

Radio Business Report™

The Management, Sales & Technology Journal

March, 2003

Volume 20, Issue 3

Media Consolidation Review

Seems Chairman Powell does not like road trips. The only public hearing on Media Consolidation was February 27 down I-95 in Richmond, VA. If you listen to Commissioner **Michael Copps** this should be handled like a Rolling Stone concert tour visiting every major city in America.

Maybe that could be a new local NTR opportunity for Clear Channel. Or maybe Clear Channel could rent the Commission a meeting venue, thereby feeding at the FCC trough on the one hand in the form of the licenses it receives and thrives on, and then emptying the FCC's wallet for related services on the other.

Better yet! Maybe the FCC can use an independent promoter to get its road show airplay in various cities!

All kidding aside, Copps has in fact set up a limited road tour, with stops in Seattle and Durham NC. There may also be a third forum in Los Angeles—one scheduled for 2/18 was canceled. Who knows how many others will be added onto the schedule?

Powell believes the record has been built sufficiently, and that all sides have been heard from. He will therefore not be touring with Copps. *continued on page 2*



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Buyers' snapshot: Is the threat of war changing commitments from clients?



Natalie Swed Stone

We surveyed a few buyers on whether their clients are changing campaigns or buying plans in anticipation of war breaking out in Iraq.

Natalie Swed Stone, Managing Partner/Director of National Radio Services, OMD USA: "Clients are skittish. If there are clients who are thinking about doing something, they may be may be skittish, they may wait to see what happens and postpone their plans until mid-year or later in the year. I think because there is so much talk of the war, and now we're getting close to it and nobody knows if it will be long or short, if you're about to launch something and you think we're close to a war, you're going to wait. Why risk your business and spend money at a time when the country isn't ready for your message? So if your business is hinging upon this effort that you're doing and the effort can be conceivably moved or postponed, if you get in touch with people in the room, they'll probably say it's safer to postpone."

She adds, "I think the first question, when we started discussing this was, 'What happens to clients that are already on the air?' Well, they pull. And I think that what we're hearing is if they're already on the air and their plans have been booked, they'll make the best of it—they'll move some of it, they'll see what happens in terms of programming. If there's news, they don't want to be there. But it's different now. If you're going to launch a product or do a promotion, something you were planning on doing, where you haven't been on all year, now the issue is why not wait?"

How might this affect business for radio? "I think there will be those clients who will wait. Now I'm hoping that if they're not on now, they will take that money and it will be recouped by the end *continued on page 2*

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RADIO NEWS®**Media Consolidation Review, continued from page 1**

For his part, Copps said to the assembly at Richmond, "Something tells me before we walk away from here today that we'll hear some fact that we haven't heard before."

We say fat chance. The battle lines are drawn. We've heard what everyone has to say eight or nine times, at this point.

It may be possible to develop more statistics, but there, too, we've heard quite a bit. And the simple fact is that the compilers of the statistics, and the analyzers of the statistics, are the masters of the statistics. The statistics obey their masters. They can be made to show what the masters want them to show. There's only so much more to be gained here.

The battle lines aren't the only things to have been drawn. So are the allowable lines of action. The Court of Appeals has pointed out the direction it is likely to allow, and it points to an additional round of dereg. It can be limited dereg.

But as Powell has been pointing out, if the FCC enacts rules that the court finds indefensible, the court won't write new ones—it'll simply vacate the old ones. Then there's a chance there will be no limits on national or local ownership.

If Powell is right, the real choice may be between relaxed regulation or the wild, wild west.

We don't need any more meetings. We need the FCC to do its job. After that, if it's unacceptable to America, it's up to the courts and/or Congress to deal with it. And if Americans don't like the way Congress handles it, they can elect a new Congress. That's democracy.

Buyers' snapshot, continued from page 1

of the year. That everything will even out over the course of time. But I think we're going to see a slow period."

Bonita LeFlore, EVP/Director of Local Broadcast, Zenith Media: "There aren't any specific plans by clients to hold money back, or to take a wait-and-see posture. The assumption is that we will go to 48-72 hours of all news and see how the marketplace holds and what the situation looks like. It's really very difficult to project how you're going to move forward when there's just so many unknowns going on."

Matthew Warnecke, Director/Network and Spot Radio Services, MediaCom National Broadcast: "I think clients are moving with business-as-usual and are not making blunter statements about positioning in war programming. Frankly, from a radio standpoint, because if most of the buys that we execute are on music stations, there isn't going to be much change in that regard because if a Top-40 station goes to wall-to-wall news for two days like they did on 9-11, no spots are going to run in there anyway. I'm just beginning to see some press about stations starting to formulate war playlists—things like might be inflammatory coming off; things that might be patriotic coming on. These alterations will bring about a sense that stations are being sensitive to the climate when war comes. And because that is the case, clients have not been giving us direction, because I don't think anybody wants to be seen stepping up first to make a statement one way or the other. If you're buying music programming, you're getting music programming. You're not running in News or difficult programming—you should be said to be fine. If you're in a News environment, one could argue that you are already going to be in places where the environment might be a little more problematic—but you were already there to begin with. I'm having difficulty coming up with a scenario where people would run from media."

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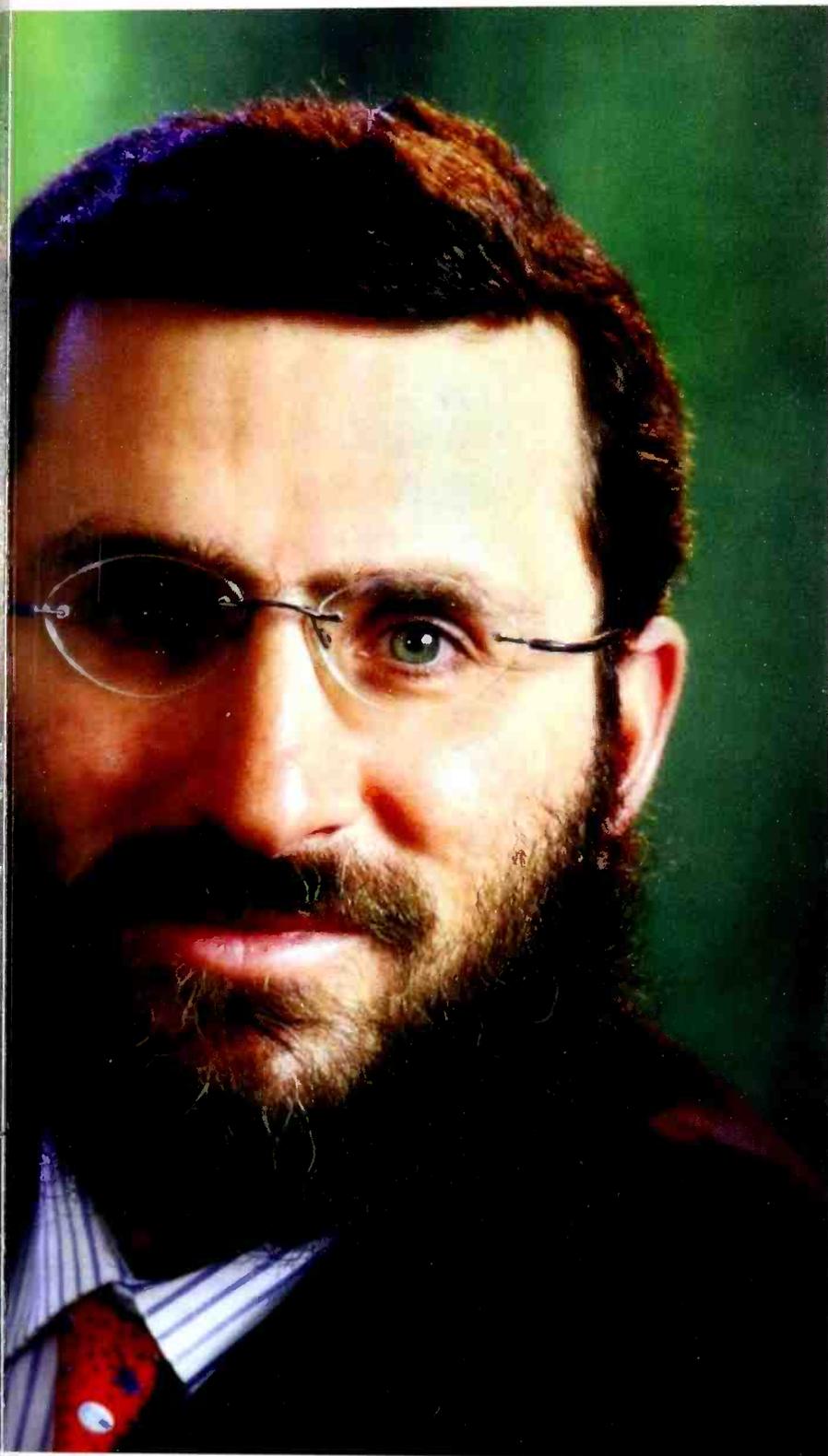
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Letting the Katz out of the bag on formats

Katz Media Group has released its latest number crunch on US radio formats, using Arbitron data. It looks at average market format AQH shares where available, and compares the results from Fall 2002 with results for Spring 2002 and Fall 2001. This is an all-market study, not just a continuous measurement. Year to year, most formats have held relatively steady. Here, a comparison of results by format for the 12+, 18-34 and 25-54 age groups.

Katz Media Group: Formats by demo, Arbitron Fall 2002 survey

Format	12+	18-34	25-54
70s Oldies	4.5	2.7	6.1
80s	2.7	4.1	3.7
Adult Alternative	3.5	5.4	4.4
AC	6.9	6.9	8.4
AOR	6.1	10.9	7.3
Alternative	4.2	8.3	4.0
Big Band	3.6	0.1	0.7
Black	1.7	1.0	1.5
Business	0.6	0.0	0.1
Children	0.5	0.4	0.4
Christian AC	1.9	2.0	2.2
Classic Hits	4.3	4.4	6.2
Classic Rock	6.2	7.6	8.8
Classical	2.9	0.9	1.6
CHR	8.4	14.2	6.8
Country	13.1	10.9	13.0
Easy	4.4	0.3	0.8
Full Service	5.3	1.4	3.5
Gold	5.1	1.9	5.5
Gospel	3.2	1.7	3.1
Hispanic	7.4	10.1	8.0
Hot AC	5.5	8.2	6.4
MOR	3.2	0.2	0.7
Modern AC	4.0	6.5	4.5
New AC	3.0	1.3	3.3
News	3.2	1.0	2.5
News/Talk	6.1	2.0	4.6
Religion	1.7	0.8	1.4
Rhythmic AC	4.6	6.9	4.6
Rhythmic CHR	5.2	9.3	3.3
Rhythmic Oldies	3.0	2.5	3.9
Rock AC	3.9	4.2	5.5
Soft AC	5.8	4.2	6.4
Soft Rock	6.9	5.6	7.8
Sports	1.8	1.7	2.2
Talk	2.9	2.0	2.8
Urban AC	6.6	6.5	7.3
Urban Contemp	9.6	14.9	8.1

Source: Katz Media Group using Arbitron data

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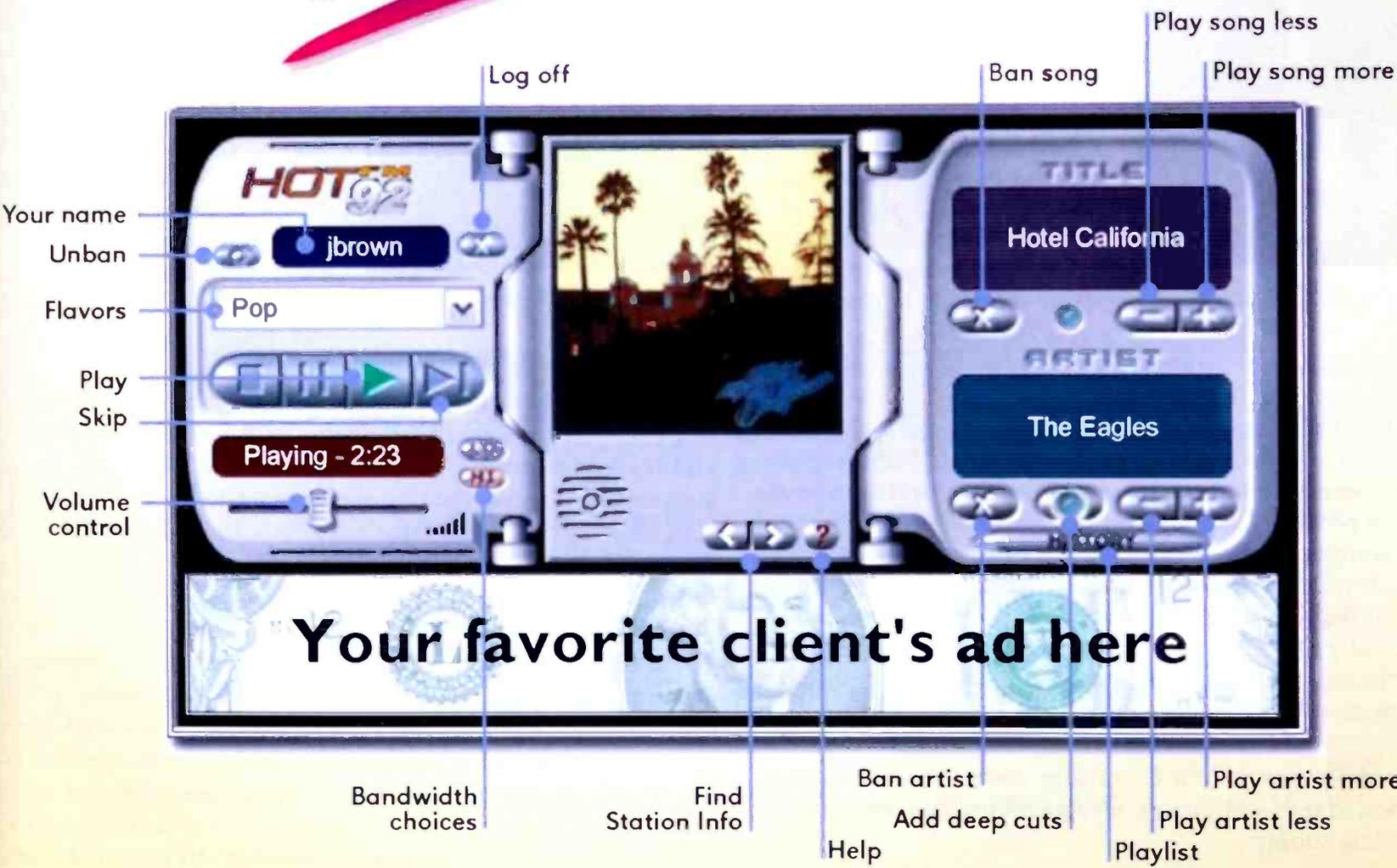
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We ask General Managers from around the country to share with us, and you, their views of the industry. This time we quizzed:

Steve Wexler, Journal Broadcast Group/Omaha, NB

Chip Ehrhardt, Gold Coast Broadcasting/Oxnard-Ventura, CA

Bob Woodward, AAA Entertainment/Hamptons Radio Nassau-Suffolk, NY

What business categories are hot for sales so far this year? (i.e. automotive, telecommunications)

Wexler: So far this year, medical and restaurant categories are showing solid growth. We've also seen growth in building and home improvement. Automotive started out slowly but has picked up.



Chip Ehrhardt

Ehrhardt: We're currently seeing some categories showing some strength. Automotive is certainly strong right now. With all the finance programs out there for consumers, the manufacturers and local dealers are both aggressively marketing. What's going to happen once all the zero percent financing dries up and those vehicles start to come back in inventory we'll have to wait and see. Senior housing is also a category that seems to be becoming

more and more aggressive. The competition for that customer, at least in our market, is becoming much more intense. I'd have to add the housing and mortgage category in there too. Home prices in our Metro have continued to climb rapidly. However, because interest rates are so attractive and the options lenders are providing consumers allow them to sell their homes, take the equity, and move-up to more expensive properties and realize only minor increases in their mortgage payments. On the flip side of that, because things are so favorable to consumers, we've actually lost business from the mortgage companies. They just can't handle the volume of business or have it processed fast enough once they go on the air.

Woodward: Casinos/lotteries, mortgage companies, beer, banks, event-oriented sponsors, energy-saving systems, insurance companies, building supply.

We hear that the recovery is still slowly happening—is that true for you?

Wexler: We try not to expend too much time analyzing whether the economy is recovering or not. Obviously, these are tough times and there are lots of questions about how the year will turn out. But most of those concerns (war in Iraq, e.g.) are out of our control.

Instead, we're staying focused on solving problems for our customers right here in Omaha—whatever those problems might be, in good times or bad. Yes, business confidence appears to be recovering...but we refuse to be victims of circumstance!

Ehrhardt: In a word, yes. We had a tremendous 2002. So good in fact that we're really having to push to keep pace in 2003. Our local business is right on track though. It's the national business that's still a question mark at this point in time. I'd like to think that the national business will be there once we get closer to the end of the Q1 and remain solid throughout the rest of the year.

Woodward: Yes—especially at the small retail level and automotive. Creating special sponsorships has helped double previous years' billing.

What did you learn in 2002 that will make you more successful in 2003?



Steve Wexler

Wexler: We've learned that our people are capable of tremendous performance when given the opportunity to do great work in a supportive, strategic atmosphere. As an employee-owned company, we put special emphasis on high-level collaboration that produces results for customers. We "re-learned" a basic concept: that great ideas, flawlessly executed, that deliver results for our customers will win. Every time.

Ehrhardt: I think the single most important thing I learned in 2002 is "focus". By that I mean—stick to our core business and leave the Internet as a revenue source alone. We've got a six station cluster. That by itself is a lot to handle. The sales staff already has a difficult time attempting to focus on that. To try and then incorporate a sales effort for the web sites is far too distracting. I think the internet as a brand-extender or promotional tool for stations is great. To be able to do email blasts to listeners and database marketing via the internet is great too. But to not use our broadcast properties as the driving force of any marketing campaign or sales staff effort is nuts. Dare I say "added-value"? Until I see our broadcast inventory level at a point where I can't squeeze any more revenue out of it, selling the Internet will not make its way in to my sales staff hands again. I remember a few years back at the RAB convention I sat in on a session conducted by Al Ries. He talked about focus and said, "He who chases two rabbits catches none." Focus – focus – focus.

Woodward: Paying better attention to demand on inventory and pricing by quarters. Also special incentives to purchase ROS packages at better pricing.



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Measuring minorities: Do unreliable numbers mean less buys?—Part I

Broadcasters targeting minorities, especially Hispanic radio group owners, are up in arms over Arbitron's under-measurement of their listeners—especially as of late over Arbitron's announcement (*RBR* e-paper 1/30) that it will be at least three years before it can start weighting Hispanic listening by language preference. Arbitron says it can only be achieved by re-engineering its software.

The under-measurement issue first made headlines when the Summer 2002 ratings came out showing all but two Spanish language radio stations in LA fell sharply (*RBR* e-paper 11-8). That certainly doesn't jibe with the recent official word from the US Census Bureau that Hispanics are now the largest minority group in the US—surpassing African-Americans for the first time (*RBR* e-paper 1/23). The Census Bureau estimates that, as of 7/01, the nation's Hispanic population was 37M—nearly 13% of the total population—compared to 36.1M (12.7%) for Blacks.

As we will report in Part II, measuring African-American audiences is becoming an issue as well with ever-falling response rates.

Arbitron initiated a methodology change in measuring Hispanics in the Winter 2002 book. Since 1997, there were three questions in the diary. In Winter 2002, Arbitron switched to one question in the placement interview. Explains **Dr. Ed Cohen**, Arbitron VP/Domestic Radio Research: "As we enumerate the household, if it's a Hispanic household, we now ask for language preference through one set question. The reason we went to that was we wanted to get in line with Nielsen's question to be able to use their population estimates down the road to do language weighting."

Everyone agrees that Hispanic respondents need to be weighted by language preference. The first step towards getting the new system in place is by striking a deal with Nielsen for its database of universe estimates used in its TV ratings service—there's no other survey database that includes language preference data. Unfortunately, the census doesn't measure it.

Explains Katz SVP/Director of Strategic Planning/member of the Arbitron Advisory Council **Gerry Boehme**: "The first thing Arbitron needs to do is find out what base you're going to go against. And that's where all those conversations with Nielsen come into play. What they're quarreling with is Arbitron's inability to weight for an additional scheme. And here it happens to be a huge one—because language may be much more important than heritage in terms of Hispanic." Nielsen, by the way, has had a separate Hispanic local



Gerry Boehme

market service for almost a dozen years—the NHSL. It includes language preference weighting in 18 DMAs. Nielsen's general market service, the NSI, has six markets that include language weighting.

So, for now, while Arbitron certainly has Spanish-speaking people in the survey, it can't control that the sampling proportion is correct from one book to the next. For instance, The Summer 2002 book in LA came in at 47.3% primary Spanish, which is what everyone noticed. The Fall 2002 book was 51%. The Spring 2002 book was at

53.7%, and the Winter 2002 book was 48%.

"There's really two sides to it," Boehme explains. "The first one is do they do a good job of getting a representative sample of the Spanish-speaking audience vs. the bilingual audience? The second one, and some of the markets from Summer to Fall show it, and they can't control for it: in any one survey, the sample might fall into one group vs. another group and then the numbers fluctuate. And from a sales point of view, that's just as bad because you may argue that it's underreported. But if you have a huge audience and then a low audience because of the luck of the draw, it looks like you've lost a huge ton of audience and the advertiser can't rely on the numbers. And sometimes that inconsistency is the worst. It establishes a whole value of mistrust."

In Parts II and III, we get more detail from Arbitron on why the Summer book dropped so precipitously for primary Hispanic measurement; why it will take a full three years to develop the new software and why the company can't just "go back" to its old methodology in measuring Hispanics until the software is done. We also look at, as some broadcasters have claimed, if Arbitron changes the way Hispanic-language stations are rated, those differing numbers could affect general market ratings negatively. Finally, we will examine Arbitron's temporary fix option.

Driving dollars to television?

The exact effect is hard to read, but, for example, if you look at some of the things that have happened, why would the Hispanic stations as a group have such a horrible Summer report and then suddenly bounce back in the fall? If you're an advertiser looking at that, what numbers do you believe? Is it the low number? Is it the higher number? If you place advertising dollars on those stations, what are they really delivering? So the inconsistency can be as bad as the underreporting.

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It's not like the dollars aren't coming in to reach the Hispanic market. Marketers spent \$2.5B on ads to target Hispanic consumers in 2002, up 11% from the year before. According to *Hispanic Business Magazine*, even in 2002's slow economy, Hispanic purchasing power rose 8.1% to \$540B. A recent *Wall Street Journal* article reports a flood of Mexican brands are buying up American media. Corona, though Global Hue, just bought a large spot radio campaign, say *RBR* sources. *WSJ* says beer brewers like Modelo and Femsa will spend a combined \$40M this year in the US, split between Spanish and English-language media. Corn flour maker Maseca spent more than \$2M last year advertising on Spanish-language TV. Jumex fruit juice increased its ad budget for US Hispanic media to \$4M last year.

Dave Logan, Interep Hispanic Network Director of Sales & Marketing, says the radio networks have been getting some of those dollars because of strong major-market stations: "The depth is strong for radio in many markets that don't have television coverage, or at least light television coverage. There are new Hispanic stations popping up in different markets as well. Many of which at this point don't have audience levels because they're so new—they've only been on the air maybe six months."



Kathleen Bohan

Kathleen Bohan, Research Director, HBCSi (Hispanic Broadcasting Corp.'s sales partnership with Katz Media) agrees, the new census numbers are creating new and larger markets and the importance of Hispanic radio is skyrocketing. However, "and then two books in, they get a book that tanks them. So if you're a Hispanic agency and you're trying to do a post on a Spanish buy and Hispanic radio is down 20% with your demo, it's like saying radio is down 20%. And then the agencies have to go back to their clients

and say, 'well radio doesn't work.' And can drive them to television. We've been waiting far too long to be told an additional three years. I haven't really spoken with my clients to see what the official position is on it, but obviously, it's not what we were looking for."

Unfortunately, more and more potential radio spend may be heading to television. Fact is, buyers of Hispanic media are telling us it's becoming harder to pitch Hispanic radio to clients because of audience fluctuations and the lack of reliable data. OMD's Director of Hispanic Broadcast **Maria Escalante** admits traditionally for most clients (general market or even Hispanic market), television is the first and main stay. However, "As with any target audience, Hispanics use other media besides television. The hardest thing in the Hispanic area is finding the quantifiable sources to justify and quantify all the other media," she explains. "For example, print, out of home and radio are harder to sell in strategically when the data isn't there for accountability. And critical to this is accountability. I would love to be able to sell more radio, because I recognize the importance given the migration patterns of Hispanics moving outside the Top 10 markets, and also understanding just the dynamics of the relationship between Hispanics and radio. But it's getting harder and harder to sell when the accountability is not there. Especially in times when the recession is really impacting our whole economy—just as the onus comes on

the general market to quantify and be accountable, we're seeing the same with the Hispanic marketplace."

She adds, "So yes, I would love to see Arbitron get back on track, because I was seeing some very good movement in that area in terms of adding more and more markets to read and being able to quantify. Until we get a more accountable, reliable system, it's going to be really hard for me to go to a client and say, 'Let's do radio—because we know it works.' There's just so much data lacking. And it has to be more reliable and accountable. And if the sources we're relying on aren't correct, then I won't get my budgets back."



Maria Cueva

Mediacom VP/Director of Joint Ventures **Maria Cueva** buys Hispanic television, and network and spot Hispanic radio as well. MediaCom recently (*RBR* e-paper 2/17) formed MediaComLatino with Wing Latino Group—a joint venture that provides specialized, expert Hispanic media buying services. For radio, Cueva buys from HBC, Radio Unica and SBS. She says the issue of last Summer's book reverberated throughout the industry: "It's a big problem for us because you need numbers that you can trust, that

are stable and make sense. It was such a shock—we were doing so well. It was growing and suddenly, it's like what happened? Is there something wrong with this book?"

Cueva also says it's left some clients scratching their heads. "Absolutely. It's like, 'What happened? What happened to that audience?' The audience could not just disappear in a matter of one book."

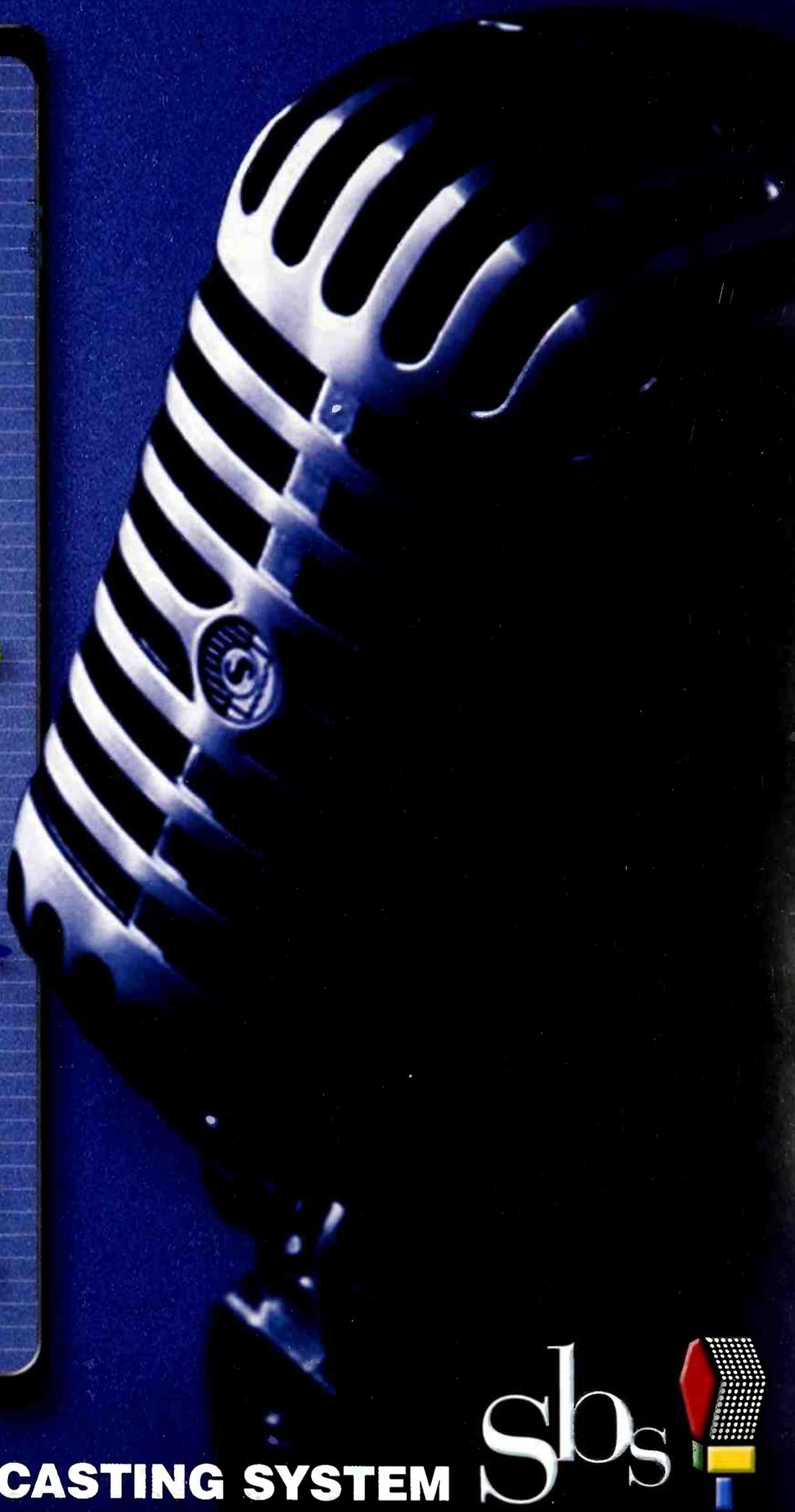
What's she telling them? "Unfortunately that's Arbitron's fault, and they have to fix it. It's going to take them a while. It's very disappointing. I hope they can find a way to speed it up, because it has to be accurate."

Nancy Wistrick-Nguyen, Tapestry's Media Research Director, is concerned about what the three year delay could do to her agency's clients as well. "It's an ongoing thing. We've definitely seen an effect on the stations. We've had to approach our buying in a certain way to address a lot of the variants in ratings. And if those stations aren't being measured properly, then they're certainly losing dollars. So there are still going to be serious issues for the next three years. And with all the news about the census and increasing Hispanic population, it doesn't give marketers a chance to execute plans that are targeting this audience if the services aren't there to be measured properly."

Indeed, the end result is Hispanic broadcasters are losing money as the ratings issue drags out. Radio Unica CEO **Joaquin Blaya** tells *RBR* it's estimated at \$100M/year and it's been ongoing for five years. Three more years isn't going to help much. Radio Unica EVP/CFO **Steve Dawson** did some number-crunching using an estimated 5% figure for annual growth over the next three years. He says Arbitron's under-measurement of Spanish-language radio is literally costing the industry a fortune: "Consider the following: As a result of Arbitron's listener undercount of 20%, Spanish-language broadcasters lost an estimated \$120M in revenues, in 2002. Assuming a revenue growth of only 5%, the loss over the next three years will be \$400M more. By the time Arbitron fixes the problem in 2006, that loss will have amounted to a total of \$1B over 10 years!"

Your Connection to the Hispanic Market

NEW YORK mega 97.9	DALLAS LA LEY 107.9
NEW YORK 93.1 Amor	SAN ANTONIO LA LEY 94.1 FM
MIAMI EL Z 95.7 FM	PUERTO RICO cima 96.5 FM
MIAMI Romance 106.7	PUERTO RICO Onda 94
MIAMI Clásica 92.3 fm	PUERTO RICO Z 93
LOS ANGELES 97.9 LA RAZA	PUERTO RICO mega 106.9 fm
LOS ANGELES el SOL 96.3	PUERTO RICO estereo tempo
SAN FRANCISCO 92.7 party	WORLD WIDE WEB la Musica .com

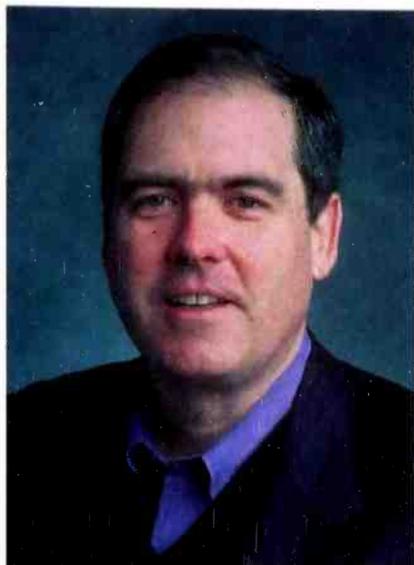


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Daryl Evans, VP/Advertising and Marketing Communications, Cingular Wireless



Daryl Evans

Daryl made a presentation at the RAB Board Meeting last year in Atlanta. His use of radio in marketing the company's plans and products was compelling. So much so, *RBR* recently interviewed him. Cingular is currently number two behind Verizon for subscribers. In 2001, the company had 19M subscribers and \$14B in sales. For the first nine months of 2002, sales were \$11.1B, pacing 5.7% ahead of 2001. Cingular is owned by a combination of SBC (N:SBC) and BellSouth (N:BLS). Eleven wireless companies were combined

to comprise the current giant. Here, Daryl tells us how radio is a large part of his marketing strategy.

Tell us why you like radio.

We like radio for several reasons. One, it's a great awareness vehicle. We can get a lot of points of awareness and GRPs in the market quickly through radio. The wireless business is essentially a retail business. We have roughly 14K locations in the US where you can buy a plan and a cellphone from us. 900 of those are company stores. Another 5K are exclusive agents that look like Cingular stores. And the rest are agents that sell a multitude of brands. So with all of that kind of distribution, the name of the game is traffic. We are inherently a retail business. So, radio is a wonderful medium for people that are in the retail business, in terms of a traffic generator and an awareness generator.

The second reason we like radio a lot is, even though we've pulled together a ton over the last 23 months, we still have regional and market by market differences we have to account for. In some markets we're on the GSM platform and in other markets we're on the TDMA platform. We're gradually transferring the entire company to GSM. But that affects the phones we offer and some of the pricing on the plans that we offer. So radio allows us great flexibility and quick flexibility in terms of local customization and being able to market specific plans to specific locations.

What do you estimate your spending is on spot versus network?

In terms of radio, we probably spend 80% plus on spot radio and relatively less on network radio. Spot gives us market by market flexibility and it allows us to get flexibility with speed. We can change things very quickly.

At the RAB, you mentioned a "wish list" for radio. Tell us about it.

One of the things I asked for on the wish list was more accountability. When we compare radio to other media—TV is the greatest example—we feel like we can measure it much more accurately and

we know what we got more accurately. We know what the ratings are. We know how people use the television medium and the magazine medium. We have more information in those mediums than we do in radio. So we would urge the industry to come up with metrics that allow us to measure its accountability, to have a sense of exactly what we are getting when we invest our dollars behind it.

The other thing on the wish list is to compare yourselves to other media. I would give this complaint to television and to print and others as well. They're always coming in and comparing themselves to their competitors in that particular medium. But the decision framework that we use here in the company is, well are we going to put this money into radio or are we going to put it into television, or should we put it into the Internet, or should we put it into print?

Battling churn: tell us how radio can help.

It's amazing. I joined the industry about a year and a half ago and one of the biggest surprises to me was how high the churn is in this industry. It's about 30% a year. Which means, obviously, you're losing about 1/3 of your customers every year. That's an industry-wide standard. In an era when the growth from new users that have never had a cell phone before has begun to slow down because penetration is pretty high, the game changes to where it's more valuable to keep customers than it is to go get a new one. That's almost universal except in this industry for the first 10 or 15 years, it was actually cheaper to get a new customer than to hold onto one. Those economics have changed completely. So part of the role of our advertising, radio included, is to talk to our existing customers and to reinforce and remind them why they made the choice in the first place and to reinforce that they made a good decision. And to constantly offer them added-valued things.

How did radio help you with grass roots efforts?

Radio was a huge factor in terms of the quick ramp-up of awareness. We're basically equal to our competitors now in total awareness and brand salience. We did that in less than eight weeks. Radio was key to that. I mean if you want to build awareness quickly, you've almost got to have radio. I'd say on average we have 150 GRPs a week running at any given time.

What's in store for the future?

We're going to continue using radio. We're going to continue using newspaper. We're going to continue using television. On the radio front, we have begun to purchase some DJ chatter, which is different than the normal 30-second spots that we've been buying. At least initially, we're really happy with the response we're getting on that, particularly internally.

Have most of the radio groups offered this? How was that driven to you?

There are agencies that purchase that. Some are national personalities, but most are local personalities. Mainly the drive time DJs. The idea came to us. When we buy radio, we have a group within BBDO called Spin [Omnicom's BBDO does the creative, OMD does the buying] that works with the individual radio stations to merchandise those buys—live remotes and contests and that type of thing. The field force out there told us many times that the merchandising activities, the talk on the radio, the live remotes, the contests, showing up at festivals and in our stores makes us as valuable as the 60-second commercial themselves. So that's when we began investigating some of the DJ endorsements.

Something New on the RADAR...

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March 2003 (RADAR 76)



NABOB continues to fight for minority ownership

In advance of the annual conference and awards dinner in Washington, DC by the National Association of Black Owned Broadcasters (NABOB), RBR Associate Publisher **Ken Lee** spoke with NABOB Executive Director **Jim Winston**. First off, we asked for an update on NABOB's mission and overall purpose.



Jim Winston & Ken Lee

NABOB was founded in 1976 to address the very abysmal representation of African-Americans in the ownership and control of broadcast radio and television stations. At that time, there were only 30 African-Americans who owned radio stations across the country and no African-American television owners. So, in the intervening years, we have worked to increase those numbers by pressing for government policies that would promote minority ownership of broadcast facilities. Our second objective has been to improve the business climate in which broadcast station owners operate. Because historically advertisers have mistakenly assumed that the African-American community was not a target market that should be sought after. And we have been working very hard over the years to educate advertisers to the benefits of advertising to an African-American audience.

Let's go to this day and this climate. We have a lot of hearings that are now happening on Capital Hill. Sen. John McCain just recently had one about Clear Channel on the radio side. One of the things that have been announced recently, which some of the press are characterizing as a minority tax credit bill that Sen. McCain is trying to shepherd through. What are your thoughts on that and what is the structure of the bill?

The bill is really a small business bill. What it's designed to do is to allow a small business, when approaching the seller of a broadcast property, to propose a tax-free transaction—which is what large companies routinely do by offering stock swaps and mergers. The idea is to level the playing field by allowing small businesses to offer a tax deferral as well. Which of course is fine, except that the bill has been mischaracterized as a minority tax credit bill. Over the years NABOB, since 1995—when Congress eliminated the minority tax certificate policy at the FCC and they eliminated the provision of the tax code that allowed that policy—NABOB has been seeking to have the tax certificate reinstated. We are very pleased that Sen. McCain has proposed this small business bill, but it is not the minority tax certificate bill that NABOB had been seeking.

From what you're saying, it sounds like anybody with a small business could get that. It doesn't really help black owned broadcasters.

Well, it's an interesting dynamic. If you look at the statistics, 99% of minority businesses are small businesses. The problem is that of all the small businesses in America only 1% are minority owned. So, 99% of the persons who will qualify for relief under Mr. McCain's bill will not be minorities. So, it's a problem that's not adequately addressed by his bill. NABOB would still like to see some special

provisions in the bill to aid minority broadcasters specifically.

Does NABOB have a position on further radio consolidation, and separately on television consolidation?

Yes, NABOB is certainly very concerned about the effects we've already experienced from radio consolidation. It's interesting to note I think these two things need to be put together. I'm glad you asked this question right behind a tax deferral bill. The first thing that's required for the tax referral bill to be of any value to anyone is stations to buy. When you look at the large broadcast companies that are lining up saying they support Sen. McCain, I think it's wonderful. But if you look at those companies, they are buyers. They don't sell stations. So if they are not selling stations, what's left for us to buy? There's a real problem in our industry that, certainly in the major markets, the companies that own the bulk of those stations are not selling those stations. So, we're not in a position to be buying stations primarily in the markets where African-Americans are the most prominent minority. So, consolidation in radio has been a real problem for us. It will be an ongoing problem for us. When you look at what the Commission is doing with its television rules, one of its rules is the radio-television multiple ownership rule—which is a problem because if you allow increased television ownership in markets where companies already own significant radio properties, that combined market power will make it more difficult for minorities to compete. So, that's a rule that concerns us. If you look across the industry, many of the companies that are looking to increase their ownership in television are the companies that have the bulk of the radio industry. So, increase across the board in television would be bad news for the radio industry as well as the minorities in that industry.

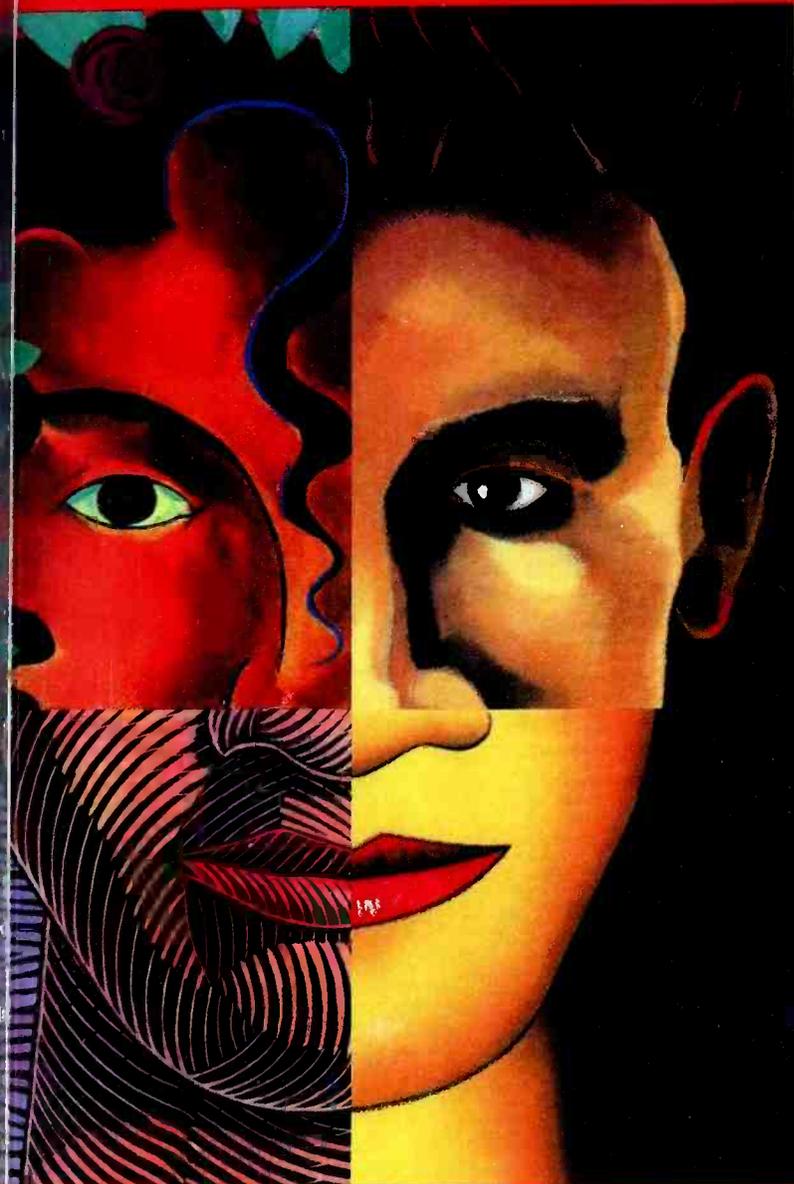
One of the things that have been talked about is the diversity of voices in the industry. Are you getting any feedback from your members as to their concern about not being able to get their community voices out?

What you see in the radio industry right now is more and more stations moving away from news. The FCC, of course, several years ago eliminated the requirement for stations to carry news. So, many stations have gone much more music intensive. Certainly if you are targeting a younger demographic, younger demographic groups tend to not see news as a priority. As a result, there is an awful lot of information that never gets out to certain constituents who are listening to radio. Allowing the news to be broadcast by one or two stations in a market disserves our American populace, not just minority audiences.

Tying back into Sen. McCain's hearings, one of the gentlemen who spoke was **Robert Short**. He was or is a black station owner? He was a member of the NABOB board of directors. He only had one station and when he sold that he was no longer eligible to be a member of the board. We, of course, were sad to see him go. He was a very active member when he was on the NABOB board of directors.

With all of these things that are going on, if you have an ability to buy stations, and there are stations to buy, are there still issues revolved around getting capital? Has that improved since last fall's session you had here in DC?

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Panel — The Power of Urban Radio-A CEO/COO Perspective —
Sherman Kizart, Interep; Ralph Guild, Interep; Steve Hegwood, On Top Communications; Mary Catherine Sneed, Radio One; George Pine, ABC Radio Sales; Kay Olin, Interep; Charles Warfield, ICBC Broadcast Holdings, Inc.; Jeff Smulyan, Emmis Communications; Lew Dickey, Jr., Cumulus Media

THE PLACE

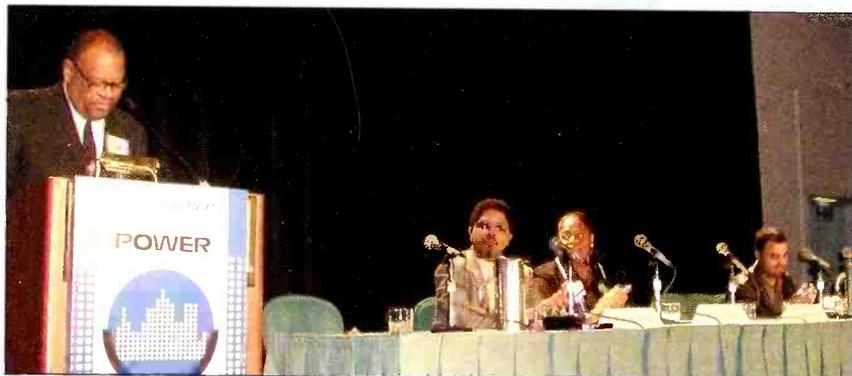
Grand Hyatt,
Atlanta

THE TIME

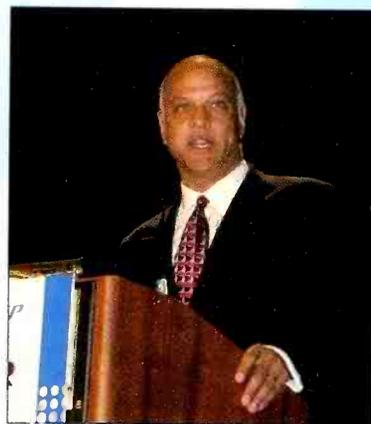
February,
Black History
Month

THE REASON

To Showcase
Urban Radio's
Impact on the
\$646 Billion
African-
American
Marketplace



Panel — Achieving Successful Market Segmentation with Urban Radio's Format Appeal — Walt Love, Excelsior Radio Networks, Moderator; Tony Brown, WVEE, Connie Flint, WPZE, Jerry "Smokin B," WHTA

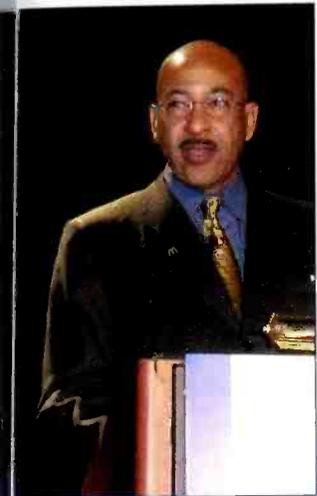


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URBAN RADIO. We get it.



Keynote Speaker, Bill Lamar,
Chief Marketing Officer,
Donald's Corporation



Panel — *The Value of the African-American Market: A Marketer's Perspective* — Hussein Warmack, Coca-Cola Classic; Gwen Kelly, America Family Insurance; Tanya M. Diggs, Gateway; Leisa Byars, Ford Motor Company; Spencer Gillette, Blimpies



Panel — *Blending Strategy with Creativity: An Ad Agency Perspective* — Moderator, Al Anderson, Anderson Communications, Robert Saltzman, ES Ventures, Deborah Gray Young, E. Morris Communications, Howard Robertson, Trust Marketing; Kendra Hatcher, Starcom Advertising; Ella Britton, Burrell Communications



Panel — *Urban Radio: The Medium to Reach African-Americans* — Ken Smikle, Target Market News, Moderator; Clyde Allen, Allen & Partners; Julian Davis, Arbitron; Hugh Brown, The Media Audit

In fact, we've gotten it for over 30 years, as the country's first full-service radio representation firm to market Urban Radio stations.

In 2003, the multi-cultural marketing landscape is quite different. We're still here...

- Thought-leaders in Urban and Hispanic marketing, with events such as The Power of Urban Radio, The Power of Hispanic Radio, and internal diversity initiatives to better serve our changing customer base.
- Market innovators with media planning services including The African-American Consumer Lifestyle Network, and The U.S. Hispanic Consumer Lifestyle Network. These customized media and promotional networks include exactly those Urban or Hispanic radio stations whose listeners are most likely to buy an advertiser's products or services.

As always, we serve our multi-cultural radio station clients best by exceeding the goals of our joint customers – advertisers and their agencies.

If you are an advertiser or media professional and would like more information on our Consumer Lifestyle Networks, or other services, please contact Debbie Durben, at 212-896-8475, or debbie_durben@interrep.com. Watch the webcast at www.powerofurbanradio.com.

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Consolidation makes access to capital much more difficult a problem. The financial resources today are much more reluctant to finance stand alone stations purchase, particularly if you are going into a consolidated market. If Clear Channel has eight stations and Citadel has eight stations and you want to come in and buy a stand-alone station, many investors just won't touch that. They don't believe you can compete. Quite frankly, in most cases you can't compete with a stand-alone station. It was very interesting at the hearing in the Senate they like to point to the stand-alone station in Philadelphia that has been successful for many years. But, it was successful long before consolidation. That doesn't address the issue of new entrance at all. New entrants, who have not had the opportunity to establish themselves in a market, are not going to get the opportunity to come into a market that was already consolidated.

Coming up on March 27th, NABOB is having its 19th Annual Awards Dinner in DC. You're not short on great talent and high profile people in the African American community. I just wanted to give you an opportunity to talk about who is going to be at this year's event.

As you pointed out, this is our 19th Communications Awards Dinner. The theme is always the same. What we try to do is to honor persons who have made an outstanding contribution to the African American community in entertainment, in music, in film, and in public service. We have a variety of awards that we give out to persons who meet those criteria. This year we will be giving an award to **Muhammad Ali**, a Lifetime Achievement Award. We will be giving an award to **Benny Carter**, who is a saxophonist who is 95 years old and has a career of outstanding achievement in the music industry. We will be giving an award to **Alexis Herman**, former Secretary of Labor in the Clinton Administration. She will be receiving the Mickey Leland public service award for her outstanding contributions in public service in the Clinton Administration, in private life, and even earlier in the Jimmy Carter Administration. She's been a friend of NABOB for a long time. We'll be giving an award to **LL Cool J** as entertainer of the year in film and music. We'll be giving an entertainer of the year award to **Audra McDonald** for her success on Broadway. We'll be giving a Oscar ma Show Essence and Film award to **Antoine Fuqua** who was the director of Training Day. A movie for which Denzel Washington won an Academy Award. We'll be giving a Lifetime Achievement award to **Diana Ross** for her many years of success with The Supremes and as a solo artist as well. So, we think we're going to have another outstanding event.

Any closing thoughts?

My closing thought is, if you look at the broadcast industry today, it's very difficult to get the policy makers in Washington to focus in on the critical issue in broadcasting—which is that it is the means by which our First Amendment rights as Americans are protected. It's not simply business as usual. It's not selling widgets. It's not a business which has only business as its purpose for the American consumers. If we don't make sure that our policies promote diverse voices from across the spectrum—from minorities, from women—then we are going to lose the benefiting value of the spectrum—which is the public airwaves.

NABOB Award Winners



Diana Ross - Lifetime Achievement award



Muhammad Ali - Lifetime Achievement award



**LL Cool J - Entertainer of the Year award
in film and music**



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KATZ MEDIA GROUP

NAB2003:

A quick guide to new products, technologies

NAB2003 promises to live up to this year's tagline: "The World's Largest Electronic Media Show." On display will be everything from the latest in Internet streaming technology to HD Radio equipment to satellite gear. Here, we provide a Pre-NAB glimpse of what you can expect to peruse.

AudioVAULT is HD Radio-ready

Broadcast Electronics announced it will be showing the more digital friendly and HD Radio-ready AudioVAULT digital audio system at NAB2003. The AudioVAULT system for the studio and VAULTXPRESS for the field will have new support tools for HD Radio data and MP3 audio, plus demonstrate a new automation capability for controlling digital consoles.

The important new Main Program Service Data Specification (MPS) has been added to BE's digital audio systems so broadcasters can synchronize the transmission and reception of HD Radio data displayed on new digital radios. The MPS specification is a data interface standard jointly developed by iBiquity Digital and industry partners to identify how data elements such as song title and artist are to be structured, transmitted and played back on HD Radio receivers.

Also new to the AudioVAULT line is a MIDI feature for automating the faders of digital boards. This addition to the system will allow broadcasters to take advantage of new feature-packed digital boards with MIDI interfaces by giving them the means to control faders from the automation system—or control the AudioVAULT from the board. Slave/master control of the console or the AudioVAULT can be preset according to different dayparts, venues or for any work environment requiring close integration of the digital board and digital audio system. Booth #N2604.



816R Series FM Transmitter

Continental Electronics' theme: "Turning Great Ideas into Exceptional Innovations"

While Continental Electronics plans to show off its line of digital and analog transmitter systems at the show, Broadcast Marketing Manager **Bret Brewer** tells *RBR* the company is looking at a new theme this year: "Our whole purpose at the show is going to be gathering information from engineers and customers to design the entire new product line. So rather

than coming out there and showing, 'Here's what we think we want to introduce, and here's some vaporware that's cool,' it's a clean-wiped slate. You design the products you want to see at the next show."

Continental's 816R Series FM Transmitter is the device the company may modify for HD Radio digital operation. There are approximately 2,000 of these installed around the world. They are rated from 11kW to 35kW. Booth #2403.

Comrex to introduce GSM wireless module



Matrix Wireless Module

Comrex will introduce its long-awaited Matrix Wireless Module, which allows broadcasters to transmit high-quality remote audio over a wireless network, without needing to pay for a telephone line or a separate wireless phone. The module incorporates a GSM wireless phone and firmware into a compact

housing, compatible with all portable Matrix units. The module adds an external antenna and increased power over standard handheld phones. With the optional battery pack, the Matrix can broadcast in the field for up to seven hours. The updated firmware provides up to 7 kHz response.

The Wireless Module joins a line of other accessories for the Matrix. The ISDN Module converts the Matrix into an ISDN codec, while the TelCell Module transforms the unit into a hybrid on telephone lines and most cell phones. Booth #N2526.

Marti to show new line of STL/RPU receivers

Broadcast Electronics' Marti Electronics will show a new line of RPU and STL receivers at NAB2003, as well as a new receiver to complement its STL-20C transmitters for long-range studio-to-transmitter links.

Last year, Marti Electronics introduced the STL-20C composite STL transmitter at double the output power for long distance links. Its new SR-20C composite STL receiver picks up the transmissions from the STL-20C, which has a 20 Watt output in the 935-965 MHz band. The added power helps on difficult paths.

"We've improved upon the interface and the tuning is easier, but the most noticeable improvement is in the quality of the STL," said **Jim Godfrey**, the president of Marti Electronics. The new 950MHz frequency-synthesized receiver will complement the frequency-synthesized STL-20C transmitter, whose synthesizer has a flat frequency response up to 20kHz, with less than 0.2% distortion. A new SR-20M single-channel receiver for 950MHz STLs will also be showing, as will two new frequency-synthesized RPU receivers: The new SR-40A frequency agile, synthesized RPU receiver for 140-180MHz, 200-260MHz, 280-340MHz, 450-470MHz and 890-960MHz RPU systems, replacing Marti's SR-10 RPU receiver.

The new SR-30 two-channel, synthesized RPU receiver replacing Marti's CR-10 and AR-10 receivers for 140-180MHz, 200-260MHz, 280-340MHz, 450-470MHz and 890-960MHz. BE booth #N2604.

BE to show full line of HD Radio transmitters

Broadcast Electronics will introduce the industry's broadest line of HD Radio transmission products at NAB2003. BE's new FMI transmitter series offers 17 watts digital-only to 28,000 watts of combined digital and analog power. The new FMI series can also be used to convert FM

HD Radio

Up to...

Stepping

Many have realized the benefits of going HD Radio with BE, as orders for new equipment and system designs have poured in since last year. Entercom, Clear Channel, Greater Media, Crawford Broadcasting, Beasley Broadcast Group, WJLD-AM (first non-experimental AM station to broadcast HD Radio), and many more have chosen BE to help them prepare for the future—the HD Radio future.

"This is the future of AM radio, so this is definitely money well spent."

- Gary Richardson, Owner and Chief Engineer
WJLD-AM - First non-experimental AM station to broadcast HD Radio

"We're excited about the impact of HD on the future of Radio. BE's solutions have the flexibility to make our implementations easy and cost-effective."

- Bob Demuth, Vice President and Chief Technology Officer
Beasley Broadcast Group, Inc.

Broadcast Electronics was there at the beginning, the birth of HD Radio. And now we're leading the pack in implementation and design of real HD Radio systems for the real world of broadcasting.

Take your first step towards tomorrow's new radio format by calling BE at **888-232-3268** or visit us on line at **www.bdcast.com**.



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HD Radio is the Format of the Future. And the Future has Arrived.

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stations to HD Radio now or function as the main transmitter for existing FM analog service until the time comes to add HD Radio.

With BE's FXi 60/250W digital exciter and second-generation HD Radio signal generator card, an FMi transmitter can be used for high-level combining of the analog and digital signals in a common antenna, and can be used in separate HD Radio antenna installations. Booth #N2604.

BE expands single-tube transmitter line

Broadcast Electronics will expand its line of high-power, single-tube FM transmitters with the introduction of the new 25kW FM-25T at NAB2003.

The FM-25T is the latest addition in BE's popular line of single-tube FM transmitters. At 25kW output power, the new transmitter completes the line, previously available in 5kW, 10kW, 20kW, 30kW, and 35kW models. The FM-25T can be used as a single 25kW transmitter or can be combined for up to 50kW output power.

"The FM-25T meets the needs of our customers wanting between 21 and 26kW, as well as those wanting combined transmitters with outputs between 40 and 50kW," said **Tim Bealor**, VP/RF Systems. FM-25T features:

- The folded half-wave cavity which eliminates the need for a plate blocking capacitor and sliding contacts
 - Remote Transmitter Diagnostic System for complete remote monitoring and logging of all transmitter operations
 - Proportional VSWR foldback for continuous operation into loads up to 3 to 1 VSWR
 - 500 watt solid state IPA manufactured by Broadcast Electronics that can be used as a standby transmitter.
 - Uses the field proven and long life 4CX200000A tube Filament regulation included in each unit.
- Booth #N2604.



25kW FM-25T

Scott Studios showing SS-32 upgrades

Scott Studios will show added features to its SS-32 digital audio system, including "Stretch and Squeeze," which allows the user to speed up music with no pitch change. Users can produce a spot and adjust it plus or minus 20% to :30 and :60 second lengths without voice changes. Also added are new skins, automatic time calculations to the top of hour/network shows, cue-in recordings and pause controls. Squeeze and Stretch can be applied to pre-existing spots and music without re-dubbing. Booth #SU5471, N2701

SAS and Ward-Beck to debut console

Sierra Automated Systems (SAS) and Ward-Beck Systems will debut a joint product venture in a new audio console, based on Ward-Beck's R2K series. This console will be marketed in the US exclusively through SAS and its dealer network. It will also offer fully integrated control of SAS routers. SAS will also have access to the Ward-Beck product line. Booth #N1813 (SAS); C722 (Ward-Beck)

Neutrik to show Speakon STX series

Neutrik will display the Speakon STX series connector, a new 4-pole unit with metal housings designed for harsh environments. Designed for superior electrical performance, the new unit offers a sealing gasket to help keep moisture out for weatherproof applications. Four new part numbers will include both male and female cable ends and male and female posidrive terminated receptacles.

The new STX series connector delivers electrical performance up to 50 Amps (40 Amps rms continuous current and 50 Amps audio signal, with a duty cycle of 50%). The one-piece chuck design provides the attachment of 6 to 14 mm (0.24" - 0.55") outer diameter cable and employs the "quick lock" system with latch. The cable connector is easy to assemble with only three pieces. The temperature range was tested at -30°C to +80°C, with a flammability of UL94HB. The weatherproof gasket meets IP 54 protection class standards and mates with all the currently available 4-pole Speakon products. Booth #C2560.

Studio Network Solutions to feature "SANmp"

Studio Network Solutions will feature "SANmp," its newest software application that allows workstations with different operating systems to concurrently access information from a Storage Area Network. With SANmp, users now have the freedom to upgrade to the latest OS or to add Windows workstations to their Mac environment. SANmp doesn't require a server or ethernet connection and has the ability to configure, manage, share and access SAN resources, create RAID sets and set access privileges at the user level. Integration of Mac OS and Windows workstations can be achieved, regardless of whether the systems are running Nuendo, Sonic HD, Final Cut Pro, Pyramix, Avid, Pro Tools or virtually any other software. Booth #SL2636.

Orban/CRL to show Optimod-PC 1100

Orban/CRL will unveil the Optimod-PC 1100, an audio processor designed to run on Windows 2000 and XT. Version 1.0 of the control software and driver can control Optimod-PC cards on a local computer or anywhere on a network. Orban is taking the Optimod 6200 processing into the PC, to offer a lower cost option than the regular 6200 or 6200S processors. The PC 1100's processing is optimized for Internet streaming and digital radio. Booth #N1845

"DTV Draffhouse: Technology On Tap!" set for NAB2003

The Advanced Television Systems Committee (ATSC), the Consumer Electronics Association (CEA) and the NAB are partnering once again to showcase digital television (DTV) products and technology in the "DTV Draffhouse: Technology On Tap!" at the upcoming NAB2003. Amidst a bar setting no DTV enthusiast could resist, a multitude of manufacturers will display the latest integrated televisions, monitors utilizing various display technologies, receivers/set-top boxes, PC solutions, antennas and more in the DTV Draffhouse, which will be located in the Las Vegas Convention Center's Central Grand Lobby.

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Liberal Talk network in the offing

Rush Limbaugh is credited by many with almost single-handedly returning viability to the once-dominant AM band. Building on solid radio roots (which included two stints with *RBR* Publisher **Jim Carnegie**), he put away the recordings and concentrated on the Talk—and the rest is history.

There is no mistaking Rush's brand of talk. It's entertaining, but it's also political, and it's conservative. And it's successful.

It's been so successful, that it has built an entire conservative Talk cottage industry—other practitioners on the airwaves include **Michael Savage**, **Sean Hannity**, **Ollie North**, **G. Gordon Liddy**, **Laura Schlesinger**, **Laura Ingraham**, **Bill O'Reilly**...the list goes on. All have a national presence.

Representing the liberal viewpoint on a national level at Talk stations are...

A few weeks ago, the answer would have been nobody, really. Not in the same overt, political way, at least. Since then, self-professed liberal **Alan Colmes** has gone back to radio, syndicated by Fox, where he is in residence as the left-leaning counterweight to right-leaning Sean Hannity on Fox News Channel's nightly Hannity and Colmes show.

Colmes has an impressive radio pedigree—most recently, he was the last voice heard on New York radio institution WEVD-AM before it was de-institutionalized by ABC when it installed its ESPN programming there.

The Colmes offering, which is claiming about ten affiliates at this point, is not a pure commentary program like Limbaugh's. Airing 10 PM-1 AM weeknights, it is a news-driven program, which will also include interviews and listener calls.

There are other liberal Talk show hosts here and there throughout the United States, but none have a national platform to rival the conservative radio network lineups.

Failed liberal attempts

That there are no liberal Talkers with a national pedigree is not for want of trying. Famous failed liberal hosts which have been noted repeatedly of late include former New York Governor **Mario Cuomo** and former Texas Agriculture Commissioner **Jim Hightower**.

Cuomo, it is generally agreed, may be a great convention hall speechmaker, but his style was ill-suited to radio.

Hightower, on the other hand, who was dumped years ago by ABC Radio, perhaps was just not a good fit with the rest of what ABC had to offer. By his own admission, he often talked his way into trouble with advertisers—no matter what your politics, it's gotta pay to play—and once Disney took over ABC, a move he criticized on air, his fate seemed set.

For the record, he does not consider his radio career to be a failure. In a 2/20 letter to the *New York Times*, he said, "this is the second time in recent weeks that you have referred to the 'failure' of my radio career, which is now into its 11th year and going

strong...My daily commentaries are broadcast on more than 100 stations across the country and abroad..."

However, the commentaries last all of two minutes. Two minutes a day of Hightower does not balance three hours of Rush, to say nothing of the hours of airtime logged by all of Rush's ideological stablemates.

Entering from stage left: AnShell Media

A new network is being put together which will attempt to balance the viewpoints being offered on the radio. Chicago-based venture capitalists **Anita** and **Sheldon Drobny**—major contributors to the Democratic party—are behind this proposed network, which is kicking off with \$10M in seed money. The Drobny's have their sights on an eventual warchest of \$200M. The company is named AnShell Media after its chief benefactors.

Putting it all together is radio veteran **Jon Sinton**, who is chief executive of AnShell. His resume includes a stint working on the ill-fated Hightower show.

Sinton was quick to point out that he is building a radio business. He told *RBR*, "This venture has no party affiliation. This is an effort that has been brought forth by the tremendous success of the right. If you didn't have the great success of Sean Hannity, Rush Limbaugh and Bill O'Reilly—who have weighted the see-saw in that direction—you wouldn't have this incredible business opportunity on the left."

For the record—**Bill Clinton** is not involved. We know because we asked.

It'll never work

The announcement of AnShell's plans has attracted widespread attention from all sides, and even from both sides of the Atlantic Ocean. The *Guardian* out of London wrote a positive article about AnShell. Sinton noted, "There is great interest globally in restoring a balanced argument. The din from the right is overwhelming to all, apparently."

At the National Association of Broadcasters' State Leadership Conference 2/24, no less than conservative Senator **Orrin Hatch** (R-UT) told those assembled there, "Now that there's going to be a balance from the liberal side, it's going to be wonderful, isn't it?" Nobody had to ask him what he was referring to.

While much of the reaction has been positive, conservatives have widely predicted AnShell's demise. There are a number of reasons.

One is that the conservative movement on radio grew organically, whereas AnShell is trying to give birth to the same thing overnight.

Another is that liberals are prone to rail against the ills of the world, which just isn't very entertaining.

Yet another is that the natural audience for radio Talk is older men, which just happens to be have the highest concentration of conservatives of any US population demo group.

There are many others: liberals listen to music; liberals listen to NPR; the media in general is liberal, so liberals don't need any extra liberalism on the radio. This is another list that goes on and on...



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Avoiding the mistakes of the past

"It seems ridiculous to me that anyone could predict our end without having the benefit of hearing the product," says Sinton. "I'm willing to let the audience decide for themselves, a trait I find sorely lacking in most of the right wingers I've been assailed by [lately]."

Although Sinton is not working on a 24/7 network at this point, that's not too far off the mark. He's shooting for a 16-hour daily lineup, from which affiliates would have the option to cherry-pick shows.

Entertainment is the key to Sinton's plan—and the possibility of attracting experienced, left-leaning entertainers from both coasts may offer an source of talent untapped by the conservatives.

Sinton is playing his programming cards close to his vest at this point. So far, it's been widely reported that Saturday Night Live alumni **Al Franken** has been approached about taking a turn at the mic. He would be a natural pick—besides being well-known, he's the author of "Rush Limbaugh is a Big Fat Idiot." So far, he's not committed to anything, but he's thinking about it. According to Sinton, "I'm still not prepared to announce a lineup, but I will say that Al was deeply moved by the outpouring of positive response we have received since the *Times* article broke..."

Having a full slate of liberal talent is from the basic book of radio formatic theory. Al Franken can work opposite Rush Limbaugh on a different station as an alternative. He would not work very well coming after Rush on the same station. Rush's fans would hate him, and they would tune elsewhere. "I think one has to respect the listeners' expectations," Sinton told *RBR*. "Rock stations don't play Hip Hop. Formatic purity is an inviolable rule in radio today. That said, quality is the single biggest key to success."

A while back an *RBR* editor proposed Democratic pol **James Carville** as a possible great liberal hope, so we asked Sinton if he was being considered. "There is a place for Carville, but not in the form anyone's yet imagined. I think the establishment will be quite surprised by the format we envision."

Taking care of business

A liberal Talk radio network has one built-in advantage—to be a success it needs to clear in large markets. This also happens to be precisely where the liberals tend to live. However, Sinton does not see this as an edge at all, if he's not putting on the kind of programming that pulls in listeners and advertisers.

"Syndication needs major market clearance to thrive financially," he said. "Perhaps the lean of those markets in our direction

will help, but the biggest factor for affiliate stations will be revenue opportunity, not political ideology."

Finally, AnShell needs stations, and in that regard it is leaving its options open. Sinton believes there are a lot of stations that would like something to program against Rush besides other conservatives which are the only current options. To that end, AnShell wants affiliates, but it will look at outright station acquisitions, too, if that makes economic sense.

RBR observation: You can sit around and stack the positives and negatives facing AnShell and come up with twin peaks. Look at one of the mountains of evidence, and a sane person wouldn't even think about attempting such a thing as a liberal Talk radio network. Look at the other mountain and you'd be insane not to give it a try.

We think AnShell is taking the right initial approach. It's not being run by a political person. It's not being run by an ideologue. It's being run by a radio pro.

When discussing AnShell, the first words out of Sinton's mouth are not things like "boycott grapes" or "give peace a chance." He talks about core radio business issues like entertainment and revenue.

For this reason, we think at the very least that the oft-cited failures of Cuomo and Hightower can be tossed out the window.

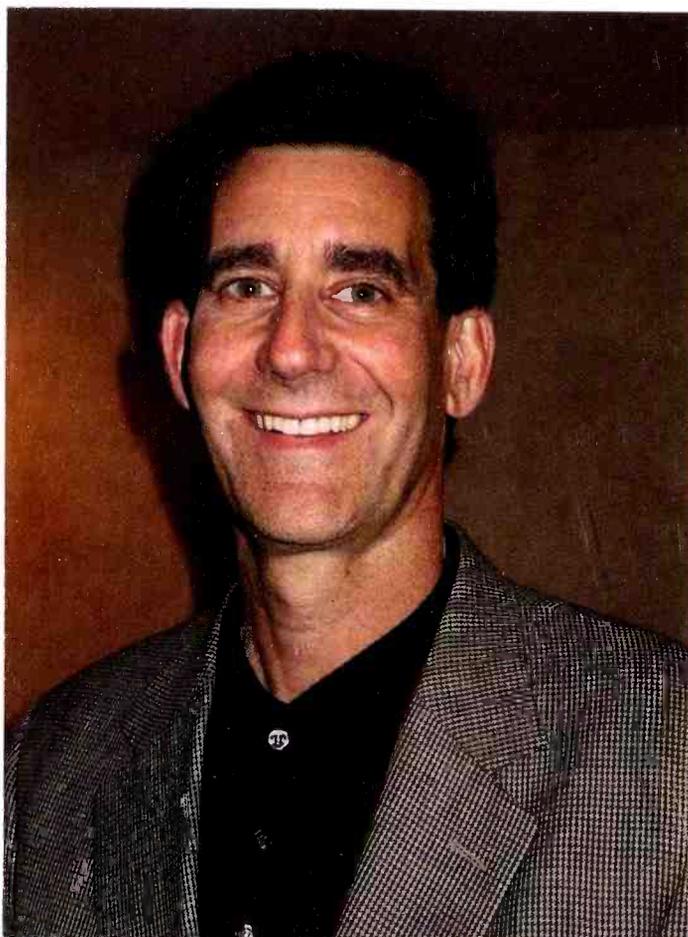
We didn't have a chance to hear Cuomo's show, but from what we can gather it wasn't very entertaining. Words like "pontificating" and "preaching" are the kind associated with that effort. Many listeners probably sprained wrists in their haste to push a different preset button on their car radio.

We did check out a snippet from Hightower, and he is an engaging and interesting speaker. However, he fails the revenue test. In an interview some years ago, he noted how he attacked the banking industry on the air—apparently quite effectively. It caused one banker, who was the #1 client for one of Hightower's affiliates, to threaten to pull his entire schedule from a station. If your show is such that you are pulling money out of the pockets of your affiliates, then it simply is not working.

Many have pointed out that Rush Limbaugh's show grew organically, citing that as a reason that AnShell will fail, since it's trying to put itself together overnight.

The obvious answer to that is that AnShell will need to grow organically as well. Rush can provide AnShell with much more than a general format—he provides a road map. Rush has blazed the trail, and AnShell can, if it wishes, take whatever lessons it wants from Rush's well-documented history.

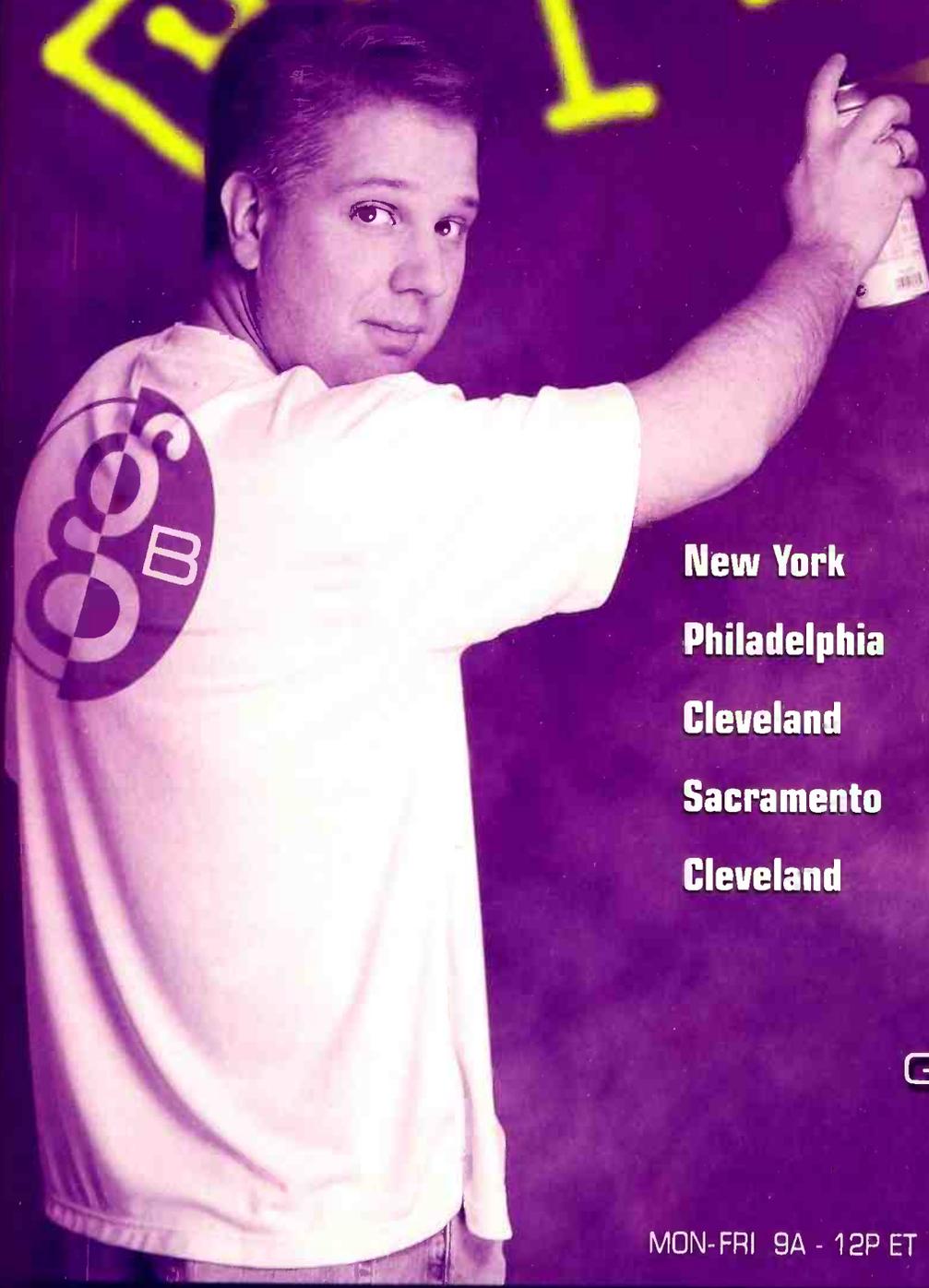
AnShell will need staying power for that to happen. They've got access to money, and they've got a radio pro at the steering wheel. AnShell has a long way to go, but it seems to be off to a good start and headed in the right... uh, make that left direction.



AnShell's Chief Exec. Jon Sinton

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Are Your 2003 Upgrades Completed?



Jeffrey Myers

Last year's race to the revenue goal is done and now we're in the starting blocks for 2003. We at Personal Selling Principles suggest you take inventory of your resources, before you start the journey toward greater revenue success than last year. By now, the budgets have been approved, your management team should be in place and your capital expenditures are being finalized this month. January

is the month companies usually start making the upgrades, agreed upon during the budgetary process at the end of last year.

- Information Technology
- Facilities - modernization of studios/offices
- Broadcast - new control boards, tower, satellites, etc
- Back Office Software - traffic/business software's
- Promotions - new vehicle, promotional items ordered in bulk

Where is the line item for the upgrade of the people who are responsible for your revenue success? Have any resources been allocated to improve their:

- Skills?
- Effectiveness?
- Efficiency?
- Ability?

As an industry leader, I want you to take a minute to take a mental TEST.

First, think of 100 broadcast companies.

Quickly go through them in your mind and ask yourself: "How many of them have an on-going training program for the development of their people—the most important assets for revenue generation? If you came up with more than 10, you passed.

We at Personal Selling Principles believe we can learn something valuable from other industry leaders in the packaging/service goods industry. Companies such as Gillette, Proctor and Gamble, American Express constantly invest in the training of their employees with on-going assessment and individual development programs. The approach is simple—invest in employee development today to insure stability and revenue growth today and in the future. Employee's skill sets are like other assets in the company. You could go along with older information technology software, but at what cost to efficiency and profit. You don't need to change your programming, but if you don't keep up with changes in listener preference ratings erode. If it meant more reach listeners, or viewers who would not invest in new transmission equipment.

But what about your people? Without appropriate upgrade strategies will their skills degrade? Will that get left behind in an ever-changing business environment?

Here are a few questions that might help you assess the status of your personnel assets:

- Were you satisfied with your company's last year's performance?
- Will the same level of performance be satisfactory in 2003?
- Do you plan to make this year's goal with the same people?
- What different mechanism is in place this year versus last?
- Does your company have a training plan for management and employees?
- Is your GSM or DOS functioning as a mortician, with a high body count year to year?
- Does management know their departmental strengths and challenges, and have they a plan to deal with them?

Personal Selling Principles has found that employees who are "students of their current position" understand the psychology of that position and how to interact with others that are involved.

In order to build a solid foundation, companies must make a commitment to the development of their employees as a part of the development of the corporate plan.

Whether you view our current industry's revenue growth as a sprint or a marathon, developing your people—as people—is the only way to insure your revenue success.

Invest in your greatest asset...your people.

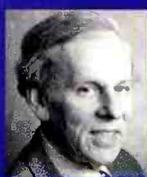
Jeffrey Myers is President of Personal Selling Principles. He may be reached at 301-595-1871 or Jeffrey@PSPConsulting.net

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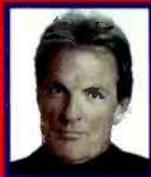


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Storm clouds hang over March

March is building up to be a tough month for broadcasters. With the US (and a few allies) on the verge of war with Iraq, advertisers have been holding back on making new commitments. As this issue of *RBR* went to press, the war had not begun.

"While Q1 started very, very strong, as the war rhetoric started to increase over the past two or three weeks, we have simultaneously seen advertisers start to sit on their hands and be very cautious about when the war will start," Clear Channel (N:CCU) President **Mark Mays** said 2/25 in the company's quarterly conference call. "They have slowed down placing business for late February and early March. At the same time, we're seeing advertisers continually place business for second quarter. In fact, we're feeling very robust about Q2."

Although other broadcasters had reported much the same thing for two weeks, Wall Street analysts gulped when they read Clear Channel's projection that Q1 revenues would rise only by the low to mid single digits. But most seemed satisfied after participating in the conference call that the downturn, which is mainly impacting March ad sales, is an isolated event and that advertising demand will improve once the course of war is known.

"If you have a dislocation, and therefore the dollars still get placed, but just get placed at a different time, that's something The Street has always been able to live with—especially in somewhat special circumstances, and if those special circumstances are somewhat temporary, that helps," Wachovia Securities analyst **Jim Boyle** told *RBR*.

The advertiser hesitancy is mostly at the local level, according to numerous radio executives, so national spot has continued to outpace local.

"To date, very few radio advertisers are requesting any scheduling changes if war breaks out," said **Stu Olds**, CEO of Katz Media Group. "Advertisers recognize that listenership will increase and stations will adjust information to reflect increased interest in war related information as part of their regular programming."

With the nervousness most pronounced for local advertisers, the short-term problem is particularly acute for stations in markets where their advertisers are dependent on local military bases for a lot of their business. Fewer people are around to spend on routine items and, with the family breadwinner deployed overseas, spouses left behind are less likely to make major purchases, such as a car.

George Beasley, CEO of Beasley Broadcast Group (O:BBG) told analysts 2/24 that his company is feeling the impact in three of its mid-sized markets—Fayetteville, with Fort Bragg and Pope Air Force Base; Greenville-New Bern, with Camp Lejeune; and Augusta, with Fort Gordon. "All have experienced the preliminary effects of concerns about war," he said. "Advertisers in these markets are very cautious and they are often waiting up until the very last minute to place buys, although we've had very few, if any, cancellations up to this point."

In trying to predict the impact of an Iraq war on ad revenues, some people have suggested that stations will run commercial-free for days, much as they did following the terrorist attacks of 9/11/02. But while that may be true to some extent for TV stations, such a view may overstate the revenue loss to radio stations.

In a 2/27 conference call with analysts, Saga Communications (A:SGA) CEO **Ed Christian** insisted that the war outbreak will not be like 9/11.

"We have two totally disparate events. If you look at September 11, all the stations went wall-to-wall because this was an attack on our own soil. The difference this year is—if war breaks out, if you're a music station... we're going to lose the audience after 30 minutes, because for us we're probably going to go with 30-60 minutes of coverage of what's going on. After that, it's a television event," Christian explained.

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