In our continuing forecasting series RBR looks at the challenges facing the radio industry this year.

**Agencies vs Network**

Up front buying is done. Did you win the money for 2002?

Now that upfront 2002 has just about been put to bed, did the buyers and networks get what they wanted? How did the late upfront affect Q1 scatter? Why did so many advertisers wait until the last minute?

*Also*

**Hispanic Forecast 2002**

Fastest growing economic influence today.

Hispanic broadcasters are expecting to ride a tsunami of new demo members as Census 2000 figures are plugged into the Arbitrons with a major Hispanic surge.

*Added Bonus*

**Equipment Forecast Part 1**

What are the major broadcast equipment ticket items for budget 2002?

We ask top VP's of engineering and cluster CE's what's on tap, equipment wise, for 2002

Issue Date: January 21, 2002
Ad Deadline: January 15, 2002
Clear Channel parking lots? Ringer fires back

Clear Channel (N-CCU) for David Ringer, via counsel Arthur V. Belendiuk of Smithwick & Belendiuk, P. C. filed a petition to deny the sale of WJXM/FM Chattanooga, OH from Secret to Clear Channel (RBR 11/19, p.2). After rebuttals to his petition from Secret Clear’s “brotherhood” (RBR 12/17, p.1, RBR com 12/ 21), Ringer is back with a re- sponse to the responses.

Ringer’s latest document questions through both his original allegations and the responses they generated, and attempts to shake up the evidence of alleged wrongdoing. Ringer contends that CCU and its “front companies” have lacked candor and have stepped over the line concerning the FCC. It requests a hearing to evaluate Ringer’s allegations.

“Concord Media, Secret and Clear Channel have been unable to keep their stories straight. The facts they present now, contradict the facts they previously presented in the EIM/FCC, which contradict the facts they have set forth on their web sites, which, in turn, contradict the facts they have told their employees. It is impossible to tell which version of the ‘facts’ is to be believed,” Ringer said.

“Sir Walter Scott, ‘Oh what a tangled web we weave, when first we practice to deceive.’

Ringer’s latest document questions about markets other than Clillicothe. Also getting mentioned are operations in Penasco, FL, Jacksonville FL, Youngstown OH, Sion Diego and Waco, TX. Chase Broadcasting was added to Concord Media as an alleged Clear Channel “front” company.

Ringer and Belendiuk claim that CCU’s relationships with companies in joint sales agreements (JSAs) go beyond simply handling sales operations. They contend that CCU has questions to answer on six counts. Ringer contends CCU may have stepped over the line concerning (1) use of facilities and equipment, (2) days-to-days operations, (3) policy decisions, (4) personnel obligations, (5) financial obligations, and (6) re- ceipt of monies and profits.

NAB files reply comments on satellite radio

Whitney Radio Broadcasting President Bill O’Shaughnessy filed RBR that broadcasters should keep a close eye on the FCC’s auction and buildout of XM Satellite Radio’s (O-XM8) terrestrial repeaters, based on information he’s hearing from local planning boards (RBR com, 12/ 19). "Terrestrial broadcasters are just waking up to the notion that XM is really about building a ter- restrial radio network," he said.

There’s a growing feeling that this whole scheme is designed to allow XM and Sirius [Satellite Ra- dio, O-SIRI] to try building a high-powered, land-based terrestrial network, which is not at all what they’ve been telling the FCC.

The NAB Form XMS and Sirius with the FCC requesting that rules governing satellite digital audio radio service guarantee that terrestrial repeaters will only operate at the satellite signal and nothing more (RBR com 12/ 17), then later asked the Commission to require XM and Sirius to ‘fully disclose the location, type and number of each repeater in service and in- sure that all incumbent licensees are protected from blanketing interference.’

Now wireless companies are asking the FCC ‘to force XM and Sirius to use less powerful repeaters, fearing interference is- sues. The filing says the current buildouts should be replaced with less powerful repeater towers that wouldn’t cause interference with customers’ broadband connec- tions, pagers and next-generation phone services still in develop- ment. They warn XM and Sirius to use repeaters with no more than 2,000 watts of power by ‘06, com- pared with those that currently broadcast as much as 45,000 watts. Meanwhile, XM announced 1/7 at the 2002 CES in Vegas that it has signed up 30,000 subscribers in its first 56 days of operation, 28,000 of which were signed in 2001. XM President CEO Hugh Panero also announced XM is the fastest-sell- ing audio product of the last 20 years, noting DJS provider Echostar has sold $1 million subscribers in its first 70 days of operation.

RBR observation. War has been declared. Are the satellite boys trying to create an opening for local inserts into their supposedly strictly national service? The antenna of many broadcasters have been raised as to the true intent of satellite broadcasters down the road—O’Shaughnessy’s suspicions may well prove true. The Commission should clearly and firmly remove the doubt about the legal use of these repeaters—CM

Florida broadcasters face now ad tax

The tax on services that Florida briefly adopted in 1987 has reared its head again. State Senate Presi- dent John McKay (R-Bradenton) introduced a bill this sea- son of the state’s tax system, in the wake of declining tourism and declining tax revenues following 9/11. Among the items in McKay’s proposal is a broad-based tax on services which would include a 4% sales tax on advertising. That has Florida Association of Broadcasters President Pat Rob- ert, seeing slashing losses in 2001, when then-Governor Bob Martinez (also a Republican) pushed through a similar tax, “It was devastating,” Roberts recalls. He said $80-90M in broadcast adver- tising (radio and TV) was can- celled as major national advertis- ers boycotted the Florida airwaves. Within months the contriver- nal law was repealed, but it took the state’s broadcasting industry years to recover.

As RBR went to press 1/10, the Florida Association of Broadcasters was meeting for 1/10.02 in Tallahassee to adopt a formal po- sition and plot a strategic action to oppose the tax overhaul.—JM

Viacom Plus puts discount real estate buy

Mel Karmazin is making good on his plan to localize Viacom’s (VIA) cross-platform sales op- eration. Viacom Plus, YHD Foxtons, a discount real estate firm, announced 1/28 a $10M advertising campaign to utilize Viacom’s Infinity Radio and Out- door assets in the New York City area. The New Jersey-based com- pany is expanding its 2% estate commission service into all five boroughs of New York City, long to coast 125,089 times as of 6/25/01 (RBR 7 9, p.6).

In explaining the reversal, the FCC wrote, “The passages in question, in context, refer to sexual activity. Thus, the material warranted scrutiny. Based on our review of Citadel’s response, however, we conclude that the material was not patently offensive, and thus not actionably indecent.”

The explanation continues, “The sexual references are not expressed in terms sufficiently explicit or graphic enough to be found patently offensive. Although the song, as edited, refers to sexual activity, these references are oblique...We also agree with Citadel’s contention that the sexual references in the contest presentation, do not appear to pander to, or to be used to titillate or shock the audience. Thus, the sexual references do not have the effect of a "verbal shock treatment."”

Commissioner Michael Copps (D) attached a state- ment to the ruling, decribing the fact that staffers handled this problem, “It was a controver- sial finding. In making this im- portance, I believe the Commis- sioners themselves, rather than the Bureau’s Enforcement office, should be making the decision about whether to re- verse the initial finding.

Meanwhile, a pair of Notices of Apparent Liability (NALs) against Emmis (O-EMMI) per- sonally Macmillan have been upheld, and Emmis has been ordered to fork over $41K. The Muller fines result from shows on 5/20 and 5/15.

Emmis attempted to knock the fine on the basis of inadequate evidence. The company in each case lacked tapes or trans- scripts of the broadcast, providing only summaries of the allegedly indecent material.

However, Emmis did not deny that the programs occurred basically as depicted in the complaints. The FCC found that there was enough evidence that the material involved graphic sexual content which was not discussed in a clinical manner, but rather for titillation and shock value. Thus, the lines were allowed to stand.—DS

Subscription rate. One year $220.

Who’s on the cover

Column 1
Bob Oden
Mel Karmazin
Edwards
Joel Hollander
David Beniamin
Roc Mattingly
Stuart Mathewson
Kraig Knight

Column 2
Alfred Liggins
Stu Ols
Bob Niel
Jennifer Williams
Norm Paris
James Wood
Mac Tichenor
Michael Powell

Column 3
Bill Tanner
John Harms
Terry Jacobs
Bill O’Reilly
Kevin Martin
Jeff Sapoliski
Hugh Panero

Column 4
Howard Slaten
Gary Fries
Cathy Hughes
Ed Asner
Traci Keller
Lynn Gains
Michael Copps
Dale Honaker
George Beasley

Column 5
Kayce Baber
Ralph Gold
Phil Brunelle
Joe Field
Louie Lema
Lew Dickey
Joel Hollander
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The 9 Steps to Financial Freedom, The Courage to Be Rich, and The Road to Wealth
CNBC Personal Finance Editor
"O" The Oprah Magazine Monthly Financial Contributor
Orange Counties in New York, Island, Westchester, Rockland and and Xeltit. plus Fairfield County, Connecti-

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Foxtons has the technology set up

strable feedback since YHD

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iners and train displays.

way displays, bus sides, bus shel-

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01 were that Comcast (O:CMCSK)

Los Angeles Times.

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18 directors vote to oust him. Eight

Mel's employment contract. He

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tion is not currently being touted

cable crossownership prohibi-

another year of slow economic

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of those directors, including

18 directors from last year's merger

their seats at least until 2003.

company. Michael Eisner and

board in the Fortune 500 to sell the

most closely controlled corporate

Sallie Hofmeister of the

Among the predictions for 2002

which that rule is brought up for

hard to imagine a scenario in

Copps went on

investigations by failing to re-

casters will not impede those

absence of a tape almost every

Copps gathered to advocate the adoption by the

boils down to one thing: The main

of Miller, Kaplan, Arase & Co. publishing

George Nadel Rivlin says the ac-

counting firm hopes to have

by its end of this month. Miller,

Kaplan, Arase & Co. publishing

Nadel Rivlin said

"One of the reasons that Viacom

Disney agrees to store the

tale of the tape

Disney's (N:DIS) ABC Radio QO'O's have decided to voluntarily main-

tain records of their broadcasts in case the

air programming for two months.

The revelation came out in a
group lawsuit filed against Michael

Copps (D) before the United States Conference of Catho-

lic Bishops in Washington. Copps has called for voluntary main-

Stolz fighting Entercom and former attorneys

Ed Stolz is battling with both Entercom (N:ETM) and his own former attorneys as he tries to retain control of KWDJ-FM Sacramento. Stolz filed a Chapter 11 bankruptcy petition in the Northern District of California in December. His claim is that he entered into a letter of intent with Entercom, which is now trying to take over Stolz's radio stations, which Entercom claims to be in default.

"Said lawsuit concerns a negotiation for a like-kind exchange of radio stations, which Entercom later

formed in order to come up with a

value broadcast tapes have it to

support charges against a station.

While they could also exonerate

a station, only one aspect of the

inaccuracy complaint procedures, the

station will get off simply due to

the absence of a tape almost every

time. So there is no real positive to

maintaining a recorded archive.

It's one thing for ACHR to let it

it can keep Mickey Mouse's

language clean. But for those airing

Bubbas of the world, it will prob-

blow his client a call, since

RBR observation: Ed Stolz's communications counsel might want to

RBB observation: We checked

Med's employment contract.

can't be fired unless 14 of Viacom's

shareholders vote to oust him. Eight

of those directors, including

Karmazin himself, were CBS ap-

pointees from last year's merger with Viacom and will all keep their jobs.

For Comcast to buy Disney would require two things—elim-

ination of the FCC rules which pro-

hibits ownership of a TV station and cable system in the same

market and the willingness of the most powerful licen-

see to engage in a battle in the

Fortune 500 to sell the

company. Michael Eisner and

Roy Disney could dearly
defend their throne for the

company, so Comcast would have to

come up with an awfully gener-

ous offer in what looks to be

another year of slow economic
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cable crossownership prohibi-

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Targeting consumers and advertisers in an uncertain economy—Part II

In Part I, we left off with whether or not the economy was beginning to rebound—the figures suggest conflicting and many indicators are up one month and down another. The Commerce Department said orders to U.S. factories shot up 12.6% in October, the largest drop since 8/92 according to the Labor Department. That was four weeks after the current peak had been set, so we were told that the recession had bottomed out and that recovery was at hand. Hard to say for each person and for each area, but the recovery is generally negative out there. While initial jobless claims fell, the number of work

in Q1 is still up, both Q1 and Q2 are looking to be tough, according to most of the market analysts (see page 8). For music formats like Chicago Rock WLEP, it's all about the mass strategy for now. Says, WWJ GM Chris Ohr: “Right now, Q1 looks soft, but it is coming in right now. If you come up with some good ideas and good programs, you've got people who will always advertise. We’re working hard and we’re hoping things will come around. I don’t think it’s going to be a great first quarter. I’d be delighted if we made our numbers and we did a good job. Business as usual, but I think the downward correcting we’re seeing in Q1 is adding another LSM and we’re going to add some salespeople across the Frozen Bonnville stations in Chicago are adding [LSN]. So it’s going to be volume. You’re making more appropriate calls and more of them.”

Local, as of 2001, is going to be the savior for Ohr: “There’s going to be more focus on local business, which you can control, because national obviously hasn’t been strong enough to sustain advertising. Local radio is kind of recession-proof if you do a really good job and you’ve got great retailers who work real hard. It’s not like I’m in a small city with a handful of retailers. There are 13 in the market. The key is to really explain the quarter to your client base which has been affected by the third quarter and you have to work harder. We’re going to communicate and collaborate with our best clients and come up with some good ideas and certainly encourage them to deep advertising. At the end of the day the quarter is going to be better off if I didn’t just sit there and take No. If I was selling and the person said, ‘Well I’m just not going to advertise until the economy picks up, I would say, ’Well, let’s talk about that.’

What about Q1 and Q2?

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— Chuck Atkins, "The Beat" in St. Louis

"When it comes down to jamin' the hits... SUPERJAMS doesn't miss!!"
— Jay Michaels, WAMO in Pittsburgh

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Bob Coen: up 2%

Universal McCann's Sr. VP and Director of Forecasting Bob Coen is the longest running show on Madison Avenue when it comes to forecasting. But he admits that even his many decades of experience aren't much help in predicting what advertisers will spend in 2002. "It's not easy to tell what's going to happen in the chaos that we're in right now," Coen said at last month's UBS Warburg Media Conference in New York. Nonetheless, he is "cautiously optimistic." The optimism is based on Coen's belief, based on analysis reported by various economists, that the current recession is not as deep as the one the US experienced a decade ago, so the recovery should come more quickly.

In 1992 marketers were restructuring and downsizing. Unemployment was higher and so was inflation, and many marketers thought they could solve their marketing problems by cutting their advertising budgets and turning to trade promotion deals to boost their products. These tactics did not work as the trade took advantage of one marketer's deal one week and then turned to provide price promotion deals to move their products. These tactics did not work as realizations that advertising works to build the sales of their products or to growth year for ad spending. He sees national radio revenues (network and spot) down 4% in 2001, but he believes spending will rise above this year's depressed levels, "Coen wrote.

Of course, Coen also predicted a year earlier that 2001 would be yet another growth year for ad spending. He sees national radio revenues (network and spot) dipping an additional 1%, but a 2.5% gain for local—which works out to a gain of about 2% for the entire radio industry. Here's his medium-by-medium forecast for 2002 and a look at how far he got in marking his forecast was required to underwrite the interest payments. These cutbacks will continue through 2004/2005. Several major companies are struggling with mergers and acquisitions, including Pfizer/Warner-Lambert, P&G/Bristol-Myers and several auto companies. These companies will be consolidating products and marketing budgets. Fewer pharmaceutical products are coming from over-the-counter to direct-to-consumer. The telecommunications industry remains in disarray, and the continued regulatory disputes regarding the distribution of NextWave licenses for increased spectrum will delay marketing initiatives. There are no major new technology categories on the horizon. Package goods companies have reduced the number of brands they market, consolidated their recall shelf-space allocations, and are focusing on their high margin products. The travel and tourism industry will remain in flux in the foreseeable future. With that pessimistic outlook, Myers is predicting that US ad spending will drop an additional 5.7% in 2002 with the radio industry off 4%. He is predicting that radio will recover faster than most other media, gaining 2% in 2003 against a gain of 1% for all media.

Bob Coen's ad spending forecast ($ in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>National</th>
<th>Big 4 TV nets</th>
<th>Spot TV</th>
<th>Cable TV</th>
<th>Syndication TV</th>
<th>Radio (net &amp; spot)</th>
<th>Magazines</th>
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Jack Myers: down 4%

Taking a much more pessimistic view than Coen is the forecastor who's risen in recent years to become the main challenger to the long-time ad guru. There's a real disparity in their forecasts for 2002—and Jack Myers is making the most of it.

"For total US consumer media ad spending in 2002, we project an increase of 5.7% that's a massive difference that represents a potential shift of $1.3B," Myers wrote a week after hearing Coen deliver his forecast to the UBS Warburg Media Conference.

Rather than the traditional economic recovery that Coen is expecting in 2002, Myers believes there'll be several short-lived mini-booms in the economy throughout the first three quarters of the year, but we will not have any of sustained positive indications until 4th quarter 2002." And Myers added a further warning: "If the war expands for any reason, or there are continued domestic terrorist activities, the economic upturn will be delayed for at least another quarter."

Myers takes issue with Coen's prediction that "the economic recovery, ad spending will 'move closer into parallel' than had been the case ten years ago." He could not disagree more with Coen's assumptions," Myers wrote. "There are many reasons to believe that advertising will lag even further behind a general market recovery. The success of the 0% interest-rate promotion by the auto industry will require significant continuing cutbacks in their marketing budgets, as funds will be

Ad spending predicted as of: 12/00 | 6/01 | 12/01 | 12/02 | 2002 ad revs. 12/01 | 12/02 | Projected 2002 revs.

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Source: Universal McCann "Insider's Report," 12/00, 12/01 & 12/02

Jack Myers’ ad spending forecast

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Source: Jack Myers LLC
Jim Duncan: flat to down 3%

"I am somewhat hesitant to make predictions for 2002," said Jim Duncan, founder of Duncan's American Radio. "Such predictions are really a fool's game—particularly after a year such as 2001."

Even so, Duncan—who over a year ago predicted that radio would grow 6.9% in 2001—has consented to play in the game. He now expects the final tally for 2001 to be closer to 5%.

"In 1992, after radio's last decline, the medium managed a gain of a bit more than 3%. I suspect that we will not do as well in 2002 as the 2001 decline was much sharper. My best guess is radio will likely decline again in 2002. My prediction is that we will end the year with no revenue growth or a drop of no more than 3%. In order to accomplish this, we will need an end to the recession by the third quarter and to have some real economic growth in the second half of 2002," Duncan suggested.

"Having said that, I expect that radio company cash flows will grow by 2-5% in 2001. Much of this would be attributable to the salary cuts and layoffs that companies are putting into effect."

"It's incredible deals being offered to large advertisers by some radio groups. "My sense is that radio rates are dropping rapidly, especially in large markets," he said.

"Recovering from rate dropping will take some time. Adding units is probably an option for most stations, as they have the limits of what their core listeners can stand," Duncan warned. "My personal concern is that radio's listing levels continue to decline as they have for the last 15 years. I continue to lose our share of the consumer's media time. I see no end to this trend until we clean up our presentation and offer our listeners reasons to stay with us!"

The pace pulse in Washington: DC = dismal comps

Ladies and gentlemen, we have made it to the promised land of monthly revenue comps which, after sucking every egg in sight last year, should (theoretically) be easy beyond belief.

"Guess what? Pacing still sucks. at least in Washington DC, where RBR has a 985.8x1253.8 [Image 0x0 to 796x1254] [3x981]i Jim Duncan: [3x995]1

[9x506]which, after sucking every egg in

Ladies and gentlemen, we have

an anonymous source. However, while pacing is miserable, this is an improvement from the minus 66% March projection for 2002, " said Jim Duncan, to single digits. Considering the 6.9% in 2001—has consented to play in the black inkwell with a 7% increase.

"On the negative side, the minus key on the official RBR computer number is somewhat recession like anything will save national ad spending. "The benefits of consolidation in the industry back to the kind of robust health which will put radio's radio business back on track are not going away simply because the economy has gone sour," Fratrik said. However, in the all important local category, Washington is looking to hold the losses to single digits. Considering the losses which seemed to be in the future at this time during Y2K were all worse than 20%, in the local category, this is actually an accomplishment of sorts. And in the month just past (12/01-12/30), Washington radio stations actually managed a 1% gain into the black at a 7% increase.

"Recovering from rate dropping will take some time. Adding units is probably an option for most stations, as they have the limits of what their core listeners can stand," Duncan warned. "My personal concern is that radio's listing levels continue to decline as they have for the last 15 years. I continue to lose our share of the consumer's media time. I see no end to this trend until we clean up our presentation and offer our listeners reasons to stay with us!"

Duncan says he's been hearing incredible deals being offered to large advertisers by some radio groups. "My sense is that radio rates are dropping rapidly, especially in large markets," he said.

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But those will benefit only NBC affiliates. There will also be some political dollars, but only in scattered markets and nowhere near the level of 2000. We're projecting TV network dollars to be down slightly, about 1.3%, while TV station ads (which fell more than radio in 2001) will gain 2%-4% in 2002," Flynn concluded.

Mark Fratrik: up 5.5%

The most bullish of our forecasters is Mark Fratrik, Vice President, BIA Financial Network, who is predicting that radio revenues will rise 5.5% in 2002—with local probably growing a bit better than 6% and national rising around 5%.

"I think the economy bounce back by May or June," Fratrik said in explaining his optimism. Although advertising spending will trail that recovery, he thinks advertisers will return. "We may see a little bit of it at the end of the second quarter," he said, before getting a stronger boost in the second half of the year. Fratrik noted that "the comps of 2001 won't be difficult to beat."

The BIA analyst also sees structural benefits yet to be translated into dollars, which should help boost radio's take of ad spending. "The benefits of consolidation have not run their course yet, particularly for stations acquired in the past year," Fratrik said.

Although he's aware of the gloom and doom predictions of Jack Myers and others, Fratrik says, "I've seen those numbers and I don't understand them. In his view, if the economy improves by mid-year as most economists expect there's no reason to think that advertising would stay mired in recession.

Is it possible that radio could have as first back-to-back years of revenue declines, we asked? "There's a very low probability of that," Fratrik said.
CEO PERSPECTIVE

Quotable comps: Then vs. now

By Jack Mesnier

The radio advertising landscape changed so dramatically in 2001 that it's worth a look back to see just how much radio executives were forced to adjust their thinking. A year ago, not even the most pessimistic forecasters foresaw a down a year for US ad spending—and certainly no one but Osmun and Loden could have predicted the events of 9/11. Here are comments reported in RBR early in 2001 as radio executives looked at the year ahead, followed by their more recent comments on what we now know was the industry's first year of decline in a decade.

Bob Neil, Cox Radio

"As we talk to our advertisers, we do not believe we're in a recession at this point. If you listen to what [Alan] Greenspan said in Congress, he pretty much said the same thing: As we talk to our advertisers in the local markets, we don't sense that. In a number of our local markets, we're actually seeing pretty good local revenue growth. The area that's the trouble spot now is national—and that makes sense because of the difficult comps from quarters one and two of last year. We're seeing a little bit of what I would call 'buyers' revenue' here in the first quarter. A year ago, pricing was just incredibly high and demand on inventory put through some unrealistic price increases. So the buyers right now are sitting back and trying to let everybody negotiate with them. By and large, though, I see our inventory being used—there's just a little buyers' revenue on the rates at this point." — Bob Neil, CEO, Cox Radio (N:CCX), in a First Union Securities (now Wachovia Securities) telephone roundtable reported in the 2/26/01 issue of RBR.

Alfred Liggins, Radio One

"I'm very pleased with our third quarter results. We once again outpaced the industry in revenue growth. On a same-station and pro forma basis, our third quarter net revenues decreased 4% and 6% respectively—and this compares favorably with an industry down 8% for the quarter, as reported by Miller, Kaplan. Looking more closely at the quarter on a same-station basis, both July and August revenues were up 3% over last year and prior to September 11th the quarter was looking pretty good. That environment has certainly changed since September 11th. I do think it's important to realize where revenues were up 3% over last year and prior to September 11th the quarter was looking pretty good. That environment has certainly changed since September 11th. I do think it's important to realize where we were prior to the attacks. We had good sales pacing in both July and August and we were beginning to see some real growth in the automotive sector, for example, which is very significant to us given the size of the category. Additionally, through discussions with our sales reps, we were beginning to see a bit of a pulse in national business, which has suffered considerably this year. So, obviously, the events of September 11th have affected us along with everyone else.

"Following September 11th, we shifted our operational focus to serving our communities. After two days of non-stop news coverage, we began to work with our sponsors and advertisers and assessing the current advertising climate. There really is no handbook in a tragedy like this and our teams in the field did a great job of improvising and doing the right things.

After reviewing some of those local efforts, Neil continued. "During a time like this I do believe the most important thing we can do as a company is to avoid distractions and continue to focus on the basics—the fundamentals of operating our business."

Lowry Mays, Clear Channel

"I've been hearing for the past three months about this pending advertising recession," Clear Channel Communications (N:CCU) CEO Lowry Mays noted at the December 2000 UBS Warburg Media Conference (RBR 12/11/00, p. 120). "It appears that a chart showing how radio revenues have gone up every year, through good times and bad, for decades—with the angle exception of 1999. Then he brought up a slide with Clear Channel's own traffic sign declaring that there would be 'No Advertising Recession.'

Mays' sign didn't stop the recession, of course. As Clear Channel reported another record year for 2000 last February, the company forecast that while Q1 would see revenues decline for its out-of-home media (radio and outdoor combined), all of the other quarters right now are seeing a little bit of improvement and then we're expecting them now," he said in the company's Q3 conference call.

"There's no upside in me banging on the desk and saying, 'We've hit the bottom. We've always said we'd be affected by the economy. We're an advertising based business. However, our strategy will allow us to outperform that to some degree. Exactly what that degree is, I don't know. I hope it's quite a bit." — Lowry Mays, CEO, Clear Channel Communications

Mel Karmazin, Viacom

Viacom (N:VIA) President Mel Karmazin tried his hand at ad revenue forecasting a year ago (RBR 12/19/00, p. 103) and, like all of the other forecasters, was far off the mark. The Zen Master predicted that radio would grow 6%-8% in 2001. "Our TV business had a difficult year last year and our cable business won't be any better this year. We're not expecting to grow 6% or 8% for our radio business," Karmazin said at last year's UBS Warburg Media Conference.

Gary Fries, Radio Advertising Bureau

"Over the long run, radio will continue to grow despite what is currently going on in the economy. All indicators point to gradual growth over 2001 that will pick up momentum as the year progresses," RAB President Gary Fries stated 2/20/01 as he delivered the bad news that the final quarter of 2000 had come in 3% below December 1999.

Ten months later he was reporting that October 2001 was off 8%, keeping the recession going through much of 2002——with no one really expecting November or December to buck the trend. Nevertheless, Fries remained optimistic about the year to come.

"I foresee national remaining flat, while local rebounds to end the year up 4%. The combined total in radio revenue for 2002 will be up 3%" he said in the 12/17/01 announcement.
Mac Tichenor, Hispanic Broadcasting

Hispanic Broadcasting (N#HSP) took a beating on Wall Street a year ago (RBR 1/15/01:p.12) when it issued a rare Sunday announcement warning that Q4 2000 revenues would come in as much as $35 below what analysts had been expecting.

"Business in the fourth quarter reflected our customers' response to the effects on their businesses of a sudden reduction in economic growth and poor consumer sentiment. Fourth quarter revenue growth was in sharp contrast to the strong environment that propelled our operating performance during the first three quarters of the year," CEO Mac Tichenor said.

When stock trading opened the next day (1/8/01), the company's stock plunged, losing more than a third of its value at one point in that Monday's trading. When the closing bell rang, Hispanic Broadcasting's stock had fallen $11.125 (trading then was still in eighties) to end the day at $23.875.

While 2000 brought the beginning of what was to be a painful downturn for ad spending, it also brought the once per decade count of the US population by the US Census Bureau. Now those new Census numbers are being integrated into Arbitron's reports and Tichenor is upbeat even in the face of the persistently soft economy.

"What that means, practically, is that ratings to Spanish are going to be as good or better than we are presently experiencing in the economy." — Mac Tichenor

David Field, Entecore

"Market conditions have stabilized and I believe we are also firming. We're seeing that in terms of pricing demand. We're seeing that in terms of pricing..." — Entecore CEO David Field.

"In my company, we're already seeing that..." — Entecore CEO David Field.

George Beasley, Beasley Broadcasting

"As with many other radio broadcasters, Beasley Broadcasting Group began to feel the heat of a slowing advertising environment in the fourth quarter. We anticipated this trend and forecast as much as $200 million in our November fourth quarter conference call. Those are significant cutbacks. Clearly there are nervous people out there, but we're still-I believe-in a buyer's market. Our confidence has grown over the last few months and we feel that there's a feeling of optimism that we see at the buyer level. The big change is that the buyers are looking at a last-minute, nervous buyer mindset and are still..." — Beasley Broadcasting CEO George Beasley.

"We've already started to see that in some of the preliminary Arbitracks. We have some come in that are down and we feel that will mean our ability to raise prices or keep pricing..." — Beasley Broadcasting CEO George Beasley.

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RBR Profiler 2002

Saga Communications (AMEX:SGA)

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"This year (2001) SAGA bought 12 transmitters..."

"next year (2002) we (SAGA) plan on buying..."

RBR Profiler - 4 part inside “60 Minutes” look at the companies that drive radio. Our editors are one-on-one with the people in charge. We find out how they make money and where they will spend it in 2002.

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Emmis reports down quarter, but optimism about future
The fiscal Q3 for Emmis Communications (O:EMMS), September through November 2001, was a down quarter, but CEO Jeff Smulyan told Wall Street analysts it was still the sixth quarter in a row for Emmis' radio stations to outperform their markets. Even so, that market heating result was still a negative number. Radio revenues fell 4% to $65.5M. But with cost cutting, Emmis was able to squeeze out a 2% gain in radio cash flow to $50M. As the chart POSITION shows, radio is now the only major cash source for Emmis to increase cash flow.

After losing the bidding for Tribune's three Denver stations to Entercom (N:ETM), Smulyan isn't denying that Emmis could be a seller of its existing Denver duo. Smulyan says he's leveraging Emmis' balance sheet is "the single highest priority" for the company and that could include divestitures. While warning "never say never," Smulyan said it was "highly unlikely" that Emmis would sell radio stations in any other market, but noted, "in Denver, it's a little different situation"—that Emmis could be either a buyer or a seller in Denver. What about the outlook for this year?

"We are definitely seeing pickings up across the board," Smulyan told analysts, "Again, I think we're so cautious that we've been seeing this for a little while—and while we feel good about things, I think after the last 15 or 16 months, we're little conservative in saying this is the breakout.

Mike High City: Enter Entercom
Emmis (O:EMMS) Jeff Smulyan (ok) RBR he was definitely interested in Tribune's (N:TRB) trio of stations in Denver (RBR 12/10, p.6) but he never got past the storefront window (instead, Entercom (N:ETM) is getting the stations in a $180M LMA-acquisition deal. The stations are

Emmis fiscal Q3 2001 results September-November 2001

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Source: Emmis Communications earnings release 10/30/01 cash flow by medium calculated by RBR.

Mac Tichenor's Hispanic Broadcasting Corp. (N:TVS) has finally gained a foothold in the San Jose market, where more than a quarter of the population is Hispanic and where Entravision (N:EVC) and predecessor EXEL have dominated the Spanish radio market for years. Hispanic Broadcasting will pay $22.8M for Artistic Media's WJIE-AM/KJIE-FM cluster, as well as smaller superpower outlets owned by Jefferson Pilot (N:JPI) and Infinity (N:VIA) that together will constitute new territory for Entercom, bringing it to a total of 100 stations. Besides Entercom, the two companies will compete with Clear Channel's (N:CCU) market-leading Spanish cluster, as well as smaller superpowers owned by Jefferson Pilot (N:JPI) and Infinity (N:VIA) that together will constitute new territory for Entercom, bringing it to a total of 100 stations.

Tichenor knows the way to San Jose
Mac Tichenor's Hispanic Broadcasting Corp. (N:TVS) has finally gained a foothold in the San Jose market, where more than a quarter of the population is Hispanic and where Entravision (N:EVC) and predecessor EXEL have dominated the Spanish radio market for years. Tichenor plans on buying more stations (RBR 12/10, p.6) and will use the company's success with the FM in San Jose as an advantage of the current economic downturn to buy more stations (RBR 12/10, p.6). We expect this to be just the first of many purchases by the nation's biggest Spanish radio player.

On Top in the Big Easy
Steve Hegwood is On Top-Communications has claimed New Orleans as its third market. The Urban specialist (Hegwood was formerly head of programming at Radio One) is paying $18.5M for KNOU-FM Empire, LA, a class C2 on 104.5FM, which recently signed on in the New Orleans market with an urban format. The seller isdebilitating the company's after-tax cash flow by a penny per share. Hispanic already owns two FM's in the San Francisco market, but this will give the Spanish radio giant a full-coverage signal in the South Bay area.

Joe and David Field are fortuitous, in the current tough economy, to be able to do some buying—and they've claimed a market that should give Entercom plenty of up-side. Now, they just have to find a price that would entice Smulyan to leave town. In Emmis' conference call, the Urban specialist (Hegwood was formerly head of programming at Radio One) announced that the Tribune deal was around $17 times cash flow and asked Smulyan if he'd sell for 18 or 19 times. No, he didn't get an answer.

Angotti's got a sixth station in South Bend
Art Angotti is laying claim to being the biggest station owner in Indiana with the announcement of the purchase of the 13th station for Artistic Media Partners. Nor to the announcement of the purchase of WZOW-FM for $925K, Artistic now has a deal to buy WGTQ-FM from Summit Radio for $1.5M as its sixth station in the South Bend market.

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The Radio Index™ gained for 2001

The Radio Index™ ended 2001 up 81.35% at 227.345. That would be wonderful, except that the gain was all recovery from the horrific downturn that radio stocks endured in 2000. The Index remains well below the all-time high of 256.060 set on the last day of 1999 and even low 2001’s high point of 249.142 set 6/29/01. Cumulus Media (O:CMLS) led radio’s Wall Street recovery, gaining 60% for 2001 after rebuilding from management and accounting problems that tanked its stock price in 2000. Of the 15 stocks in RBR's index, only two—Entravision (O:ENVC), -35%, and Emmiss (O:EMMS), -66.28%—were down for the year.

It was a far worse year for tower companies, as wireless telecommunications cut expansion plans. Pinnacle (O:BIG)(plunged 96%, even though Tower (O:AMT)(dropped 79%.) Sectra (O:SITE) fell 73% at Crown Castle (O:CCI) declined 61%.

### 2001 stock price performance

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<td>Radio One, Cl. D</td>
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<td>Salem Comm.</td>
<td>23.000</td>
<td>0.053</td>
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<td>11.630</td>
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<td>Tribune</td>
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<td>44.260</td>
<td>-2.750</td>
<td>-5.85%</td>
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<td>Viacom, Cl. B</td>
<td>44.150</td>
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<td>-5.56%</td>
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<td>WarrRadio.com</td>
<td>0.030</td>
<td>-0.059</td>
<td>-25.02%</td>
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<td>Westwood One</td>
<td>30.050</td>
<td>10.738</td>
<td>55.60%</td>
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<td>XM Sat. Radio</td>
<td>18.360</td>
<td>2.298</td>
<td>14.30%</td>
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</table>

**Major stock market indices**

| The Radio Index        | 227.345  | 101.985 | 36.35%  |
| Dow Industrials        | 10021.5  | 765.350 | 7.70%   |
| Nasdaq comp.           | 1950.400 | 520.120 | 21.05%  |
| S&P 500                | 11480.80 | 172.200 | 15.04%  |

### STATIONS FOR SALE!

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- For more information contact George Reed at (904) 285-3299.
- Central Valley, California - Class "A" FM - Strong upside - Great opportunity.
- Large Southwest Market AM - Upside Potential - Good signal - Priced to sell.
- Resort Market - Class “A” FM - Opportunity for sales growth with strong format.
- LPTV - Major Market CP - Growth market, part of large market area. For more information contact Tom McKineny at (415) 924-2535.
- Top 40 Market AM station. $900K
- Rocky Mountain Resort market FM station. $3.0M
- For more information contact Greg Merrill at (435) 753-8090.
- Iowa small market AM/FM. $700k terms
- Update New York AM - rated market. $800k cash
- For more information contact Matt Younts at (804) 282-5561.
- Eastern New Mexico 2 AMs/3 FMs.
- Central Wisconsin 2 FMs.
- Southern New Mexico 6-station group (5 FM/3 AMs).
- Mid-central Oregon 2 AMs/3 FM.
- For more information contact Austin Walsh at (415) 297-3720.
- New Mexico full-time AM in rated market. $700k
- Oklahoma 5-station group. $2.2M
- Texas small market AM/FM. $700k
- For more information contact Bill Whitley at (972) 231-4500.
Emmis reports down quarter, but optimism about future

The fiscal Q3 for Emmis Communications (O:EMMS), September through November 2001, was a down quarter, but CEO Jeff Smulyan told Wall Street analysts it was still the sixth quarter in a row for Emmis' radio stations to outperform their markets. Even so, that market-bearing result was still a negative number. Radio revenues fell: $465.5M. But with cost cutting, Emmis was able to squeeze out a 2% gain in radio cash flow to $30.6M. As the chart POSITION shows, radio was the only major segment of Emmis to increase cash flow.

After losing the bidding for Tribune's three Denver stations to Entercom (O:ETM), Smulyan isn't denying that Emmis could be a seller of its existing Denver duo. Smulyan says de-lending Emmis' balance sheet is "the single highest priority for the company and that could include divestitures. While warning "never say never," Smulyan said it was "highly unlikely" that Emmis would sell radio stations in any other market, but noted, "in Denver, it's a little different situation"—that Emmis could be either a buyer or a seller in Denver.

What about the outlook for this year? "We are definitely seeing packings up across the board," Smulyan told analysts, "Again, I think we're so cautious that we've been seeing this for the last 15 or 26 months, so we're a little conservative about saying this is the breakdown."".

Emmis & Entercom

Enterma' (O:EMMS) Jeff Smulyan told RBR he was definitely interested in Entercom's (N:ETM) trio of stations in Denver (WJIE 105.7, KARA 106.3, KAIN 102.1), but he never got past the storefront window. Instead, Entercom (N:ETM) is getting the stations in a $180M LMA-acquisition deal. The stations are

<table>
<thead>
<tr>
<th>Category</th>
<th>Fiscal Q3 2000</th>
<th>Fiscal Q3 2001</th>
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<tr>
<td>Radio revenues</td>
<td>$55,577</td>
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<td>$0.00</td>
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<tr>
<td>TV revenues</td>
<td>$32,133</td>
<td>$32,133</td>
<td>$0.00</td>
<td>-0.00%</td>
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<tr>
<td>Publishing revenues</td>
<td>$18,412</td>
<td>$18,412</td>
<td>$0.00</td>
<td>-0.00%</td>
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<tr>
<td>Interactive revenue</td>
<td>$10,833</td>
<td>$10,833</td>
<td>$0.00</td>
<td>-0.00%</td>
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<tr>
<td>Total net revenue</td>
<td>$97,104</td>
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<td>$0.00</td>
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The deal to exchange the three Denver radio stations for Entercom's Orlando/Walt Disney properties to exchange for the radio stations.

Emmis fiscal Q3 2001 results September-November 2001 ($ in thousands, except ATCF per share)

Entercom Chairman CEO Joseph Field. "It will provide us entry into an additional major growth market, enhance our geographic detail of 100 LMA's, solidifying our national marketing reach into the Mountain States economic region.

According to Tribune, Entercom will run the stations in an LMA for up to three years while Tribune searches for suitable television properties to acquire. Once the transaction is consummated, Entercom will own three radio stations.

RBR observation: Jeff Smulyan would certainly rather be making lots of acquisitions, but he's going to be tied up for a while with a de-lenerating Emmis' balance sheet. Joe and David Field are fortunate, in the current rough economy, to be able to do some buying—and they've claimed a market for the Entercom plenty of upside. Now, they just have to find a price that would entice Smulyan to leave town. In Emmis conference call, Entercom's CEO Jim Boone noted that the Tribune deal was around $17 times cash flow and asked Smulyan if he'd sell for 18 or 19 times.

No, he didn't get an answer.

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Art Angotti's got a sixth station in South Bend

Art Angotti is laying claim to being the biggest station owner in Indiana with the announcement of the purchase of the 13th station by Artistic Media Partners. Artistic purchased WJIR-FM for $295K. Artistic now has a deal to buy WGGX-FM from Summit Radio for $1.5M as its sixth station in the South Bend market.

RBR observation: Just a few days before this pre-Christmas deal was announced, CFO Jeff Henson said at the UBS Warburg Media Conference in New York that Hispanic Broadcasting would take advantage of the current economic downturn to buy more stations (WJIR 12/10, p. 6). We expect this to be just the first of many purchases by the nation's biggest Spanish radio player.
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<td>Hearst-Argyle</td>
<td>21.560</td>
<td>1.123</td>
<td>5.49%</td>
<td></td>
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<tr>
<td>Hispanic Bcg.</td>
<td>25.500</td>
<td>0.000</td>
<td>0.00%</td>
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<tr>
<td>Interep</td>
<td>4.700</td>
<td>1.200</td>
<td>34.29%</td>
<td></td>
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<tr>
<td>Jeff-Pilot</td>
<td>46.270</td>
<td>-3.558</td>
<td>-7.14%</td>
<td></td>
</tr>
<tr>
<td>NBC Radio Nets</td>
<td>0.990</td>
<td>-0.135</td>
<td>-12.00%</td>
<td></td>
</tr>
<tr>
<td>New York Times</td>
<td>43.250</td>
<td>3.188</td>
<td>7.96%</td>
<td></td>
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<tr>
<td>Pinnacl Hldgs.</td>
<td>0.340</td>
<td>-8.723</td>
<td>-96.25%</td>
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<tr>
<td>PopMail.com</td>
<td>0.040</td>
<td>-0.148</td>
<td>-28.67%</td>
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</tr>
<tr>
<td>Radio One, Cl. A</td>
<td>18.470</td>
<td>7.753</td>
<td>72.82%</td>
<td></td>
</tr>
<tr>
<td>Radio One, Cl. D</td>
<td>18.010</td>
<td>7.010</td>
<td>63.73%</td>
<td></td>
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<tr>
<td>Radio Unica</td>
<td>1.400</td>
<td>-2.350</td>
<td>-62.67%</td>
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<tr>
<td>RealNetworks</td>
<td>5.940</td>
<td>-2.748</td>
<td>-31.63%</td>
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<tr>
<td>Regent</td>
<td>6.750</td>
<td>0.813</td>
<td>13.68%</td>
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<tr>
<td>Saga Commun.</td>
<td>20.700</td>
<td>5.825</td>
<td>39.16%</td>
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<tr>
<td>Salem Comm.</td>
<td>23.000</td>
<td>8.063</td>
<td>53.97%</td>
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<tr>
<td>Sirius Sat. Radio</td>
<td>11.630</td>
<td>-18.308</td>
<td>-61.15%</td>
<td></td>
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<tr>
<td>Spanish Bcg.</td>
<td>9.890</td>
<td>4.890</td>
<td>97.80%</td>
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<tr>
<td>SpectraSite</td>
<td>3.590</td>
<td>-9.660</td>
<td>-72.91%</td>
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<tr>
<td>SportsLine USA</td>
<td>2.920</td>
<td>-2.303</td>
<td>-45.04%</td>
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<tr>
<td>TM Century</td>
<td>0.550</td>
<td>0.050</td>
<td>10.00%</td>
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<tr>
<td>Triangle</td>
<td>0.010</td>
<td>-0.007</td>
<td>-41.18%</td>
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<tr>
<td>Tribune</td>
<td>37.430</td>
<td>-4.820</td>
<td>-11.41%</td>
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<tr>
<td>Viacom, Cl. A</td>
<td>44.250</td>
<td>-2.750</td>
<td>-5.85%</td>
<td></td>
</tr>
<tr>
<td>Viacom, Cl. B</td>
<td>44.150</td>
<td>-2.600</td>
<td>-5.67%</td>
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<tr>
<td>WangRadio.com</td>
<td>0.030</td>
<td>-0.595</td>
<td>-95.20%</td>
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<tr>
<td>Westwood One</td>
<td>30.050</td>
<td>10.738</td>
<td>55.60%</td>
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<tr>
<td>XM Sat. Radio</td>
<td>18.360</td>
<td>2.298</td>
<td>14.30%</td>
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</tbody>
</table>

Major stock market indices

- The Radio Index 227.345 101.965 81.35%
- Dow Industrials 10021.5 -765.350 -7.10%
- Nasdaq comp. 1980.400 -520.120 -21.05%
- S&P 500 1148.080 -172.200 -13.04%
Javier Macias is entering the Birmingham, Alabama, market with a deal for WPYK-AM. He is buying the station under a new company, Edwards Broadcasting Inc. This marks the second acquisition for Edwards, who already owns another station in the area.

Gentner Communications has a new CEO.

Gentner Communications has officially changed its name (effective 1/1) to ClearOne Communications, Inc. Its CEO is Paul Tate Johnson. He has been a running a Classic Rock format on the station.

Macias creates a new group

Javier Macias is entering the Birmingham, Alabama, market with a deal for WPYK-AM. He is buying the station under a new company, Edwards Broadcasting Inc. This marks the second acquisition for Edwards, who already owns another station in the area.

In Hendersonville, NC, Sink is selling another of his stations, WTZQ-AM, for $750K. The station is currently Adult Contemporary format.

Colorado Public Radio to issue bonds

A rare move in a public broadcasting entity, Colorado Public Radio (CPR) is issuing $6.5M in municipal bonds through the Colorado Education and Cultural Facilities Authority. The bonds will refinance $4M in existing debt and repurpose CPR's offices after recent acquisitions. The bond offering is being managed by Fitch Ratings.

Viacom adds to SportLine stake

Viacom's (N VIA) CBS Broadcasting subsidiary has increased its ownership stake in SportLine.com (O SLN) to 11.6M shares, or approximately 5% of the company. As of Wednesday (1/2) SportLine issued 6.9M to CBS as required under its existing contract. SportLine.com operates the CBS Sporline.com website which is cross-promoted with CBS TV and radio stations.

RRR observation: SportLine's stock may be down, along with other dot-coms, but it continues to be a part of the deal with CBS. The CBS-Sporline.com is to continue to be owned by Viacom for a total of $30M over the first five years.

Gentner is no more

Gentner Communications has officially changed its name effective 1/1 to ClearOne Communications and its Website to clearone.com. However, the company's stock symbol has been delayed until 3/15 while the company works to promote its new name to investors. So, ClearOne Communications will continue to trade on Nasdaq under the symbol CTNI for another two and a half months, and will switch to CHIC on 3/15.

Gentner will live on as the brand name for many of ClearOne's products.

The deals listed below were taken from recent FCC filings.

RFR'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 deals involving only control of assets.

The broker data on rescissions is based on rescission orders filed in ascending order of sales price. Broker credits are based on contracts filed with the FCC.

$8,000,000 WQFG-FM, WNPL-FM & WQOK-FM (although Goodform Inc., Alliance Media & Hendersonville, all TN) from DSSC LLC. (Jill Boltz Brokering Inc.) Securities Communications Group Inc. (Lew Dickey Jr) to Cumulus Licensing Corp. (Lew Dickey Jr). A subsidiary of Cumulus Media (O CMS) $800K in stock (2.5M shares), $2.1M debt assumption (RFR 1126, p 6). Existing superduplex.

$2,000,000 WSNJ AM & FM (Reddington NJ) from Cohanzick Broadcasting Corp. (Edward L. Bridge) to Arthur A. Angotti & Partners LLC (Michael J. Guett, Edward F. Seeger, James C. Fort). $200K escrow, $800K interest, balance in cash at closing. Broker: American Media Services LLC (seller).

$4,400,000 KODE-TV (jopulin II) from GCOM of Joplin Licensee Sub LLC (Richard L. Gorman, oco) to Mission Broadcasting of Joplin Inc. (David Smith, pres). 1M debt, balance in cash at closing. Buyer intends to enter into a shared services agreement with Nexstar Broadcasting of Joplin. Both stations will have its own GM and programming staff, but will share expenses for things like building and grounds maintenance, security, engineering, maintenance, production overhead and other service functions.

S. $2,500,000 Will ACM (Washington DC) from ILC Corp. (Israel Antonio Lopez) to Mission Broadcasting Co. (Jack M. Morrison) $225K escrow, additional $400K construction escrow agreement. balance in cash at closing. Seller will attempt to complete construction of KNXZ EB at buyer's expense over and above the 4.0M purchase price. Includes non-compete under which it will not use any type of Religious format on any of its current-in-market stations. Superduplex with KTNZ-AM & KGGZ-AM. Minority Media and Telecommunications Council (seller), William B. Schulz Jr. (buyer).

$4,500,000 KHVN-AM KNAX-AM EB CP Dallas Ft. Worth (Ft. Worth) from Infinity Broadcasting Corp. of Ft. Worth (Mel Kermazin), a subsidiary of Viacom (N VIA) to Mission Broadcasting Co. (Jack M. Morrison) $252K escrow, additional $400K construction escrow agreement. balance in cash at closing. Seller will attempt to complete construction of KNAX EB at buyer's expense over and above the 4.0M purchase price. Includes non-compete under which it will not use any type of Religious format on any of its current-in-market stations. Superduplex with WDKZ-AM and WAZZ-AM. Multicultural's, WVDK-AM and W5W-AM do not overlap WFLP-AM.

$2,000,000 WAGA-AM Alabaster-Schnecksville (Cleveland OH) from Regent License LLC (Robert W. Rodgers) to ABC Inc. (Bob Iger, John Hare), a subsidiary of Disney (N DIS) $100K escrow, balance in cash at closing. Broker: William B. Schulz (seller).


$2,000,000 WSNJ-AM & WSNJ-FM (Bridgeton NJ) from Meade & Hendersonville, all TN) from DDBC (Robert W. Rodgers) to ABC Inc. (Bob Iger, John Hare), a subsidiary of Disney (N DIS) $100K escrow, balance in cash at closing. Broker: William B. Schulz (seller).

$2,000,000 WK3M-AM & WK3M-FM (Silver Springs MD) from Mega Communica- (Robert W. Rodgers) to ABC Inc. (Bob Iger, John Hare), a subsidiary of Disney (N DIS) $100K escrow, balance in cash at closing. Broker: William B. Schulz (seller).

$2,000,000 WHLN-AM & W8KX-AM (Ft. Worth) from Infinity Broadcasting Corp. of Ft. Worth (Mel Kermazin), a subsidiary of Viacom (N VIA) to Mission Broadcasting Co. (Jack M. Morrison) $225K escrow, additional $400K construction escrow agreement. balance in cash at closing. Seller will attempt to complete construction of KNXZ EB at buyer's expense over and above the 4.0M purchase price. Includes non-compete under which it will not use any type of Religious format on any of its current-in-market stations. Superduplex with KTNZ-AM & KGGZ-AM. Minority Media and Telecommunications Council (seller), William B. Schulz Jr. (buyer).

$2,000,000 WAGA-AM Alabaster-Schnecksville (Cleveland OH) from Regent License LLC (Robert W. Rodgers) to ABC Inc. (Bob Iger, John Hare), a subsidiary of Disney (N DIS) $100K escrow, balance in cash at closing. Broker: William B. Schulz (seller).

$2,000,000 WBZM-AM Bloomington IL (Fairbury IL) from Rainbow Radio of Livingston Inc. (a brokerage house, which was not, however, specifically identified as broker of the transaction does not overlap any of these stations). Broker: Media Venture Partners (buyer).

$1,700,000 WBZM-AM Bloomington IL (Ft. Worth) from Rainbow Radio of Livingston County (Richard L. Scott) to AAA Entertainment Licensing LLC (David Smith, pres). $125K escrow, returned to buyer, assumption of remainder of Joplin LLC's KOOL TV-FT. $758K, payment of all money owed to FCC, including return of auction bidding credit officially awarded to seller, $50K cash to Seller, $5K cash to Media Services Group Inc. (a brokerage house, which is not, however, specifically identified as broker of the record for this deal in the contract), whatever is left goes to The Cromwell Group Inc., who is reimbursing its purchase option. Cromwell has run station in LMA since 9/80. AMA will take over (MA 291 until closing). Superduplex with WWCG-FM Livingston IL, WFPW-FM Cotulla IL & WHTF-FM Normal IL.

$1,500,000 WGTJ-FM (Duluth MN) from Carlow Broadcasting Co. (Michael Hovey) to Apple Media Partners Inc. (Arthur A. Angotti) $130K cash at closing, $450K in stock. Superduplex with WODW AM & FM, 7MY-WALMDW-AM EB. In market WZOW-FM (acq pending) has no overlap with WGTC-FM.

Read about these transactions and more at our website rrr.com

RRR Radio
Your information source featuring:
1 on 1 Interviews, Conference Calls and
The Daily Newscast
**RBR’s Top 10 Quotes of 2001**

Quotes ranked by RBR email click tracking.

<table>
<thead>
<tr>
<th>Quote</th>
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<tr>
<td>#1 Ad guru Bob Coen forecasts moderate growth&lt;br&gt;Excerpt from article published in Radio Business Report, p. 9, 1/1/01&lt;br&gt;“Real GDP, instead of being up a nice 5.2% (in 2000), will be up by a relatively modest 3.4%. That’s really not modest. That’s pretty good, historically. Consumer prices will moderate.” Per Bob Coen. The ad industry guru.—JM</td>
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<td>#2 Miller, Kaplan denies pacing cover-up&lt;br&gt;Excerpt from article published in Radio Business Report, p. 3, 2/12/01&lt;br&gt;“Companies quickly learn that when they stop ad spending, they lose market share—and market share that’s lost in a downturn is very, very difficult to get back”—CEO Jeff Smulyan in a special update 02/26/01 to analysts.—JM</td>
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<td>#3 Stealing market share and listeners while your competitors pull back to cut costs&lt;br&gt;Excerpt from article by Tripp Eldridge, President, DMR published in Radio Business Report, p. 11, 3/26/01&lt;br&gt;Frequency is key. Stations that stop or significantly pull back advertising, also lose sight of the crucial importance of repetition.</td>
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<td>#4 The 10 essential things you must do to sell more direct business in a recession&lt;br&gt;Excerpt from article by Paul Weyland, direct mail writer published in Radio Business Report, p. 9, 1/2/01&lt;br&gt;Our salespeople know less about advertising and marketing than some of our clients. It’s a case of the blind leading the blind.</td>
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<td>#5 Arbitron begins Big Board trading; CCU threatens to walk&lt;br&gt;Excerpt from article published in Radio Business Report, p. 12, 4/9/01&lt;br&gt;CEO Steve Morris was asked if Arbitron could still be a viable company without its largest client, Clear Channel. “My first assumption is that we are going to move forward and find a new revenue source,” said Morris.</td>
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<td>#6 Jay Williams: Putting AURN on the RADAR-screen&lt;br&gt;Excerpt from article published in Radio Business Report, p. 11, 4/2/01&lt;br&gt;When asked—how’s business?&lt;br&gt;We were expecting to fulfill that mission, we focused in on strong marketing techniques, ensuring that we increased our visibility working more closely with clients.—JM</td>
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<td>#7 Powell &amp; Co. review the FCC’s mission&lt;br&gt;Excerpt from article published in Radio Business Report, p. 1, 2/26/01&lt;br&gt;“We have to be a lot more challenging and creative about our own internal resources and how we reallocate them,” Chairman Michael Powell said in discussing the challenges facing the FCC he now heads.—JM</td>
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<td>#8 What are you doing to drive more local revenue?&lt;br&gt;Excerpt from article published in Radio Business Report, p. 8, 4/23/01&lt;br&gt;“At Jarad Broadcasting Company, we are hitting the streets hard. We are developing events and non-traditional advertising tools to become Long Island’s marketing experts,” said John Caracciolo, GM/CE, WDRE-FM, WLIW-FM—GM</td>
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<td>#9 Fries: Radio winning against newspapers&lt;br&gt;Excerpt from article published in Radio Business Report, p. 3, 02/12/01&lt;br&gt;Gary Fries said it may be a new experience for many in radio sales, but it should not be feared. “Many of you have never said during a difficult time.—JM</td>
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<td>#10 RBR observation</td>
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<td>12/19/01—“Anything can happen” indeed. Coen was wise to keep his prognostications in the ballpark, as opposed to the homerun predicted by the RAB. But Coen didn’t foresee that the industry wouldn’t even be able to hit it out of the infield.—DS</td>
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<td>12/27/01—Yeah, right. When the dot-com dollars were flowing, the data was not only there, it was being trumpeted from one end of the country to the other. Then things went sour. Radio must stand by its results, good or bad.—DS</td>
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<td>12/21/01—Historically, difficult economies produce winners who go against the flow and increase their marketing efforts while others cut back. With less clutter, the messages of the bold tend to stick with consumers. It’s unbelievable how many companies wimp out and lose share, sometimes forever.—DS</td>
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<td>1/3/02—We’ve been saying all year that bad economies offer opportunities to bold advertisers. We’ve been saying all year that bad economies offer opportunities to bold advertisers. We’ve been saying all year that bad economies offer opportunities to bold advertisers. We’ve been saying all year.—DS</td>
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<td>1/4/02—Any salesperson that walks into a business and says, “Here’s how you can get an ad on my radio station” is screwing up. The conversation should begin, “Here’s how we can get a customer to walk through that door.”—DS</td>
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<td>1/8/02—Radio’s 300 pound gorilla tried to play rough with Arbitron, but investors never believed that Clear Channel had any option except to re-up with Arbitron after squeezing out a few concessions. The threatened pull-out never really hurt Arbitron’s stock price and it closed 2001 at $34 15.—JM</td>
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<td>1/7/02—A recession doesn’t mean no business, but rather little or no growth. There are always opportunities for companies and individuals who stay focused on their business objectives to outperform their competition.—JM</td>
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<td>1/2/02—Making major changes in any government bureaucracy is akin to turning a battleship. We’re not sure whether the merger of the Cable and Mass Media Bureaus into one will prove to be a good idea or a bad one—but it’s clearly a major change that Powell can claim as his own.—JM</td>
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<td>1/9/02—Necessity is the mother of invention, and if nothing else, 2001 will add a few things to radio’s bag of tricks to maximize revenues—but there is no substitute for holding rates.—DS</td>
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<tr>
<td>12/28/01—We’ve been hearing about sales staff increases and more training all year—it’s unclear how much of either really happened. But Fries is right—anyone in sales who survived 2001 will be stronger and better in the future.—DS</td>
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**RBR’s Daily Email helps you to “Make the Money in 2002.”**


Order today for the Special Professional Courtesy Rate of $99 (Regularly $199).
EchoStar double-deal dish has NAB up in arms

According to FCC regulations, if a satellite broadcaster offers one over-the-air television station in a market, it must offer them all. And they are barred from requiring additional equipment and expense on the part of their customers for this.

However, the pending merger of DirecTV into EchoStar would force many satellite TV subscribers to get a second satellite dish in order to receive all available over-the-air channels. This problem will not be rectified until late in the year when the launch of a new satellite is expected to give EchoStar the extra capacity it needs.

Looking at liquor: How old should the audience be?

Among other restrictions it has put into place, the NBC Television Network has said that it will not accept liquor advertising on any program for which the 21- and older audience is any less than 85%. According to an article in the 1/7/02 edition of Advertising Age, the network will not have much luck with this 85%—almost all of its prime time programming is in play. In fact, only “NBC’s Saturday Night Movie” seems to fit the 85% rule.

Why 85% into an unofficious industry standard, UPN, WB and Fox have not much younger audience than NBC, CBS and ABC, it was almost too many inventory to offer clients. NBC President of research and media development Alan Wurtzel was quoted as saying: “To a certain extent it the 85%/threshold was arbitrary. We did note that magazines used an 85% criteria with tobacco companies.”

Disney wins a round in court

A federal court in Los Angeles has blocked EchoStar (C-DISH) at least temporarily, from dropping Disney’s (DIS) ABC Family Channel. The temporary restraining order granted New Year’s Eve, will keep the former Fox Family Channel, which Disney acquired for $5.5B, in EchoStar’s lineup until the court considers arguments in the case. EchoStar claims it has a right to exit existing contracts to carry the channel under change-of-control provisions, while Disney claims that the contract provisions don’t allow for cancellation, since it purchased the parent company, not just the channel and its programming.

While it couldn’t cancel ADG Parmy, EchoStar did manage to strike a blow at Disney. It dropped ESPN Classic on New Year’s Day, saying the sports replay channel was too expensive.

TVBR observation: In a rarely seen display of corporate candor, Disney President Bob Iger was quoted by Reuters as saying that the dispute was really about the size of the fees that EchoStar can charge for carrying the channel. Disney is also using the dispute to press its case for government regulators to nix EchoStar’s proposed acquisition of Hughes Electronics (now GMH) to gain control of the nation’s only other satellite TV provider, DirecTV.

“Disney shares the view of most consumer groups and state and local regulators that a monopoly satellite distributor can and will exercise power in ways that stifle competition, innovation and consumer choice,” Iger said in the company’s announcement. “Indeed, EchoStar continues to behave in a manner that demonstrates the need to have more than one satellite provider to create competition for programming and better choice for viewers. Disney has a consistent record of guarding its programming against such abuses and we will continue to explore all alternatives to ensure the public has unfettered access to our content.”—JM

Paxson courting new partner

After moving to escape its deal with NBC last month, Paxcom Communications (PAX) is reportedly getting serious with a couple of new suitors. According to The New York Post, MGM (FOX) and New Line are among the leading candidates to acquire Paxcom, whose 62 TV stations provide “must-carry” access to most of the nation’s cable TV systems.

Meanwhile, Moody’s has assigned a B3 rating to Paxson’s proposed offering of $250M in bonds to retire more expensive debt. Moody’s also changed its term outlook for Paxson to “negative,” noting “increasing concerns over strain in the NBC ownership,” pressures on the company’s growth plans from the weak advertising market, and the material shift in capital mix that results from the proposed refinancing.”—JM

TVB forecasts 9-11% growth

Television Bureau of Advertising (TVB) President Chris Rohrs had the microwave of announcing his ad revenue forecasts for 2002 on 9/1/01. When terrorists crashed airline in the World Trade Center, TVB projection just five days later. TVB’s analysts had to get back to their calculators.

TVB now expecting growth of 2.5-5.5% in 2002 after seeing 2001 finish down double digits.

“These numbers are subject to further change due to continued uncertainty in many sectors,” said Harold Simpson, TVB’s VP of Research and Development. “But there is emerging evidence from automobile sales and the financial markets that recovery could be in place sooner rather than later if the war and counter-terrorism efforts progress well.”—JM

Here’s the original outlook and the current expectation.

<table>
<thead>
<tr>
<th>Year</th>
<th>Local Spot</th>
<th>National Spot</th>
<th>Total Spot</th>
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<tr>
<td>2001</td>
<td>Original Forecast</td>
<td>-3 to -5%</td>
<td>-9 to -11%</td>
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<tr>
<td></td>
<td>Revised Forecast</td>
<td>-8 to -10%</td>
<td>-11 to -12%</td>
</tr>
<tr>
<td>2002</td>
<td>Original Forecast</td>
<td>+2 to +5%</td>
<td>+5 to +7%</td>
</tr>
<tr>
<td></td>
<td>Revised Forecast</td>
<td>+3 to +5%</td>
<td>+6 to +8%</td>
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Source: TVB