A-Noon “The Sports Guys”; 12 Noon-7P "Leslie Gold"; Noon-3P "Ron and Foz"; 3P-"Opie and Anthony," 7P-11P "The Don & Mike Show."—CM

Study finds continued ad bias

Findings in a new study indicate that disparities between the advertising performance of minority-targeted and general market radio stations remain pervasive in the broadcasting industry.

Two years ago, author Kofi A. Ofori served as the principal investigator for a report commissioned by the FCC which examined ad agency bias against African-American and Hispanic O&Os, as well as other advertising concerns related to (FICR 1/18). This study was entitled: When Race is Not Enough. The Impact of Advertising Practices on Minority-Owned and Minority-Formatted Broadcast Stations, was conducted by the DC-based Civil Rights Forum and was presented to former FCC Chairman Will Kennard by Ofori in 1999.

The new, follow-up study, “Minority-Targeted Programming: An Examination of its Effect On Radio Station Advertising Performance,” was conducted independently by Ofori & Associates. It concludes that these discriminatory practices persist and result in lower advertising revenues for minority radio stations. A statistical analysis of 28 radio stations was conducted during the study and it found that reduced ad performance can be attributed to the following variables (in order of most to least attributable):

- Station lacks news, talk, or sports programming
- Low audience ranking in market
- Percentage of audience falls outside 25-54 demo
- Minority-owned targeting program
- Minority-owned
- Not part of same-market supercluster

According to the report, individuals interviewed for this study indicated that the media buying process is often influenced by subjective perceptions about the people that listen to various radio formats. These subjective opinions were said to be the result of lack of racial/ethnic diversity within the workforce of media buyers. Consistent with this information, the statistical results of this study suggests that advertisers tend to rely upon program format, rather than facts about consumer income, to determine whether a station’s listeners are suitable for their goods and services.

Ofori told RBR. “The reason I devoted a lot of ink to the issue of income in the study is because when I dive into the theory of doing advertising research, people used to say these Urban and Hispanic stations are not purchased because their listeners don’t have the appropriate disposable income. But this study shows that the income of listeners is really secondary. Income is really not one of the factors that predicts who’s being bought.”

The chart below shows how average power ratios for minority-targeted stations continue to trail general market stations in five major markets. The power ratio measures the ability of a station to convert its share of market listeners into share of market revenues. These figures are based upon studies from 1999. The earlier study that Ofori conducted for the FCC used 1990 data. A complete transcript of this report can be obtained at techLawgroup.com.—KM

Power ratio comparisons for minority-targeted vs. general market radio stations

<table>
<thead>
<tr>
<th>Market</th>
<th>S Best</th>
<th>S Minority</th>
<th>General ratio</th>
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<tbody>
<tr>
<td>Dallas</td>
<td>0.96</td>
<td>0.72</td>
<td>1.33</td>
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<tr>
<td>Miami</td>
<td>0.91</td>
<td>0.76</td>
<td>1.22</td>
</tr>
<tr>
<td>Houston</td>
<td>0.81</td>
<td>0.73</td>
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<tr>
<td>Washington</td>
<td>0.81</td>
<td>0.71</td>
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<tr>
<td>New York</td>
<td>0.81</td>
<td>0.72</td>
<td>1.18</td>
</tr>
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</table>

Source: Ofori & Associates

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It's as simple as that. DAD_{P32}, the digital delivery system that's easy to learn, easy to use and easy to grow is now easier to buy. Call ENCO Systems direct at 800.ENCO.SYS. Looking is hard, the choice is easy. DAD_{P32}—from ENCO Systems.
It is a sorry state of affairs to find us in the very same boat we were in a year ago this time

By Kathy Crawford

There are now more than 12,000 AM and FM stations in the country. Giant radio groups have been formed by mega media corporations with the cost of acquisitions piling up billions in debt for the purchasers.

The radio industry is growing exponentially. Satellite radio is emerging. Sales staffs are being consolidated, formats change daily, famous call letters are disappearing or moving from one station to another. We're seeing the breakeven point at markets 16-19. Now, we are around market #12 in spot. Now, we are placing the full half-time on everything. I'm just looking at what we're doing. It's literally down between 35% and 40% everywhere.

We hear that annual contracts are slow to book. Are you doing things differently with your clients, like buying quarter-to-quarter? What categories are you observing? We're trying to buy more annually ourselves. The rest of them do, so most of what I know is from what I see them doing. And what we've been seeing is anywhere between a 1% and 15% drop in spot radio CPIs from last year. But we're not seeing that kind of decrease in rates on a national level. So what's forcing us to do is to move some of our clients' business that was in National radio to other media. National radio, for certain categories, will continue to command rates even around market #12. Now we are seeing the breakeven point at markets 16-19. What further decreased the amount of national spending on radio is many of the clients previously using it are not just top market clients. They utilize a combination of top, mid and lower-ranked markets in their spot buys, therefore, National to them looks even more inefficient. We're seeing the industry finally recognize this and rates are dropping across the board. So there's a big change going on there. And also, cable is extremely efficient right now. There's pretty amazing deals to be had. So we're losing a lot of national budget to cable—de-inventory, the industry is there, there's less demand.
Set the Dial for Success

Whether you create or deliver electronic content, the breakthroughs that affect radio come together this April at NAB2001. Electronic media’s Convergence Marketplace presents the products and services fueling the digital revolution, and your future.

NAB2001 is the one place where you can truly experience the latest technology by seeing it demonstrated. It’s a hands-on, practical way of comparing and selecting what’s right for your company’s future. And E-TOPIA, NAB’s newest destination for next-generation technology, features breakthrough companies that are reinventing radio. Among the innovations you’ll find are:

- Audio Production
- Digital Audio Broadcasting (DAB)
- E-Commerce
- Streaming Technologies
- Wireless
- Webcasting
- And much more.

Put your technology discoveries into perspective at NAB’s educational events. Conferences and Super Sessions cover tactics to make you money and save you money. Topics include the impact of satellite radio on your markets, streaming and webcasting as profit centers and the status of IBOC digital radio for AM and FM.

Plus, you’ll hear Mort Crim at the NAB2001 Radio Luncheon when honors go to the NAB Crystal Award Winners and Bruce “Cousin Brucie” Morrow!

Register online at www.nab.org/conventions
Management, Sales & Marketing

Post dot-com, pacing data is getting harder to come by

When times were good, say a year ago, broadcasters couldn't wait to tell Wall Street how well they were doing. Dot-com dollars were flying through the windows and everybody was watching their stock portfolio swell as stock prices moved ever higher.

Now dot-coms are mostly a memory and the US Census won't be advertising for another decade. The broader economy has cooled off as well, and no one wants to reveal data on radio pacing that has become rare. Some public companies are holding behind the SEC's new regulation FD, restricting non-public distribution of financial information, to disclose as little information as possible to Wall Street—which through the windows and everybody was watching their stock portfolio tell Wall Street how well they were doing. Dot-com dollars were flying around. Data based on inventory was no longer available, but attempts to launch a new pacing report based on revenues (where there's still plenty of data to be crunched) were blocked by unidentified group owners.

Pacing continues to report after-the-fact revenue data each month, but now with less detail (see page 2). NYMRAD hasn't yet issued December revenues for New York and told RBR "the whole process of reporting numbers is currently under review." The Southern California Broadcasters Association stepped in and publicly reports on the Los Angeles market in Q4, but has now issued a report on the full year (see page 12).

Meanwhile, analysts complain that they can only make financial inquiries directly to public companies during quarterly conferences calls—and not all questions are answered completely by certain companies. RBR has been able to obtain some individual market pacing reports, three of which are published on this page. They are a mixed bag, but generally support the theory that advertisers are waiting longer to book air time. So while pacing in New York may not have full participation. Just recently, both KYW-AM and WBEB-FM GM Blaise Howard complained that April numbers is currently under review." The Southern California Broadcasters Association stopped issuing publicly reports on the Los Angeles market in Q4, but has now issued a report on the full year (see page 12).

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Radio revenue trends

The RAB has released a look at the history of radio revenues. We are reproducing a portion of it here, going back to 1989.

Notable facts: The 2.8% revenue figure registered for 1991 is the lowest ever (going back to 1945)—the only other negative year in the study was 1961, which was down 0.5%. In 1992, radio registered a small gain, but together, 1991 and 1992 mark the depths of radio's biggest slump (a combination of Docket 80-90-signal saturation, high-debt/low experience radio operators, a credit crunch and generally bad economic conditions). Ownership deregulation became a reality in large part due to this situation, beginning in late 1992.

Growth has been robust ever since. NOTE: in particular the national categories. Network has more than doubled since 1995, and national spot is not far behind.

Radio ad spending over the years (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Network</th>
<th>National</th>
<th>Local</th>
<th>Total</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>878</td>
<td>3,211</td>
<td>13,592</td>
<td>17,681</td>
<td>+14.6%</td>
</tr>
<tr>
<td>1998</td>
<td>739</td>
<td>2,768</td>
<td>11,923</td>
<td>15,430</td>
<td>+11.9%</td>
</tr>
<tr>
<td>1997</td>
<td>646</td>
<td>2,407</td>
<td>10,741</td>
<td>13,794</td>
<td>+11.1%</td>
</tr>
<tr>
<td>1996</td>
<td>465</td>
<td>2,093</td>
<td>9,854</td>
<td>12,412</td>
<td>+8.2%</td>
</tr>
<tr>
<td>1995</td>
<td>426</td>
<td>1,920</td>
<td>9,124</td>
<td>12,030</td>
<td>+7.8%</td>
</tr>
<tr>
<td>1994</td>
<td>411</td>
<td>1,867</td>
<td>8,374</td>
<td>10,652</td>
<td>+11.1%</td>
</tr>
<tr>
<td>1993</td>
<td>407</td>
<td>1,629</td>
<td>7,532</td>
<td>9,568</td>
<td>+9.3%</td>
</tr>
<tr>
<td>1992</td>
<td>377</td>
<td>1,479</td>
<td>6,899</td>
<td>8,755</td>
<td>+1.9%</td>
</tr>
<tr>
<td>1991</td>
<td>440</td>
<td>1,575</td>
<td>6,578</td>
<td>8,591</td>
<td>-2.8%</td>
</tr>
<tr>
<td>1990</td>
<td>433</td>
<td>1,626</td>
<td>6,780</td>
<td>8,839</td>
<td>+5.0%</td>
</tr>
<tr>
<td>1989</td>
<td>427</td>
<td>1,530</td>
<td>6,463</td>
<td>8,420</td>
<td>+6.6%</td>
</tr>
</tbody>
</table>

Source: Radio Advertising Bureau

As the dot-coms fade, national rises

Dot-coms is shorthand for the funny-number comparables which are a direct result of the dot-com radio ad feeding frenzy of the previous year. Because of it, national business is doomed to look bad for the first quarter of 2001. It will go on to be a reverse image of the ad spending patterns exhibited by the dot-coms last year. Where the dot-coms faded, national business will appear to blossom. Q4 will be fabulous. The following chart, compiled from information furnished to RBR by anonymous sources, shines a penlight on national's projected 2001 performance. (The uncertainty of these numbers is best pointed out by the chasm between the low and high end predictions for Q2.)

RBR observation:

There is only one way to view the dot-com phenomenon, and the sooner everyone does so, the better. The windfall was a once-in-a-lifetime event, much like a family that collects $25K from a scratch-and-sniff lottery card. The family's income for the quarter shoots up, just like radio put up positive national numbers ranging from 30%-48%.

Next year, Mom and Dad receive substantial raises, strengthening the financial core of the family. However, unless they beat the odds and hit the lottery again, the comparison numbers will be down—way down—nonetheless. This is hardly cause to declare bankruptcy, or for others to downgrade the family's credit or take any other punitive financial actions. It is not cause for shame. It is not something which needs to be swept under the carpet.

If the Chicken Littles on Wall Street interpret radio's 2001 Q1 numbers as a catastrophe and bailout, wiser heads should snap up their abandoned shares at whatever discount they're offering. Radio's fundamentals are sound and the stocks will go back up.

Quarter projection

Q1: -10% to -20%
Q2: -12% to +10%
Q3: flat to +6%
Q4: +5% to +20%
 Medium and small markets: the same story with different circumstances 

Many think small and medium-sized markets are handling the latest economic downturn better because of their greater reliance on local advertising. While larger markets' numbers and outlook are lackluster at best (much, of course, due to the dot-com decline), medium and small market clusters are to a degree feeling the same pain with local numbers. However, agencies dealing in small and medium markets share today no hard feelings from traditional advertisers that were bumped and price-gouged in the past.

While radio's solution is to try to get creative and try to be there for them at this point in time. But when consumer demand and consumer confidence is off and demand is down, you can't get blood from a stone—if they're not selling the cars, they're not selling the radios. Remember, the consumer is two-thirds of this economy.

While he can't speak directly to consumer sentiment, he pointed to the huge numbers for January, February, March, April, May and June are going to be. We're at January 25, our business doesn't begin to pick up until the end of April, May and June are going to be quite a mess, but this is a heavy week. It's been seven days a week, we've come out of it a strong company, a pretty tough problem and we've come out of it a stronger company. We've had a very healthy set of sales team members and support. I inherited quite a mess, but this is a new company, top to bottom. It's been seven days a week, 70-80 hours for the past nine months. I've aged 10 years, I look like Phil Donahue. But consumers are trying to hide this information from their owners? Unfortunately, yes, that is happening.

The high flying days of radio stocks stalled out in the last half of 2000. Why? A convergence of uncertainty. For one, radio groups who rode the gravy train of the IPO internet stock play saw that train derail abruptly. You know how the dot-com drill worked: Pitch an Internet idea to raise enough cash to do an IPO, then use the IPO cash to promote the brand—saying it would make millions, possibly billions. The dot-com sector was buying up inventory left and right. That pushed the pacingnumbers last year and the groups were all too happy to shout it from the rooftops.

A new dynamic is now in place. Pacing numbers are off and dramatically in some markets. Radio's local sales teams deserve credit for extra effort, though, because most of those markets are still finishing each month even with or slightly ahead of their 2000 comp month. Business is being booked closer to air date, but most sales teams are getting the job done and holding the line on pricing.

Wall Street has no long-term memory—none—and very little short-term memory. Everything is focused on today and tomorrow. It's all about winning this quarter. One way to do that is not only to drive revenues, but also trim or hold expenses. RBR has heard numerous stories of equipment manufacturers and research companies being told all budgets are on hold—no purchases until 2ND quarter. That's a tactic that works once, maybe twice. But failing to invest in the future will come back to haunt those who rely too heavily on this short-sighted approach. Short-term gain, long-term pain. Dealing with Wall Street may be brutal, but honesty is the best policy. No bad news stays hidden forever, and the sooner it's out, the faster you can deal with it and move on. Investors and analysts are already beginning to differentiate between companies which are open and honest about where things stand and those which try to push only good news and ignore questions about their weaknesses. CEOs and CFOs who don't have Wall Street's trust will see extra risk built into their stock price.

Don't spend anything 

Medium and small markets: the same story with different circumstances 

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Don't spend anything
Mystery novel finds murder and intrigue in radio deals

The setting is a large media brokerage firm in Washington, DC. The three top-producing associates suddenly leave to start their own firm across town. Sound familiar? Unlike the story you're thinking of, Ron Hickman's tale of the radio brokerage industry revolves around a murder. (One RBR staffer suggested that if there ever is a real-life case of a broker being accused of murder, another broker will surely call to claim credit.)

References to real people and companies in the radio industry, as well as to fictional people and companies that closely resemble real ones, make "The Media Brokers: The night of the long knives" a fun read for anyone in the biz. Hickman, a broker himself, tells some great tales of dirty tricks being pulled by competing brokers (not that such things happen in real life!) and even has his main character, young and yuppy Ashley Porter, enjoying a pretty active sex life. We don't profess to know whether that's an accurate portrayal of the life of a typical station broker.

Is Bud Walters the murderer? No, not the real radio group owner, but rather the fictional founder of the Kingman Associates brokerage firm. How about Lou Mercatanti? No, but he does make a cameo appearance as himself—buying yet another radio station.

This tale of media brokers and murder is not Hickman's first book. Four years ago he penned "Touching the Stars," a non-fiction account of his experiences in broadcasting, as a member of the Presidential press corps, interviewing celebrities and battling to win an FCC license for his first station.

"The Media Brokers" can be previewed and purchased at www.iuniverse.com or directly from the author at (850) 934-1995. —JM

Rates falling in many markets

Based on an analysis of 31 markets for a client, Matthew Simpson, Director, National Radio, Carat USA, looked at each individual CPP and what the difference is this year vs the same time in 2000. See below for the general and specific findings. CPP is calculated using ad rates and current average ratings. The overall CPP in the local spot markets is down 7%. All are based on average CPP combined daysparts for Adults 25-54. "Each individual market is having its own little micro recession, some more than others," says Simpson. "You've got a whole big chunk of local business—all these Mom and Pop operations that are normally jammin' money into the market aren't there anymore. Mom and pop aren't going to take $1,000 out of their pocket and dump it into their local radio station when things aren't going good for them. Because all that money has dried up, there, but left room for larger clients to get some deals." —CM

In general:
Top 15 markets were down 4% to 15%
Secondary markets (61-50) were down 6% to 12%
Tertiary markets (50+) were down 8% to 12%
Source: Gann (US)

Is stock rebound too fast?

Luhman Bros. analyst William Meyers says the 46% surge he's seen in radio stocks already this year—erasing much of last year's 13%—may be ahead of the curve.

"We are not suggesting that radio stock is overvalued, but rather that investors may be early, given the uncertainty surrounding the second half of 2000," Meyers said. "With the early entry comes additional risk of stock correcting before moving higher."

He's still forecasting 7-10% growth for radio in the second half. While that forecast, he said, "is partly a function of easier comps (something we know for certain), it will likewise be determined by an unknown: domino macroeconomic health." —JM

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www.rbr.com 1/29/01
LA revenues grew 13.6% in 2000

Los Angeles market radio revenues for 2000 were a record $845.7M, up 13.6% from the previous year. That also marked the third straight year of double-digit growth, following increases of 17.5% in 1999 and 12.2% in 1998.

Local radio sales in the City of Angels gained 15.1% in 2000 to $634.1M and national spot grew 9.1% to $211.6M. Those figures include only those LA area stations that report to Miller, Kaplan, Arase & Co. (MKA), the CPA firm which monitors the market.

There are more than a dozen viable Los Angeles or Orange County radio stations that choose not to report to MKA, but certainly do generate revenue, noted Mary Beth Garber, President of the Southern California Broadcasters Association (SCBA). "It would be an egregious error to overlook their contributions to the growth of the Los Angeles metro market," she said, adding that including the non-reporting stations would put LA's 2000 radio billings over $900M.

The charts, right, show how LA's total radio billings have grown 171.7% over the past five years, from $492.5M in 1996 to $845.7M, up 13.6% from the previous year's $746.0M.

Saga signs two deals, cancels another

Saga Communications (A:SGA) has signed two deals, expanding its footprint in Massachusetts and South Dakota. But it's also abandoning a buy in upstate New York, blaming the FCC.

Buy #1: CEO Ed Christian says Saga Communications has a $6M deal to buy KZRQ-AM & KHTO-FM Springfield, MO. Saga already owns stations in Yankton, SD and is buying others in Spencer, IA.

Buy #2: In Central Massachusetts, the $2.2M purchase of WHAM-AM & FM Greenfield, MA will change the market at all, since it's a clean sale of an existing superduopoly to a new market entrant. Yet the FCC overstepped its bounds and chrished itself as an antitrust enforcer, killing the deal by holding it up indefinitely based on a single objection.

Meanwhile, Saga said that the FCC's failure to act will cause it to abandon plans to buy Eagle Broadcasting's four stations in New York for $13M. That purchase agreement is due to expire 1/31.

Wilks buys Missouri pair

Jeff Wilks is moving into a second market. His Wilks Broadcast- ing has a $4.0M deal to buy KZBR-FM & KHJO-FM Springfield, MO from Frank Copsidas' Radio 2000. Wilks, who is backed by The Wickersham Group, owns five stations in the Saginaw-MI market. Broker: Mike Bergner, Bergner & Co.

Saginaw, MI market. Broker: Mike Bergner, Bergner & Co.
Emmis cedes pole position in Indianapolis

Dateline Indianapolis: The deal in which Emmis Broadcasting is sending WTLC-AM and the intellectual property of WLTC-FM to Radio One (RBR 1/22, p. 13) will definitely have an impact on the market. However, the final impact is yet to be determined.

Based on the Arbitron Summer 2000 survey, the first winner is Susan Graham, who moves into the first place slot of this highly competitive market by default. Its combination of Country/Oldies/Modern Country pulls down over 20 shares higher.

Radio One goes from 5th place to well, 5th place, but is now a mere whiff behind local owner MyStar, which is holding down 4th. The Urban specialist adds the Urban format of WLTC-FM (5.9 12+) and WLTC-AM’s Gospel offering (1.3). It is surrendering the 3.4 points claimed by Urban AC WBKS-FM, as its 106.7 MHz frequency will be the new home of WLTC-FM.

One of Radio One’s other FMs, WYJZ, scored only a 1.5 with a Smooth Jazz format. If WBKS’s intellectual property goes to WYJZ’s slot on the dial, the group’s total would jump to 15.3, good for 3rd place ahead of Clear Channel. In short, we would not be surprised to see them make that move, or perhaps even add a Rhythmic Oldies format if the Jazz continues to struggle.

Radio One’s third FM, WHHI, is listed by Arbitron as a Smooth Jazz CHR format. If Emmis does not like Classic Rock, they too will definitely have an impact on the market.

The story is not over for Emmis, however. They have not yet decided what format will be hatched up to the soon-to-be-defunct WLTC frequency of 105.7, along with its robust 50 kw power.

While we have no doubt Emmis will do its homework before committing to anything, we must mention what we see as a gating format hole: The Classic Rock/Classic Hits category is all but absent in the market. Quinn Broadcasting’s WKLL-FM, A Class A coming in from Brownsburg, IN somewhat to the west of town, is the only station using the format, and it scored only an 0.5 in the Summer book.

We quickly checked all of the other markets in Indiana’s 3rd rank while we were there and in all but one case they were supporting at least one Classic station in the 6-Share range. If Emmis can make a similar go of the format here, they will be back in 1st place.

And if Emmis does not like Classic Rock, there’s always Classical—DS.
**The deals listed below were taken from recent FCC filings.**

**RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.**

|$2,000,000 WLVU-AM (Cape St. Petersburg FL) from Spectrum Media Group Inc. (Mark Jorgenson) to Genesis Communications Inc. (Bruce Madani, J. Ronald Childress). $500K cash (adjusted for LMA payments), $1.5M note. LMA since 2/1.

|$1,500,000 WYKT-FM (Williamsport PA) from D.H.R.B. Inc. (Sabatino Cupelli) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications Inc. (N.C.C.U.). Cash Superduopoly with WKYH-FM, WYLY-FM, WRAK-AM. LMA since 1/1.

|$1,200,000 KYWS-FM, KEQZ-FM, KYKS-FM (Island Park NY - West Yellowstone MT) from Alpine Broadcasting LP (P. D. Parker) to East-Northern Rocky Mountain Inc. (Kevin Fosse et al.), $60K escrow, balance in cash at closing. Existing duopoly. LMA since 11/1/00.

|$1,020,000 WCLD-AM & FM, WJMW-FM, WAID-AM & WKDJ-FM (Cleveland-Rosedale-Clarksville MS, 79% stock interest in Radio Cleveland LLC from I.L. & Joyce Sledge (12.5% before/none after), heirs of The Estate of W. Frank Wood (12.5% none), George Shurden (12.5% none), The Estate of J.R. Denton Sr. (12.5%/none), Juliet Klein (12.5%/none) and Barbara Levinsong (12.5% none) to Kevin Cox (12.5%/45%) and Clint Webster (12.5%/45%). Gregory Shurden continues as an owner. $1.02M cash for stock. Existing chain superduopolies.

|$1,000,000 KOOO-FM (69 at 12) Pueblo CO (Rocky Ford CO) from High Peak Broadcasting LLC (Bruce Buzil, Chris Devine) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications Inc. (N.C.C.U.). $1.0M cash. Broker: Star Media Group.

|$400,000 KAFJ-FM (Point Comfort TX) from BK Radio (Bryan King, Steve Bumpous) to Fort Bend Broadcasting Co. Inc. (Roy E. Henderson). $20K escrow, balance in cash at closing.


|$4,000,000 WCLD-CAM, WJMW-FM, WAID-AM & WKDJ-FM (Cleveland-Rosedale-Clarksville MS, 79% stock interest in Radio Cleveland LLC from I.L. & Joyce Sledge (12.5% before/none after), heirs of The Estate of W. Frank Wood (12.5% none), The Estate of J.R. Denton Sr. (12.5%/none), Juliet Klein (12.5%/none) and Barbara Levinsong (12.5% none) to Kevin Cox (12.5%/45%) and Clint Webster (12.5%/45%). Gregory Shurden continues as an owner. $1.02M cash for stock. Existing chain superduopolies.

|$1,250,000 WMYT-AM & WDRF-FM (Wilmington NC) from Millcreek Broadcasting LLC, related to Marathon Media Group LLC (Bruce Buzil, Chris Devine) to Clear Channel Communications Inc. (Lowry Mays), a subsidiary of Clear Channel Communications Inc. (N.C.C.U.). $1.0M cash. Broker: Star Media Group.

|$1,500,000 WCLD-AM & FM, WJMW-FM, WAID-AM & WKDJ-FM (Cleveland-Rosedale-Clarksville MS, 79% stock interest in Radio Cleveland LLC from I.L. & Joyce Sledge (12.5% before/none after), heirs of The Estate of W. Frank Wood (12.5% none), George Shurden (12.5% none), The Estate of J.R. Denton Sr. (12.5%/none), Juliet Klein (12.5%/none) and Barbara Levinsong (12.5% none) to Kevin Cox (12.5%/45%) and Clint Webster (12.5%/45%). Gregory Shurden continues as an owner. $1.02M cash for stock. Existing chain superduopolies.

|$1,020,000 WCLD-AM & FM, WJMW-FM, WAID-AM & WKDJ-FM (Cleveland-Rosedale-Clarksville MS, 79% stock interest in Radio Cleveland LLC from I.L. & Joyce Sledge (12.5% before/none after), heirs of The Estate of W. Frank Wood (12.5% none), George Shurden (12.5% none), The Estate of J.R. Denton Sr. (12.5%/none), Juliet Klein (12.5%/none) and Barbara Levinsong (12.5% none) to Kevin Cox (12.5%/45%) and Clint Webster (12.5%/45%). Gregory Shurden continues as an owner. $1.02M cash for stock. Existing chain superduopolies.
Shel game: Radio group owner Artistic Media Partners has named Shel Leshner VP/Marketing. He will also act as GM for Artistic’s stations in the Northern Indiana area.

Hola, Amigo: Eight-year veteran Kevin Clayton has been promoted to Product Manager at Circuit Research Labs. He will be responsible for the company’s Amigo Series broadcast audio processors. Meanwhile, Steve A. Claterbaugh has been named North American Sales Manager for both QRL and sister Orban.

Changes at Arbitron: Dennis Scely has been upped to VP/Marketing, and Brad Feldhausen has been named Director of Strategic Initiatives, both for Radio Station Services. Ex-CCU exec Ed Cohen has been upped to VP/Domestic Radio Research.

Bonaville makes its Mark in the Nation’s Capitol: With a mark, as it turns out. Mark O’Brien has been handed the VP/GM reins to CHR. Meanwhile, Mark R. Fratrick has exited his VP/Economist slot at the NAB to become a VP with Broadcast Investment Analysts financial network (BIAfn).

PD of New Northwest’s Country KHHK-FM Yakima has been named Director of Country Programming for the entire group. He will thus be involved with six of the company’s 45 stations.

Sturm warning: Premiere Radio Networks has hired Leslie Sturm away from MJJ Broadcasting to fill the position of VP/NY Sales. Journal Broadcast Group has upped Andy Laird to VP/Radio Engineering.

Adiesta Brown is now VP/Specialized Agency Sales for Interel. She will concentrate on business with small to mid-sized advertising agencies.

It’s always April for NextMedia in Reno: At least since it installed April Clark as VP/GM of its four-station cluster in Reno, NV.

Northeast US radio group Nassau Broadcasting has named Ralph Nieves National Sales Manager.

Feed the Monster escapee Debbie Greenbaum has caught on with Jones Radio Networks, where she will fill the role of Manager, Affiliate Relations. She will be joined by Liz Lau, Director, Affiliate Relations. Lau comes from Westwood One.

Robert E. Allen, Jr. is filling the newly-created position of VP/Accounting & Financial Reporting for radio group owner Regent Communications. He will report to SVP/ CFO Tony Vasconcellos.

Cotton club? Clear channel will take over the Market Manager from the exited Bob Longwell; at the cluster’s KUCO-FM, Ken Martin will be Program Director and Patrick Leonard will be Local Sales Manager.

Strauss to stress Hispanic operations? Yes, and it will utilize the services of Andy Izquierdo, who will join the PR/consultancy Strauss Radio Strategies as Director of Spanish Radio.

Mark R. Fratrick has exited his VP/Economist slot at the NAB to become a VP with Broadcast Investment Analysts financial network (BIAfn).

Reyes moves on to stand "PAT: Gino "Latino" Reyes is the new PD at Spanish Broadcasting System’s FM tandem in New York. He will take over the programming chores at WSKQ and WPAT. He exits Clear Channel’s Miami cluster.

Bob ‘Donuts’ Bartolomeo was appointed director of affiliate relations for United Stations Radio Networks. He comes from Westwood One’s Imus in the Morning show as director of affiliate relations.

Peter Mieuli
San Jose

www.rbr.com

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*source: Arbitron's "Ultimate Radio Station Web Site Study", December 2000