Clear Channel comes up short for Q4

Clear Channel (N:CCU) surprised Wall Street with $90M in unexpected expenses in Q4—expenses the company said were due to severance costs from reducing the radio division's non-sales staff by 2,000 people and to hiring expenses for adding 600 sales people.

For Q4, radio revenues were down 6.9% to $890.6M and EBITDA was off 32% to $239.1M. Pro forma radio revenues were down 9.5% and EBITDA was down 32.5%. Company-wide, Q4 revenues were down 7.8% to $1.96B and EBITDA declined 45.6% to $344.7M. Pro forma revenues were off 10.8% and EBITDA declined 45.6%.

Rather than reassuring CEO Lowry Mays' favorite metric, alter-tax cash flow (ATCF), at the top of the quarterly financial release, the company didn't give its full-year 2001 ATCF figure until the bottom of page two and didn't mention the Q4 figure until page three. Small wonder. Q4 ATCF was 45 cents per share—a far cry from the analysts' consensus of 61 cents compiled by Thomson Financial/First Call in advance of the actual report.

Despite reporting pro forma Q4 radio revenues down 9.5%—far worse than the industry-wide 7% decline—CCU is billing radio as the unit that's going to lead the company out of the advertising recession. "I am extremely happy to report that the radio division, which is roughly 70% of the EBITDA of this company, is currently performing better than at any point during 2001," said CFO Randall Mays. "If current pacing trends hold, the radio division's cash flow, we think, will be up 3% to 5% in the first quarter of 2002 vs. prior year on a pro forma basis. While 1-3% might not be a lot, I can tell you it's exciting to be in positive territory again, so that is certainly something that we think is a very good indicator."

To get to that 1-3% rise in cash flow, CCU is expecting radio revenues to be flat to slightly up for Q1. But don't look for a positive number from CCU's second largest unit, outdoor. President Mark Mays said US outdoor is trailing radio by about a quarter in coming out of the recession. He says, though, that the company is well positioned, regardless of how much help it gets from the winds of economic recovery. "Even though we're starting to see a little bit of wind, you can expect us to row. We've set ourselves up for success with our programming successes and with our attention to sales focus—you can expect us to perform. I think, secondarily, we have the very best management team. As I've tried to highlight to you, it's very deep, it's very talented and it's very cohesive. As I said in the past, our assets are very synergistic and they work very well together. We're finding out more and more every single day. Number four is our low expense base. If there is any wind that picks up, we've done a great job in controlling costs for 2002 and we think that if the wind picks up our profits will rise faster. And finally and foremost, we're obviously focused on results for 2002—as everybody is throughout the company," Mark Mays told analysts.

RBR observation. For the past few weeks, as company after company reported that its ad sales performance was worse than expected, analysts have been urging the industry, we all wondered why it was that it was dragging the average down. Now we know. —JM

Analysts react to Clear Channel, page 7.

RADIO NEWS

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MEDIA MARKETS AND MONEY

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Talk of the town:

RBR at R&R Convention

RBR talked with industry talkers at the R&R DC event last week. ABC Radio Network held one of the last official events at the Newseum in Arlington before its Washington Mall re-opening in 2006. Highlights included an impromptu political crossfire between Sean Hannity and Sam Donaldson.

Marty Raush, VP Marketing Premire Radio Networks and Craig Kuebler, President/COO of Premiere Radio Network

Sean Hannity of ABC Radio Networks and Carl Macevsky, Senior Editor of RBR

Michael Lofrano COO Talk Radio Network, Mark Masters, President of Talk Radio Network and Ken Beck, Emisison, Kansas City
Carping about CARP

Almost immediately after CARP, the copyright arbitration panel submitted its report to the US Copyright Office on webcasting (RB 2/25, p 2). Things echoed voices what we said earlier in its genesis, the industry may hug the idea altogether—or perhaps change some of its current plans.

Sad NAS CEO Eddie Fritts: "The ruling from the Copyright Arbitration Royalty Panel may limit or preclude the ability to sell or lease certain programs, in that many radio broadcasters may reevaluate their streaming strategies. If the powerful record company never goal was to make a product that would be safe, we should have supported this idea and used the format's immediacy to build local, national, and even the voice of the DJs for whatever the case may be."

We believe we addressed each of the Copyright Act's points with facts and evidence. We may have been more expressive, but we certainly had the content and the voice. We have more than a pleasant part to play in the Copyright Act, at least for the time being," Mark Mays told Reuters—CM

Greenspan sees light at end of tunnel

Federal Reserve Board Chairman Alan Greenspan told Congress yesterday that the US economy is on its way out of recession. "In the past several months, increasing signs suggest that the economy has been recontact because the nation's economy is growing and its business scene is improving," Greenspan said in testimony to the House Financial Services Committee.

As a result, "we have a more optimistic economic forecast delivered to Congress, Greenspan and his colleagues say they expect the economy to continue growing for at least another two quarters. That would amount to a solid recovery, rather than a robust one."

"If the gross domestic product is in negative market articles, there is one activity that is growing to the point of being a positive one that is growing to the point of being a positive one."

"RBR observation: After watching the Congressmen's faces over the years, we wouldn't suggest that the farm bill be any other than a Credible analysis."

"RBR observation: If you are thinking about the farm bill, it is probably not a good time to think about the farm bill."

"Chillier in Chillicolte: Sniper fires continue"

The battle being waged behind the scenes at the FCC over the sale of WCKJ-FM Chillicolte OH from Secret Communications to Clear Channel (NCC) continues. On one side is Clear Channel and its alleged "parking lots," which include Clear Channel-CBS and Clear Channel Radio. The original complaint was from Chillicolte/Colborne, OH business owner David Howland, who is joined by M&M Broadcasters, Inc."

Ringer, who essentially contends that FCC has overstepped its boundaries and that Clear Channel is not only in clear violation of the law but also in Clear Channel's MPAA, suggests that the FCC has no right to take the CPB's method of analysis and then use that analysis to make its own determination."

"RBR observation: This is a bad time for the CPB to make its own determination."

"It is a great day to be involved in a friendly local market where there is no competition and no one is trying to be the best," Nell Lee, Wonder Woman of the WGN Radio Network, says.

"While we are always hearing about the FCC's actions, we are not always hearing about the FCC's inaction."

"RBR observation: It is a great day to be involved in a friendly local market where there is no competition and no one is trying to be the best."

Clear Channel Channel voice tracking featured in WJS

Voice tracking is not news to anyone in the radio business, but an article in Wall Street Journal has now made the information available to the general public. "Voice tracking", Neil McDonald, an ABC Radio Networks President says, "is a phenomenon that has been around for some time, but that has only recently gotten a lot of attention."

"RBR observation: It is a great day to be involved in a friendly local market where there is no competition and no one is trying to be the best."

"It is a great day to be involved in a friendly local market where there is no competition and no one is trying to be the best."

"It is a great day..."
Arbitron study says SM Americans willing to pay for online streaming

and they’re going to have to if the recent CARP panel recommendations are approved (UHN.com 2/21, 2/22).

That’s the crux of Arbitron and Edison Media Research’s “Internet & Advertising vs. Subscription—Which Streaming Model Will Win?” survey. Out of 10 radio “streamers” would be willing to pay a small amount for commercial-free content, high-quality audio or content they can’t find anywhere else.

“For streaming to be a success, however, content providers must follow the same trusted model of offering something extra to the consumer—no commercials, and great, exclusive content,” said Bill Rose, VP, Arbitron Media Services.

In other words, Webcasters must bring the “HBO model” of cable broadcasting to the Internet.

Other highlights:
• 46% of Americans (17%) listened to radio or watched videos in a typical month, compared to 13% last year.
• Home broadband and Internet access grew up 12%-21% in the past year.
• Weekly Internet usage is now 49% in broadband homes.
• Daily online usage (1 hour, 55 minutes) is closing in on radio (2 hours, 11 minutes) and TV (2 hours, 45 minutes) among those with broadband access.—CM

CNN’s Futrelle questions satellite radio stock prices

CNN’s "Tech Investor" David Futrelle is comparing the current valuations of XM Satellite Radio (XMSHO and Sirius Satellite Radio (O.SIRI) to the "good old days" of the tech-stock bubble—when, of course, hurt, and burned investors who’d lost the stocks up to astronomical levels. Futrelle notes that XM now has a market value of $900M—more than 1,700 times its actual sales.

Sirius has a market capitalization of $400M, but Futrelle wasn’t able to do the same calculation since, until this month, the company hadn’t booked a penny of revenue.

"It may seem bizarre to expect Americans to pay more than $100 a year to listen to their car radio, but fans of the two companies note that the services are getting mostly rave reviews from early users and critics," Futrelle said. That apparently isn’t enough for him to convince him that the stocks are a good investment.—JM

Traffic snarls good for a smile—if you’re in radio

Traffic in Los Angeles, already horrible, is getting worse, and that’s good news for radio, according to an Arbitron study. 20.2% of all individuals 18 and older are on the road by 6AM to deal with traffic, up from 13.7% only two years ago. That means commuters are over 1-1/5 hours daily, and 92% of the commuters are alone with their radios.

In fact, according to Southern California Broadcasters Association President Mary Beth Garber, "94% of participants in the Arbitron Lifestyle Study indicated that listening to radio is their activity while in the car, and more than a third listen to radio at work every day."

Stay away from interstates on the way home from work are also on the upswing.

Said Dr. Ed Cohen, Arbitron’s VP, Home-Based Radio Research, "Drive time and driving passengers—combined with other changes in lifestyles, such as more women in the workforce and more home computer usage—are resulting in changes in our listeners' media usage. People are spending less and less time with at-home media, but radio is increasingly important to them in their cars and at work."

RBR observation: Los Angeles isn’t the only place with such good news. Arbitron notes that similar forces are having the same effect on lifestyle and media usage since everywhere. Here in the Washington, DC area, I personally had plenty of time to listen to radio on my way in to work this morning—an hour and ten minutes, to be exact.—DS

CCU Miami evacuated over suspicious package

Clear Channel Miami’s Miramar FL building was evacuated 2/21 over a suspicious package was delivered to the WHY-FM "Kenny and Foogy" morning show. The two were forced to broadcast live from the parking lot as the local police and fire departments ordered the evacuation. After the package, which was delivered with no return address, was found to be untraceable by the Y100 staff, the authorities were notified. No one at the building was hurt.—CM

Harvey renews with Radio One

Steve Harvey may have called it quits for a while on TV, but the WHQT-FM, Los Angeles morning host is sticking with radio. Radio One (O ROIA) announced that Harvey has renewed his contract to do LA wake-ups on "The Beat" for another four years. Harvey is, of course, the star of "The Steve Harvey Show," the highly-rated comedy show that is ending its six-year run on the WB network.—JM

Sterl pushing for "Big Brother" role

The New York Post reports 2/26 that Howard Stern says all CBS has to do is ask and he’ll bunk in the "Big Brother" house with self-described arch nemesis Kathy Lee Gifford just so he can "torture her." Stern says he’ll be in a celebrity version if it can be in it with her. "That would be the highest-rated show in the history of television," Stern told listeners.

The Post reported that CBS is looking for celebs to populate an all-star version of the strangers-in-a-house reality series.—CM

Bert & Ernie lose Cooper to Inner City

William Cooper has joined ICBC Broadcast Holdings Inc., the radio unit of Inner City Broadcasting Corp., as CFO. He had most recently been CFO for Sesame Workshop, the producer of public television’s "Sesame Street," following a 19-year career with Capital Cities/ABC. In his new position, Cooper will report to ICBC President & COO Charles Warfield, Jr.—JM
Triad: Round two for David Benjamin

Triad Broadcasting Company LLC is the second radio company for David Benjamin—maybe the third, if you also count his original venture, a single AM station in a small market in Oregon.

Benjamin got interested in radio, strangely enough, while working in the publishing industry. He'd had a summer job at Fortune magazine while in college, and after graduation when he went to work as Assistant to the Publisher—a title, he said, that "really didn't carry a lot of responsibility."

"During that time I came to the conclusion, gee, radio is a pretty good business. I quickly learned that my supervisor really didn't care what I thought and the decision had already been made," Benjamin explained.

So he got out of broadcasting (just before station values began to shoot skyward) and Benjamin decided to get in. He and then-partner Charlie Banta (also a group owner today) bought a small AM station in Gresham, OR, a few miles outside of Portland, and operated it as a staff of five.

"We did that first deal mostly with seller-financing, and I must say we didn't do the best job of due diligence. But, at any rate, I fell in love with the business, Benjamin said. "That's how I got started, was running a small community radio station outside of a metro." The two thought they had proven themselves to be savvy operators with their success in Gresham, so they approached the investment arm of NorWest Bank, which had a Portland office, offering an opportunity to invest in their successful radio company. As Benjamin recalls now, the NorWest people were decidedly unimpressed with the Gresham operation and suggested that the two might want to come back if they acquired some real radio stations.

A few years later, in the early 1990s, they did find a combo for sale in Spokane, WA—a real, Arbitron-rated market—and needed financial backing to close the deal.

"We approached NorWest again and they said, 'Are you guys still in business?' Benjamin laughed. "The answer, of course, was yes, and they helped us acquire the AM-FM combination in Spokane—as what became Community Pacific Broadcasting." That began a relationship with NorWest, now part of Wells Fargo & Co. (N-WFC), that continues today at Triad.

The strategy for Community Pacific was to acquire mid-market stations throughout the West, although it also had stations in Des Moines, IA. The group was sold to Capstar in 1997 for $545MM (RBR 12/14/97, p. 1) and 2/17/97, p. 1), which subsequently merged with AMFM, which then subsequently merged with Clear Channel (N-CCU). After the deal closed in July 1997, Benjamin briefly served as a Managing Director of Capstar, but "it was pretty clear that was not going to be anything that was a long-term situation."

So, he paid another visit to NorWest to get backing for another radio group.

"I thought there would be an opportunity to acquire some more mid-market properties, despite all of the consolidation that had happened since 1997," Benjamin said. He also knew that he needed more financial backing to grow in the post-dereg environment. In addition to NorWest Equity Partners, Triad was launched with Bank of America Capital of Chicago and Shamarock Capital Advisors of Hhanca,—a group Benjamin calls "a three-legged stool."

Triad became an operating entity in July 1999 when closed on its first station—an already-assembled cluster in the Biloxi-Gulfport market. The company now owns 42 stations. So, we asked, did that experience back when in Gresham, OR help him a lot about radio that he still applies?

"I don't think we'd acquire a station like the first one I ran," Benjamin laughed. "It think it gives me a healthy appreciation for how important stations are in the community. I've gone on to license chamber meetings. I've gone to lots of downtown business breakfasts and so on. Now the stations we are in are giants compared to that. I think those kinds of roots in broadcasting are helpful."

What makes Triad unique

"What's somewhat unique about Triad is: If someone would ask, 'What are we?' I would say we are a diversified, private mid-market broadcaster that's really trying to grow reasonably aggressively," said CEO David Benjamin, when RBR asked him what makes his company unique. "Now when I say reasonably aggressively, that doesn't mean we're going to take every deal that comes in the house. We're looking for the kinds of deals that fit Triad. There are not a lot of companies today that fit that mold—diversified, private, mid-market broadcasters. In the old days, which goes back four or five years, there was an opportunity of all kinds of deals."

Triad is right in what many on Wall Street and in the industry see as the "sweet spot" for growth in radio—middle-sized markets. But while everybody wants to buy, Benjamin thinks Triad has an advantage because it got in ahead of the rush. "There's still an awful lot of private equity interest in the radio business, which I think is encouraging. The issue becomes, if you're not currently in the radio business, if you go

Triad's unique approach to empire building

There's a little something for everybody in Triad's radio market array. You can check the warm Gulf Marine of the Atlantic Ocean at the Savannah, GA, cluster, which is based just across the state line in the resort area of Hilton Head, SC. There are the calmer, even warmer, waters of the Gulf of Mexico at Biloxi, MS. If you like the mountains, there's the cooler, even moister waters of the Georgia mountains, including the Blue Ridge and the Great Smoky Mountains.

The three-legged strategy for Triad's growth includes a $27MM acquisition of the Adventure Communications Group (RBR 5/6/00, p. 1).

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What's wrong with this industry?

To the extent that our product becomesgeneric, that is a big problem," Benjamin said why RBN asked him what's wrong with radio today. "There is just so much competition for listeners' time, we really need to maintain a local character of the product. If we do over time, it's going to not work to our benefit as an industry. I think that's something we have to be concerned about.

It's also concerned about pricing. "I think we have to value our product at an appropriate value. That's not always taking place either.

A report two months ago (RBN 11/26/01, p. 5), Benjamin has been requiring Triad managers to track spot rates to an extent not seen at other stations. He wants to ensure that the rates they're going to maintain a local character of the product. He wants it to work, to not work to our benefit as an industry. I think that's something we have to be concerned about.

It's also concerned about pricing. "I think we have to value our product at an appropriate value. That's not always taking place either.

I don't think I'm doing that tough this days, to tell the truth," he said. "I think we were unfortunate to have Triad in 1999 and we accumulated a fair amount of critical mass fairly early."

While many of his competitors are locally traded companies, Benjamin is happy for now that he doesn't have a stock price tied to quarterly performance. "I'm afraid I see a lot of that. We don't have to make decisions on quarterly basis. We take our business quite seriously, and we're not putting our numbers in our culture as much pressure internally at Triad as there is in a lot of other places. By the same token, we do what we do at Triad to create long-term value. What do that mean specifically? Well, if you've to do a research project, do it—and if that happens to sell the quarter results in the market, so be it," he said. "It's very important to stay on top of what you see."

While Benjamin is opposed to public companies or doesn't think that some companies might someday be on Wall Street—or maybe not. "Going public for us is not the be all and end all, by the way. But we're also not unloading ourselves, " he explained. There isn't a market that would in that we don't compete with a public company— as a lot of them are fine competitors. They win their share of the battles and we will, too," Benjamin said. "I think that I'm not taking them lightly at all. I have a lot of respect for them."

THE ISSUES, THE PEOPLE, THE TECHNOLOGY

Can you afford NOT to be there?

Referral to the Advertising Age as the advertising industry's soft-spoken visionary, Dow Worldwide Communications Group Chairman, Keith Reinhard, thinks radio delivers more personal, more precise images than any other advertising medium. He is not alone in this belief, and he is eager to share his views at the NAB Radio Luncheon, Tuesday, April 9. Dick Dranke, from The Radio Ranch, will be inducted into the NAB Broadcasting Hall of Fame. Sponsored by:

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With its all-time unique mission, The Broadcasters' Foundation provides anonymous financial assistance to broadcasters who have found themselves in dire straits. Hurting and, in some instances, facing the possibility of losing their jobs, many are in acute need due to critical illness or advanced age or an unintended accident or other serious misfortune. Many of these people have devoted their whole life to radio and television. "You cannot believe the hurting and forgotten souls that we've uncovered in this work," says Dr. Frank Call, Chairman of the Board of Directors.

Broadcasting is actually a very mature industry, now approaching its 85th year. Over the years, the broadcast community has grown and continues to age. Many have been left behind and move on. There is a need to share in the remarkable growth of the medium. Add a strained economy to the mix and the demands on the Broadcasters' Foundations have grown enormously.

"To be very honest, we urgently need more support, because there are more and more people living in kerosen every month pleading for help," Dr. Call explains. "Broadcasters' Foundation President Gordon Hastings tells RBR: 'Mind you, these are good people,' Hastings said. 'They paid their taxes, paid their bills and worked 50, 60 hours a week. They never really enjoyed the riches and rewards of success or a big $5M, four-year contract. We don't hear from the Katie Courics, the Rush Limbaughs, Don Imus or Howard Stern, but the people who do find their way to our door are the ones who have made headlines a success.'

Lineage

The Broadcasters' Foundation began life as The Broadcast Pioneers, founded by legendary/newsmen and commentator Hy Kahn born. It had plenty of "lineage" and a wonderful tradition, but had languished over the years with a part-time staff and no headquarters office. About seven years ago, the legendary Ward Wood of WGN, Chicago-fame and Jim Delmonico of WHIG-TV Schenectady, NY hired Hastings, a well-known radio station owner in upstate NY and President of Katz Radio The Dynamic Hastings threw the Broadcasters' Foundation into high gear and helped it become a well-endowed national charity with national reach. Almost four years ago, former President of ABC Radio and Rush Limbaugh discoverer Ed McLaughlin was persuaded to become Chairman. Because of McLaughlin's industry contacts and reputation, as well as his generous purse, the foundation now has a national headquarters based in Greenwich, CT.

Those in need...

The Broadcasters' Foundation has always aspired to be a kind of "safety net" all the way back to 1942. However, it has formed into an organization that that took its homeless broadcasters into its work. That all took a major change in 1999 when the Board of Directors established The Broadcasters' Foundation Endowment Fund. The endowments from this fund are used exclusively to support the benevolent outreach of the organization. To qualify for the Foundations' consideration, individuals submit detailed applications that include a financial statement, income tax returns, references and medical information. Major supporters of the Foundation include Lowry Mays of Clear Channel, Ralph Guild of Interpre, Eddie Friss of NAB, Dave Barrett of Heart-Angle, Gary Fries of RAI, Station broker Dick Foreman, Jerry Lee, the legendary Philly broker, Phil Beil, the Gay Grosses television, television and Howard Noville, financial guru Diane Linen Powell, Washon Founder Ralph Baruch, Michael King of King World and Lester Smith of K-Smart Radio fame.

Nowhere to turn

Said one grateful beneficiary currently undergoing cancer treatments in California: "It's a Godsend. The foundation didn't even know about you, it's not like they're out there beating their doors. I don't know what to do. You disassociate yourself from reality, and all of a sudden, reality hit me right between the eyes. And it just sends you spinning. You have friends in broadcasting... and some of them disappear. They're afraid of some problems might rub-off on them. I couldn't think. I didn't work. I couldn't do anything. A friend ran into somebody who knew about the Broadcasters' Foundation. The next thing I know, they just came to the rescue. I couldn't believe it. I'm a Christian and I believe in God, and I think He put them there. I hope as words get out that the membership goes up so they can continue their good work for more people."

"Inside" story

"Inside Edition" anchor Deborah Norville got involved as a way to give back to the profession. "I have been so amazingly blessed. I don't have a lot of TV connections, per se. I don't come from a powerful family that knows everybody. I worked hard and got lucky. The Good Lord has made me aware of just how lucky I've been," she explains.

"I didn't know about the Broadcasters' Foundation until a few years ago. Most people in our business don't make a lot of money... the average broadcaster makes less than $50K. And when you're raising a family, sending kids to school, paying the mortgage and keeping the car repaired, there's not a whole lot left," says the TV star.

"Which means the average broadcaster doesn't have great resources to ride them over in an emergency. And that's what we do. We can't make the crisis go away. But what we can do is provide assistance during that time of acute need. No other organization does that. It's us taking care of our own. I pray that everybody who works in radio and television will join with us, even if it's nothing more than a $100 membership or a $100 contribution to the Endowment Fund."

To find out more about the Broadcasters' Foundation, or to become a member, RBR readers should call President Gordon Hastings or David Mincek at the Foundation headquarters at 203-862-8577.

For more details, see the full Broadcasters' Foundation story at RBR.com.

The Golden Mike Awards

The Foundation presented Radio One Chairman Cathy Hughes and CEO Alfred Liggins III this year's 2007 Golden Mike Award, at a black-tie event, 2/25 in New York's Plaza Hotel. "Joe, you're amazing," was the event, which included a performance by Luther Vandross and speeches from Clear Channel's Lowry Mays, Radio One's Steve Harvey. Quincy Jones, Norville, McLaughlin and Hastings.

Phil Lombardo, President of Citadel Broadcasting (TV group), and Nick Verbitsky, President/CEO of United Stations

Carla Marucci, Senior Editor of Radio Business Report, with Pierre Bouvard, President of Arbitron Webcast Services and New Ventures

Lowry Mays, Chairman/CEO of Clear Channel, and Ed McLaughlin, original syndicator of Rush Limbaugh

Jerry Lee, owner of WREX-FM, Philadelphia, and David Kennedy, President/CEO of Sango/Torana Radio

Peter Doyle, President of Interpre, Independent, Larry Wilson, Chairman of Citadel Communications Virginia Hubbard Morris President of Hubbard Broadcasting's KSTP Radio division and Steve Shaw, President of Katz Radio Group

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3/4/02
Clear Channel stock down on soft Q4

Clear Channel (N:CCU) stock opened $2.99 lower on 2/27, after reporting disappointing Q4 results (see page 1) after the market closed the previous day. The loss of the two top Clear Channel (N:CCU) for one exception was Jim Boyle of Wachovia Securities, who downgraded the stock from "Strong Buy" to "Buy." Even so, he was still going negative on the CCU stock. He did not believe that as the Q4 surprise recedes, and as the investors focus on the much brighter, forward picture that CCU affirms, that we can revise our rating with a more positive view. CCU still possesses superb assets and talented management. Wall Street invariably looks forward and ignores credibility once it sees numbers are back to expectations," Boyle said.

"While we nearly fell out of our seats when we first reviewed the release, we regained our footing during the conference call, as management largely explained the $40M shortfall as one-time non-recurring expenses," said Lehman Bros. analyst Bill Meyers. "Given increased accounting scrutiny and interest in financial transparency, we were encouraged that management chose to treat the one-time charges as an operational item rather than as a below-the-line adjustment." Thus, Meyers maintained his "Strong Buy" rating.

"Given management's guidance we are encouraged by signs that the advertising market is starting to turn and believe CCU is well positioned to benefit from a recovery," said James Marsh of Robertson Stephens. "While investors many be somewhat skeptical of one-time charges and impairment write-downs, we do not view these as material events and believe the real story lies in the company's ability to participate in an advertising recovery. As a result, we reiterate our 'Buy' rating on the CCU interiors." Although CCU missed its Q4 ATCF target (and his estimate of 99 cents per share), Gordon Hodge of Thomas Weisel Partners noted that the company's revenues actually beat its revenue estimate by 3% at $1.86B. "Clear Channel's radio and outdoor divisions' pro-forma revenues decline by 9.5% and 11%, respectively, essentially in line with our estimates. We look for radio revenues to increase 1% and outdoor revenues to decline 9.5% in Q1, suggesting the spot ad environment for radio has improved. Outdoor appears to lag radio given longer-term contracts and more international exposure," said Hodge, who maintained his "Buy" rating.

Acquisitions raise NextMedia

Newly acquired stations and billboards boosted Q4 revenues to $21.2M at NextMedia, a gain of 23.3% over the same period of 2000. Broadcast cash flow (BCF) gained 3.2% to $6.5M. On a pro forma basis, however, net revenues were down 9.4% and BCF declined 22.1%.

For the full year, NextMedia's net revenues were up 71.4% to $73.5M and BCF rose 70.1% to $24.5M. On a pro forma basis, revenues were flat and BCF declined 8.2%.

Executive Chairman Carl Hirsch and President/CEO Steve Dinetz are hailing 2001 as a "landmark year in the development of NextMedia." During the year the company raised over $340M in financing and completed $100M in acquisitions.

For Q1, NextMedia is expecting radio to outperform outdoor, although things are expected to even out over the course of 2002. In Q1, the company is projecting that radio revenues will rise 6%, while outdoor is expected to drop 16%. In a Wall Street conference call (2/26), Dinetz said that's because the outdoor business held up through the first half of 2001, while radio had already fallen into an ad recession. Overall, NextMedia is expecting cash flow to be down 10-15% for Q1.

Dinetz: "We haven't seen NextMedia make many radio buys lately. In the conference call, Dinetz explained why outdoor acquisitions are currently a low priority—"We can't close on all these deals as fast as the other group," he said. In the past, NextMedia has been able to take over small stations quickly, but this year the high cost of acquiring stations will slow it down. As a result, the company is focusing on radio deals that can be closed quickly, such as the recent radio deal in Bismarck, ND that was completed in a matter of days. Other stations that NextMedia has acquired in the past year include KGK/AM in Laramie, WY; KCFR/AM in Denver, CO; and KOXY-FM in Columbus, OH.

Bismarck price is $4.2M

Jim Ingstad has jumped into the Bismarck, ND market with a $4.2M deal for 10 stations. Ingstad is the former owner of Ingstad Broadcasting Inc., which he sold to Quality Broadcasting in 1998. The deal includes 10 stations in the Bismarck market, including KGGO/AM, KBBY-FM, KGNO-FM, KGNO-AM, KGNO-FM, KGNO-AM, KGNO-FM, KGNO-AM, KGNO-FM, and KGNO-AM. Ingstad is expected to retain key personnel and maintain the current format of the stations.

The Radio Index™

The Radio Index™ hit a year-to-date high of 240.800 on 2/27, then gave back ground on Clear Channel's bad news for the week. For the week, the Index rose 0.118 to close 2/27 at 238.708.

Radio Business Report

Voice of the Radio Broadcasting Industry

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Get the stories behind the stories.
Triad: Round two for David Benjamin

Triad Broadcasting Company, LLC is the second radio company for David Benjamin—maybe the third, if you also count his original venture, a single AM station in a small market in Oregon. Benjamin got interested in radio strangely enough, while working in the publishing industry. He'd had a summer job at Fortune magazine while in business school and after graduation when he worked as an Accountant in the Publishing—the lies, he says—"Which really didn't carry a lot of responsibility.

But while there in the 1970s, he worked on a project for Fortune's parent company, Time Inc., on the sale of its radio and TV properties.

"During that time I came to love Geo, radio in a pretty good business. I quickly learned that my superior really didn't care what I thought and the decision had already been made," Benjamin recalled.

So Time got out of broadcasting (first before station valuations began to skyrocket) and Benjamin thought his career in the industry might be finished. He was about to become an insurance agent.

"I didn't realize then, though, that one day I'd be in charge of a large television and radio company," Benjamin says.

Triad's unique approach to empire building

There's something like for Triad's radio market array. You can choose the warm Gulf Stream surf of the Atlantic Ocean at the Savannah, GA cluster, which is based just across the street line in the resort area of Hilton Head. There are those calmer waters of the warmer waters of Gulf of Mexico at Biloxi, MS. If you like the mountains, there's Bluefield, which straddles the border of West Virginia and Kentucky. There's the not-so-sleepy southern city in the panhandle of Florida which happens to be the capital of a major state—Tallahassee. And if you're into ships, you're on a boat. Triad has three options for your consideration: Fargo, ND, Rapid City, SD (not far from Mt. Rushmore at the foot of the Black Hills) or Lincoln, NE (another state capital).

In fact, packing your bag is a chore which should be done with care before setting out to visit this relatively small yet far-flung radio empire.

This is essentially a small-market group. Biloxi, ranked #136 by Arbitron, has a quite densely populated 12+ population of 300,000 is the largest. Bluefield and Rapid City, on the other hand, are ranked in the 26th with populations under 100K.

Triad has developed all of its properties—already some superstardom and all are competitive in their markets, in four of the seven Triad is either in or tied for the lead in aggregate Arbitron 12+ ratings. It faces both Clear Channel (N:CCU) and Cumulus (CMLS) in two of its markets, and runs into Clear Channel in three more (including CCU's LMA in Biloxi).

The market growth has been pretty steady place among all groups in terms of revenue, according to Broadcast Investment Analysts' most recent study provided to RBR (December 2001).

"There are totals from the Arbitron Fall 2001 survey," (indicates a drudgery), "indicates a drudgery.

Biloxi (136)

Triad's woes in first in its first market—it runs a cluster which it purchased intact from Gulf Coast Radio Partners in 1999 for $35M (RBR 1/15/97, p. 13 and 2/17/97, p. 10), which subsequently merged with AMB and then not, it is to the current Clear Channel (ON:CCU) After the deal closed in July 1997, Benjamin briefly served as a Managing Director of Clear Channel, "but it was pretty clear that not going to be anything that was a long-term situation."

So, he passed another visit to West and got back for another radio group: "I thought there would be an opportunity to acquire some more mid-market properties, despite all of the consolidation that had happened since 1995," Benjamin said. But he also knew that he needed more financial backing to grow in the post-dereg environment. In addition to NorthWest Equity Partners, Triad was launched with Bank of America Capital of Chicago and Shamrock Capital Advisers of Burbank, CA—a group Benjamin calls "three-legged stool of investors."

Triad became an operating entity in July 1999 when closed on its first stations—an already-established cluster in the Biloxi-Gulfport market. The company now owns 42 stations.

So we asked, did that experience back when in Gresham, OR teach him a lot about radio that he still applies?

"I don't think we'd acquire a station like the first one I ran," Benjamin laughed. "I think it gives me a better appreciation for how important stations are in the community. I've gone to lots of chamber meetings. I've gone to lots of downtown business people's breakfasts and so on. Now the stations we run are giants compared to that. I think those kinds of roots in broadcasting are helpful."

What makes Triad unique

"What's somewhat unique about Triad is: If someone would ask, "What are we doing here?" I would say we are a diversified, private mid-market broadcaster that's really trying to grow, reasonably aggressively," said CEO David Benjamin, when RBR asked him what makes his company unique. "Now when I say reasonably aggressively, that doesn't mean we're going to take every deal that comes in the house. We're looking for the kinds of deals that fit Triad. There are a lot of companies today that feel that model—diversified, private, mid-market broadcasters. In the old days, which goes back four or five years, there were quite a number of those kinds of operations."

Triad is right in what many on Wall Street and in the industry see as the "sweet spot" for growth in radio—multi-market-based stations, but when everybody wants to be there, Benjamin thinks Triad has an advantage because it got in ahead of the rush.

"There's still an awful lot of private equity interest in the radio business, which I think is encouraging. The issue becomes, if you're not currently in the radio business, you're going to be

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3/4/02

Rank Owner AMs FM s Fall
1 **Cumulus 2 5 50.3
2 *CCU 2 4 21.2
3 **Triad 1 6 16.8
4 Thaddeus 0 1 4.7
5 Gilliam 1 0 1.7

Tallahassee (165) 12+ = 226,000

Triad is going to bid bigger here very quickly, we suspect—Cumulus has a deal to sell WLLD-FM to Triad, allowing it to purchase another move-in problem. The move-in have delayed the WLLD-

Triad pair. The station pulled a 5.1+ in the fall Arbitron survey.

Rank Owner AMs FM s Fall
1 **Cumulus 13 4 28.6
2 *CCU 1 4 21.5
3 **Triad 0 3 11.6
4 WW & NIA 0 3 5.1
5 David 0 1 2.1

Lincoln (174) 12+ = 212,700

For regulators interested in a highly competitive environment, this is a dreamer. It's so tight that CUC went from first Fall 2000 to worst Fall 2001. Some of the market's ratings are picked off by Omaha to the east.

Rank Owner AMs FM s Fall
1 **Triad 2 5 23.0
2 Three Eagles 2 2 12.0
3 *CCU 5 4 19.5

Fargo (217) 12+ = 146,700

CUC's big lead here is almost entirely due to a newspaper/news/Talker/FKOG-AM, which pulled 17.5+ single. After that, the two groups are in a very narrowly fought battle.

Rank Owner AMs FM s Fall
1 **Triad 3 4 44.7
2 **Triad 1 4 34.4
3 Holland 0 1 4.9

Bluefield (265) 12+ = 91,500

Triad is able to operate a larger than you'd expect due to the mountainous terrain—this is a dreamer. Nearby markets Beckley and Johnson City take away some below-the-line Arbitron shares. This was the other part of the Adventure deal.

Rank Owner AMs FM s Fall
1 **Triad 4 5 44.8
2 Princeton 1 1 12.8
3 High Knob 1 1 6.4

Rapid City (268) 12+ = 89,700

A solid, well-balanced station lineup allows Triad to dominate this market versus healthy competition from Duluth and Associated Broadcasters.

Rank Owner AMs FM s Fall
1 **Triad 3 4 48.8
2 **Duluth 1 5 25.1
3 Associated 1 2 11.8
4 Bereseda 2 2 2.2

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What's wrong with this industry?

"To the extent that our product becomes generic, that is a big problem," Benjamin said when RBR asked him what's wrong with radio today. "There's just so much competition for the listener's time, we really need to maintain a local character of the product we don't, over time, it's going to work for your benefit as an industry. I think that's something we all have to be concerned about."

He's also concerned about pricing. "I think we have to value our product at an appropriate value. That's not always taking place either."

As reported a few months ago (RBR 11/26/01, p. 3), Benjamin has been requiring Triad managers to track spot rates to an extent not seen at other groups. He wants to ensure that each station's rates make sense—and that Triad is getting the best rates possible for inventory on its best stations. The intense rate tracking—which doesn't come easily—is making market managers more aware of what they're really selling their inventory for.

So, those are his big two issues—localism and pricing.

"Long term, those are things that if we don't keep the faith in those areas, it's going to allow a lot of potential competitors to take share from us," he said.

Should those be dealt with by the industry as a whole, we asked? "I don't think there is any linear mechanism for handling it," Benjamin replied. "I think every company's got to deal with it the best way they see fit."

But he cites a historical lesson for radio to pay attention to. "If you really look at the TV business, cable had been around since the '50s and it was only, as you recall, in the early '90s that serious segmentation started to take place. It wasn't taking place because of the hardware. It was taking place because cable was finally beating TV—they were gaining audience. We all remember—and it wasn't that long ago—when some time TV had 90% of the audience. When cable started making inroads they beat TV in the programming side. It's something that the television industry, regretfully, has never recovered from. I say regretfully—it's regrettable if you're in the TV business.

Speaking of competitive threats, we asked whether Triad is accepting spot orders from XM (OMXBR) and/or Sirius (SIRI).

continued from page 4

to a major private equity firm or investors anywhere, the question is posted, "How are you going to become a 10-market company?" I think that's pretty tough these days, to tell you the truth," he said. "I think we were very fortunate to begin Triad in 1999 and we accumulated a fair amount of critical mass fairly early."

While many of his competitors are publicly traded companies, Benjamin is happy for now that he doesn't have a stock price tied to quarterly performance. "I'm afraid I see a lot of that. We don't have to make decisions on a quarterly basis. We take our budgets quite seriously, and if we aren't hitting our numbers I'm sure there's as much pressure internally at Triad as there is in a lot of other places. By the same token, we do what we do at Triad to create long-term value. What does that mean specifically? Well, if we have to do a research project, we'll do it—and if that happens to skew the quarterly results in one market, so be it," he said. "We try to keep our eye on what cash flow is, not only this year, but also several years hence. That is one of the advantages of being private, that you don't get the intense scrutiny quarterly-ward, which sometimes can produce decisions that aren't helpful in the long run.

Don't think, though, that Benjamin is opposed to public companies or doesn't think that someday Triad's stock might someday be trading on Wall Street—or maybe not. "Going public for us is not the be all and end all, by the way. But we're also not unduly committed to always being private," he explained.

"There isn't a market that we're in that we don't compete with a public company—and a lot of them are fine competitors. They win their share of battles and we win ours," Benjamin said. "Believe me, I'm not taking them lightly and I have a lot of respect for them. But I think that it does give us the ability to be very, very nimble."

Triad Broadcasting Company, LLC

"I don't know that we've been offered any. We really don't have a company position on taking it or not taking it," said Benjamin. Then he added, "I think all of our market people would have a hard time taking [a]ld which directly criticize the medium."

That would appear to rule out any "radio sucks" ads from Sirius. Benjamin did acknowledge that since several of Triad's stations carry Rush Limbaugh and some other Premiere Radio Networks programming, probably are using XM spots within those programs. Some radio groups, one of the biggest challenges for Triad is recruiting and retaining good salespeople. But Benjamin is critical of some larger groups that seem to be hiring everyone they can lay their hands on and letting them sink or swim in an increasingly crowded market.

"I just don't think you can load bodies into an organization. You hear more about the number of sales people than you do about the quality of sales people," Benjamin said. For Triad's mid-sized superduperpolies, the company typically has 14-20 sales people.

"You obviously can't survive with five, but just going out and having 30 doesn't make any sense either," he noted. "The trick is to have a well maintained staff and a well-incented staff—enough people to cover the account, but not so many that they can't make a living."

While liquor ads may be a hot-button issue on Capitol Hill, Benjamin doesn't see it as such a controversial issue. Triad does, indeed, take the business. "We have. Our philosophy has been that if it's a legal product, it's not up to us to say that we shouldn't carry the advertising," he said. "And it's pretty hard to make the case that it's OK to carry beer advertising, but not to carry hand liquor advertising. Generally it hasn't been a lot—it's certainly not going to make or break any market—but there have been discussions about it and we decided that we would [carry the ads]."

THE ISSUES, THE PEOPLE, THE TECHNOLOGY

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The Broadcasters' Foundation: Taking care of our own

With an altogether unique mission, The Broadcasters' Foundation provides anonymous financial assistance to broadcasters who have found themselves in dire straits. Hurting and forgotten broadcasters from all over the country are the beneficiaries of the Foundation—from traffic managers and engineers to music librarians (remember them?) and receptionists who may have spent some 40 years at now-legendary radio stations.

"These are people who are down and out, some with incurable illnesses and some who lost their spouse. Many are in acute need due to critical illness or advanced age or an untimely accident or other serious misfortune. These are people who have devoted their whole life to radio and television," says William O'Shaughnessy, a long-time director of the Foundation.

"You cannot believe the hurting and forgotten souls that we've uncovered in this work."

Broadcasting is actually a very mature industry, now approaching its 100th year. Over the years, the broadcast community has grown and continues to age. But there have been left behind and never had a chance to share in the remarkable growth of the medium. Add a strained economy to the mix and the demands on the Broadcasters' Foundation have grown immensely.

"To be very honest, we urgently need more support, because there are more and more people writing us letters every month pleading for help," Broadcasters' Foundation President Gordon Hastings tells RBR. "And you, these are good people," Hastings said. "They paid their taxes, paid their bills and worked 50, 60 hours a week. They never really enjoyed the riches and rewards of stardom or a big $15M, four-year contract. We don't hear from the Katie Courics, the Rush Limbaughs, Don Imus or Howard Stern, but the people who do find their way to our door are the ones who have inside that headline a success."

The Broadcasters' Foundation began life as The Broadcast Pioneers, founded by legendary newsmaster and commentator H.V. Kaltenborn. It had plenty of "lineage" and a wonderful mission, but had languished over the years with a part-time staff and no headquarters office. About seven years ago, the legendary Ward Quaal of WGN, Chicago—fame and Jim DeCimone of WTVY-TV Schenectady, NY hired Hastings, a well-known radio station group owner in upstate NY and President of Katz Radio. The dynamic Hastings threw the Foundation into high gear and helped it become a well-endowed, national charity with national reach. Almost four years ago, former President of ABC Radio and Rush Limbaugh discoverer Ed McLaughlin was persuaded to become Chairman. Because of McLaughlin's industry contacts and reputation, as well as his generous purse, the foundation now has a national headquarters based in Greenwich, CT.

Those in need...

The Broadcasters' Foundation has always aimed to be a kind of "safety net" all the way back to its founding in 1942. However, there was no funding to sustain it. That all took a dramatic change in 1998 when the Board of Directors established The Broadcasters' Foundation Endowment Fund. The earnings from the endowment are used exclusively to support the benevolent outreach of the organization. To qualify for the Foundations' consideration, individuals submit detailed applications that include a financial statement, income tax returns, references and sometimes medical records. Major supporters of the Foundation include Lowry Mays of Clear Channel, Ralph Guild of Interpace, Eddie Fritts of NAB, Dave Barrett of Hearst-Argyle, Gary Fries of RAB, station broker Dick Foreman, Jerry Lee, the legendary Philly broadcaster, Phil Beuth, the Cap Cities veteran, television anchor Deborah Norville, financial gurus Diane Linen Powell, Viacom Founder Ralph Barbash, Michael King of King World and Lester Smith of K-Scott Radio fame.

Nowhere to turn

Said one grateful beneficiary currently undergoing cancer treatments in California, "It's a Godsend. The funny thing is I didn't even know about them, it's not like they called me out of the blue to throw their horn. I didn't know what to do. You dissociate yourself from reality, and all of a sudden, reality hit me right between the eyes. And it just kind of jolted you. You have friends in broadcasting, and some of them disappear. They're afraid some of your problems might rub off on them. I couldn't think, I couldn't work, I couldn't do anything. A friend ran into somebody who knew about the Broadcasters' Foundation. The next thing I know, they just came to the rescue. I couldn't believe it. I'm a Christian and I believe in God, and I think He put them right there. I hope as wends out that the membership goes up so they can continue their good work for more people."

"Inside" story

"Inside Edition" anchor Deborah Norville got involved as a way to give back to the profession. "I have been so amazingly blessed. I don't have a lot of TV connections per se. I don't come from a powerful family that knows everybody. I worked hard and got lucky. The Good Lord has made me aware of just how lucky I've been," she explains.

"I didn't know about the Broadcasters' Foundation until a few years ago. Most people in our business don't make a lot of money...the average broadcaster makes less than $50K. And when you're raising a family, sending kids to school, paying the mortgage and keeping the car repaired, there's not a whole lot left," says the TV star.

"Which means the average broadcaster doesn't have great resources to tule them over in an emergency. And that's what we do. We can't make the crisis go away. But what we can do is provide assistance during that time of acute need. No other organization does that. It's just taking care of our own. I pray that everybody who works in radio and television will join us, even if it's nothing more than a $100 membership or a $100 contribution to the Endowment Fund."

To find out more about the Broadcasters' Foundation, or to become a member, RBR readers should call President Gordon Hastings or David Mieleski at the Foundation headquarters at 203-852-8577.

For more details see the full Broadcasters' Foundation story at RBR.com.

The Golden Mike Awards

The Foundation presented Radio One Chairman Cathy Hughes and CEO Alfred Liggins III this year's 2002 Golden Mike Award, at a black-tie event, 2/23, at New York's Plaza Hotel. Tom Joyner emceed the event, which included a performance by Luther Vandross and speeches from Clear Channel's Lowry Mays, Radio One's Steve Harvey, Quincy Jones, Norville, McLaughlin and Hastings.

Phil Lombardo, President of Citadel Broadcasting (TV group), and Nick Verbitzky, President/CEO of United Stations

Ed McLaughlin presents the Golden Mike Award to Radio One Chairman Cathy Hughes and CEO Alfred Liggins III

Jay Williams, President of AURN, and Mary Catherine Sneed, COO of Radio One

Carl Marcucci, Senior Editor of Radio Business Report, with Pierre Howard, President of American Webcast Services and New Ventures

Jerry Lee, owner of WWEB-FM Philadelphia, and David Kennedy, President/COO of Susquehanna Radio

Lowry Mays, Chairman/CEO of Clear Channel, and Ed McLaughlin, original syndicate of Rush Limbaugh

Peter Doyle, President of Interp Independent, Larry Wilson, Chairman of Citadel Communications, Virginia Muñoz Morris, President of Hubbard Broadcasting's KSTP Radio division and Steve Shaw, President of Katz Radio Group

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Top 100

Station

Share

% Share

1. WXYJ

2. WXYJ

3. WXYJ

4. WXYJ

5. WXYJ

6. WXYJ

7. WXYJ

8. WXYJ

9. WXYJ

10. WXYJ

Operating plans and strategies

Station

1. WXYJ

2. WXYJ

3. WXYJ

4. WXYJ

5. WXYJ

6. WXYJ

7. WXYJ

8. WXYJ

9. WXYJ

10. WXYJ

Operating plans and strategies

ECO Expands Racing Deal

Another major sponsor of NASCAR is the National Association of
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coverage of all the races in the 2001 season.

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coverage of all the races in the 2001 season.
Small markets need TV duopoly

Brooked Brian Cobb, President of Cobb Corp LLC, has a bone to pick with the FCC.

"Small market television stations need some help. They need the ability to have duopoly. They're the ones that are isolated in this little pool that has to compete against a multitude of cable channels, radio stations—where only maybe three are in the market—and newspaper, and they're sitting there by themselves as the TV stations. That's playing field that is very uneven," Cobb complained.

Under current FCC rules, TV duopolies aren't allowed in smaller television markets because they don't meet the criteria of having a 'natural competitor'. TV owners may be interested in buying up a competitor from cable, satellite, newspaper, and radio, but we don't see any reason for not allowing them to unite," he said.

"The future of the small market TV broadcaster may be, for the first time, in question," Cobb lamented. "Some of them are having to drop local programming. That's an important thing to do in a small community, is news, and if they can't afford to do it, somebody ought to notice the signs before the lights are turned off." Cobb said.

"Bids on small market TV operators are beginning to get in a hearing in some parts of the FCC, but the duopoly issue doesn't yet have the high profile of the move to eliminate the newspaper-broadcast-cross-ownership ban," which probably, in comparison, is not exactly a dire need," he added.

"What I would suggest is asking, are the newspaper groups coming at the bit to buy TV stations?" Cobb asked. "Are there some that do, but there's not nearly as many as people would think," Cobb replied. "I think the prime candidates, in my mind, would be Tribune (E.W. Scripps), Gannett (N.G.C) and Media General (N.HG). When you get past that and look at other newspapers that don't have a tradition of owning stations, I don't think they're going to get up in the market and want to spend the money. I hope they do—but I don't think so.

"For now, though, TV deals are few and far between. "It's slow, but getting better," Cobb said of the current market for TV stations. "And compared to last year, I think the latter part of this year will be vastly improved. But I'm also counting on some deregulation in the transaction area."

"Mutuals are difficult to pick down right now, Cobb said, due to the advertising recession, which is driving cash flow results for so many stations. "In 2001, no seller could afford to sell off of last year's multiple," he said. "But on the other hand, no buyer is willing to buy now based on a multiple of 2000 cash flow.

"I think what has happened now is there has to be stabilization and a balance. Numbers have to be established in cash flow this year for buyers to feel comfortable in buying and sellers comfortable that they're getting a fair price," Cobb said.

"If you could look at average cash flow results for 2000, 2001 and 2002 (projected), Cobb figures the current market may be around 10 times for a small market, 11 for a medium market and 12 for a large market. So, when will buyers and sellers be able to find common ground?"

"There is starting to be activity now," Cobb said. "It's just starting. It's starting to pick up—I can feel it. There are more buyers that are really trying to figure out how to get deals done. And there are sellers that have been wanting to get deals done for over a year, but aren't going to give their station away."

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EchoStar/Hughes claim capability for full local TV carriage

A combination of new and more efficient satellites and the capability to aggregate will allow the merged EchoStar-Hughes network to provide local TV carriage to customers in all US television markets, including Hawaii and Alaska—210 markets in all.

EchoStar (NASDAQ: NSAT) and Hughes (NASDAQ: HGHS), are proposing a joint venture to acquire Hughes Network Systems and to develop a joint venture to launch, and the realization of spectrum efficiencies by combining frequencies at three satellite locations are part of the solution, which would bring the merged entity into complete compliance with the FCC's must-carry provisions. Another big factor will be the elimination of more than 500 channels of duplicated material.

Charles Ergen, "the ability to offer local carriage to every consumer in every television market in the country—(including rural and underserved areas) is certainly one of the most compelling aspects of this deal. Today, approximately 42 million households do not have access to local channels via satellite and as such, have no choice but to subscribe to cable."

That appears to be a step in the right direction, but needs to be carefully scrutinized to determine its legitimacy. We would have confidence in the announcement were they to be the surviving entity. Broadcasters have had a long and tumultuous history of bad deals with EchoStar and its chairman, Charles Ergen. Accordingly, we continue to oppose the merger. —10

$40.5M buy is a West Virginia triple play

West Virginia Media Holdings LLC (WVMH), headed by Chairman W. Martin Becher and President and A. Bray Carr Jr., can now claim a station in three of West Virginia's five Nielsen markets. WVMH is entering the Charleston-Huntington market (46) with a $40.5 million deal to buy WKVR-TV, a CBS affiliate on Channel 15.

The seller is George Lilly's Silt group, which has stations in New York, New Jersey and Pennsylvania.

WVMH already owns another CBS affiliate in West Virginia, WTRF-TV (Ch. 7) Wheeling ($150). It also owns WWOY-TV (Ch. 12, NBO Clarksburg-Weston ($165).

TVBR observation: For any of you readers who need a map, the cards needed to fill out this hand can be found in Bluefield Beckley Oak Hill, WV ($149) and Parkersburg, WV ($186).---

AMA launches Gray Lady assault on NBC's liquor

The American Medical Association has been busy in its efforts to position itself as the new 'publishing' entity of the NBC/GE/NBC/Television Network. The decision by NBC to bring syndicated programming in-house is seen by AMA leaders as a move to protect the health and safety of the nation—one that could prove detrimental to their efforts to bring awareness to the dangers of smoking.

The association has also taken a 'soft line' in its efforts to date, issuing statements that are neutral in nature but that imply the dangers of smoking to the nation's health.

AMA一看 at the 12/4 01 release. The association has also taken its cue to the New York Times (N.YT). It took all of five full page ads last week, selling parents that 'not smoking is a critical issue for children's health'.

TVBR observation: We still feel that the AMA's support a national statute prohibiting advertising of alcoholic beverages except for inside retail or wholesale outlets. That definition would make the restrictions on beer and wine even more stringent than cigarette advertising, which still has numerous accessible advertising venues.---

PSAs are not a prime property

A study released by the Kaiser Family Foundation found that television broadcasters devote an average of 15 seconds per hour to public service advertising. Most of them, 13%, appear after midnight and before 6AM. PSAs are rated during prime time airtime only to 9%. The top four broadcast networks gave an average of 17 seconds per hour to PSAs, with five seconds occurring during the three hour prime time window. Cable networks surveyed averaged less overall—seven seconds per hour, but were a bit higher during prime time, with eight seconds per hour.

Leading the way was the Spanish-language Univision network, which donated an average of 48 seconds per hour, and 49 seconds during prime time during prime.

Buy one get one free! With PSA news being such a common commodity, public interest groups have all fared a little less well. ADD, a coalition of organizations with a mission to curtail alcohol advertising, found that alcohol makers are more likely to also be seen in free time. 78% of TV stations show they have local organization, and 8% report soliciting or cross-promotion opportunities.---

ratings firms heartened by LIN deal

Both Moody's Investors Service and Standard & Poor's are looking more favorably on LIN TV, following its filing of a $350M IPO to deal to acquire Sunrise Television (TVBR 2001). Moody's has raised its outlook to "stable" from "negative" and added, "A positive outlook is possible, but less probable outcome. Both ratings services also reaffirmed their previous ratings for the various debt issues of both LIN and Sunrise's senior subordinates.---

Granite: Anxious to spread good news

Granite Broadcasting Corporation (GBTVX) is now ahead of its Q4 results until tomorrow (3/5), but the company plans to delay its release of the quarter by about a day (3/4). Granite said its Q4 revenues came in ahead of expectations at $30.2M, with broadcast cash flow of $1.7M. Three months ago, the company said it expected BCF in range of $1.0M to $2.00K. TVBR observation: Does this mean we can go back to calling Don Cornelius company Granite Broadcasting instead of "called-in Granite Broadcasting"?---

Ten more TVS take the digital plunge

ABC, CBS and NBC each had an affiliate in the DTV market, and seven of their stations got their digital operational ups and running; all of those stations are satellite DFS diffuse WLNE TV of Easton, Long Island. To be sure, AT&T Homevision, an affiliated with Worldvision's M/C/TV Alpha system. The DTV local now stands at 25, according the National Association of Broadcasters. Here are the newly digitized ---

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Station Market Net Owner/sat. of

WHAS-TV Louisville AKB Belo

WHO-YT Des Moines NBC NY Times

KVAL-TV Eugene OR CBS

WITF-TV Harrisburg PA CBS

WTVV-TV Des Moines NBC

WAGT-TV Bowling Green KY PBS KWELE TV

WMCA-TV Branford IN PBS WELGE TV

WSAM-TV Paducah KY PBS

WFGT-TV Brunswick IN PBS

WJVI-TV Pensacola KY PBS

WJTV-TV Memphis TN PBS WELGE TV

WIFI-TV Lexington KY PBS WELGE TV

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