

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

July 30, 2001

Volume 18, Issue 31

AMERICAN URBAN RADIO NETWORKS

#1

THE URBAN RADIO LEADER



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Earnings report cycle begins with mixed bag

Early reports on Q2 indicate that radio hasn't emerged from the advertising recession—but some groups are suffering less than others.

Most quarters, the big guys go first and the small players generally hold back before scheduling their quarterly announcements and conference calls with Wall Street analysts. After all, who wants to hold a conference call and have almost no one dial in because they're too busy digesting what **Lowry Mays** or **Mel Karmazin** had to say?

This time, though, it's the small market guys who have the good news to deliver, so some of them are rushing to get their reports out and enjoy the spotlight. Saga Communications (A:SGA) CEO **Ed Christian** let the world know that he had an up quarter (see page 12) while many of his larger competitors were preparing to explain their red ink to The Street. Saga reported last Wednesday (7/25) and another small market specialist, **Terry Jacobs'** Regent Communications (O:RGCI) was set to report

Arbitron wants to tell buyers a thing or two
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Viacom grows as Infinity slows
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The NAB Radio Show & NAB Xstream Joint Keynote
Walter Mossberg
Columnist,
The Wall Street Journal



The NAB Radio Show Keynote
Tom Peters
Author and
Management Expert



Presenter – Revolutionize Your Brand
Tom Asacker
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Communications



Bob Neil
President/CEO
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NAB Radio Show Super Session – What Women Want: 5 Steps to Better Ratings

John Parikh
CEO, Joint
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Laura Ivey
Manager, National Radio
Sales, Arbitron

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sweepstakes, billboards and sponsored e-mail messages delivered to PDAs and cell phones. The deal is expected to close in August, terms were not disclosed. Winstar recently declared bankruptcy (*RBR* 4/23, p.16) and is currently suing Lucent Technologies, which it says defaulted on contractual obligations.

"The team at Winstar Interactive Media has built a solid reputation throughout the industry for effectively representing a select portfolio of web properties with strong brand recognition and significant traffic," says **Adam Guild**, Interep Interactive CEO. "As we move into an era of cross media selling, WIMS's roster of quality web properties and on-line marketing expertise offer the perfect complement to Interep's strong radio focus. Together, we can lead the industry in the convergence of media sales."

Based in New York, WIMS will operate as an independent subsidiary of Interep Interactive. **John Durham**, an SVP at Winstar, will become President of Winstar Interactive. WIMS will retain its current staff of 18, based in NY, San Francisco, Seattle, Atlanta, Austin, LA, Dallas and Chicago.

WIMS currently handles ad sales, creates sponsorship and content syndication packages and facilitates business partnership programs for 18 web publishers including Fodors.com, uBid, Kiplinger.com, Entrepreneur.com and Office.com.

Interep Interactive also has a majority interest in Cybereps, an online rep firm specializing in streaming media sales for content providers such as MP3.com, eMarketer, Brand Era, Nua, marketing.sherpa.com, adsGuide, and AutoWorld.com.

WIMS will be kept separate from Cybereps. "WIMS, Cybereps and Perfect Circle Media will all be run independent of one another. We're using a like model to Interep, having their independent rep companies underneath the Interep umbrella," Guild tells *RBR*. "This helps us compete better inside of the agencies and also in terms of getting higher-profile clients to sell. This acqui-

sition punctuates our dominance in the site-specific sales arena."

Winstar has also looking to sell its Global Media radio ad sales division (*RBR.com* 4/27), which is part of its Winstar Radio Network.

Liddy, Don & Mike on the move in DC

If Clear Channel's (N:CCU) expansion of The Premiere Traffic Network (*RBR* 7/9, p.4) has sparked a feud between CCU and Viacom (N:VIA)/Infinity to wean themselves off each other's network programming, it looks like **G. Gordon Liddy** may be an exception. After The Washington Post broke the story (7/21) that Liddy was fired from his nine year flagship run at WJFK-FM Washington (Infinity), we asked if he indeed may move over to CCU's new DC talker, WTNT-AM. Says WTNT-AM GM **Jim Weiskopf**: "Love to have Liddy. [However], I have not heard that Liddy's even been talked to. Liddy is a star in this town. We would love to have him here."

Despite good ratings, the Post says the decision to can Liddy was based on his conservative-leaning show not fitting the mix at JFK, running between the sex talk and man-jinx of Infinity/Westwood's **Howard Stern** and **Don & Mike**. Liddy's ratings were also lower. WJFK-FM ratings are now up one full share, a 5.3 P12+, in the latest book—just below second place in the market. Liddy opened the show 7/23 with no comments about the firing; listener calls asking about it were not sent through.

The changes at JFK are not just about Liddy: Infinity sources say that ratings champs Don & Mike will move to middays, replacing Liddy, and Infinity/Westwood One's latest nationwide clearance act Opie & Anthony would get afternoons. Don & Mike will also air live at Infinity's WNEW-FM NY, occupying the

Arbitron adds three to Spring 2001

Three markets made their debut in the Arbitron Spring survey, bringing the total to 286. In other developments, the Bangor, ME market, catapulted all the way from #274 to #209, more than doubling its 12+ population, which went from 71,900 to 151,400. So are they making like bunnies in Bangor? Not hardly—Arbitron simply redefined the market.

And now, ladies and gentlemen, we are pleased to introduce: #163 Fredericksburg VA. This becomes the nation's smallest continuously-measured market. It's roughly 40 miles south of Washington, and its northernmost county, Stafford, is measured in both the Fredericksburg and Washington books. 12+ population is 221,300. The Mid-Atlantic Network is active in the market, and the The Free Lance-Star Publishing Co. just added a second FM.

#239 Meadville-Franklin PA. Located in the northwest corner of the state, about 35 miles south of Erie and perhaps 40 miles northeast of Youngstown OH. This is a fairly far-flung market in its own right—Franklin is more than 20 miles away from Meadville. A superduopoly operator, like Forever Broadcasting, which wants to travel from its Meadville station to its Franklin station has its choice driving a car down Route 322 or hopping on a raft and floating down French Creek. 12+ population is 121,800.

#254 Eureka CA. This little market, tucked onto the northern coast of California with a 12+ population of 105,300, truly represents new territory for Arbitron—Redding is not quite a hundred miles inland, and San Francisco is well over 200 miles south. Bicoastal Media is entrenched with a superduop.—DS

slot of recently departed (for the second time!) Leslie Gold. If that happens, will the time change cost Don & Mike other affiliates who won't want to run tape-delayed shows? And might they also pick up some of the big market stations where Infinity has been placing **Opie & Anthony**?—CM

Sales superstars: Uncle Emmis wants you

Emmis Communications (O:EMMS) is responding to the weak economy by increasing its sales force. The multimedia company has formed the Emmis Sales Assault Plan, which is a company-wide effort to identify and hire top salespeople for its radio, television and magazine properties.

Sales managers are being in-

structed on interviewing and candidate screening skills, employees are being offered bonuses for successful referrals, and training and incentives programs are being bumped up.

CEO **Jeff Smulyan** said, "We hope to add 100 proven sales leaders to our team in the next few months. As other companies in the industry wait to see what the economy is going to do, we are pushing forward, building a sales force that will not just get us through the downturn, but one that will help us grow and gear up for the competitive marketplace of the 21st century"—DS

Fox gets Chris-Craft OK

The FCC has given its blessing to waivers that will allow News Corp. (N:NWS) to acquire the Chris-Craft Industries (N:CCN) TV sta-

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tion group. The vote was 3-2, with both Commission Democrats, **Gloria Tristani** and **Michael Copps**, voting no.

The \$5.35B acquisition of 10 stations will put News Corp. well over the 35% national audience cap for its Fox O&O station. The waivers granted by the FCC's three Republican members will allow News Corp. to ignore that limit until the federal courts rule on a lawsuit by the big networks which seeks to have the 35% cap declared unconstitutional. News Corp. also received a two-year waiver of the broadcast-newspaper crossownership rule for the New York market, where it will add a second TV station to its existing newspaper-TV combo. The earliest divestiture deadline in any of the waivers is six months for News Corp. to divest one of two TV stations in Salt Lake City, because both its current station and the one being acquired from Chris-Craft are among the market's top four stations.

Tristani blasted the Commission majority for approving the deal. "The decision finds that the newly-merged Fox/Chris-Craft will violate the Communications Act and the FCC's rules, and the decision

Radio News[®]



Kathleen Abernathy

identifies no offsetting benefits. Yet the majority deems this transaction to be in the public interest and proceeds to grant waivers of our most significant television ownership rules so that Fox can close its transaction," she complained.

"Some of the waivers at issue here are close calls, and, were they backed by a showing of public interest, I might be able to support their grant," wrote Copps. "The record of this proceeding, however, is deafeningly silent when it comes to laying out the

benefits to the American people of this proposed transaction."

In her first statement on an FCC action, new Commissioner **Kathleen Abernathy** (R) wrote that, "Today's item does enforce our rules, while also balancing the business needs of the parties to have an orderly transition for the new company. In this regard, I believe the size and scope of today's marketplace demands the flexibility afforded by temporary waivers of our rules that allows companies a grace period to come into compliance post-closing."

Chairman **Michael Powell** (R) stated that temporary waivers were nothing new and chastised the Democratic minority for mischaracterizing the action as somehow constituting "permanent waivers of the Commission's rules." That phrase, however, does not appear in the statements by either Tristani or Copps.—JM

RBR observation: The battle lines appear to be drawn. The FCC split along strict party lines,

with the Republicans winning with a majority of one in favor of less regulation. Over at the Senate Commerce Committee, where the Democrats hold a majority of one, this deal could have fared quite differently were it the Committee's job to approve such things. However, to all indications Chairman **Ernest Hollings** (D-SC) will not be able to keep all of his Democratic colleagues in strict lock-step on FCC matters.—DS

AOL launching 50-format online music service

AOL/Time Warner (N:AOL) announced 7/23 it is launching a 50-format music service, "Radio@AOL," to be included with the new AOL version 7.0, launching this Fall. The move marks the first major decision by the company since it named BMG Entertainment exec **Kevin Conroy** the CEO of AOL Music. Conroy

Continued on page 15

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WEISSBACH

Arbitron to enhance the RADAR network audience measurement service

By David Lapovsky

David Lapovsky is Executive Vice President, Worldwide Research, Arbitron Inc. & General Manager, RADAR



On July 2, Arbitron (N:ARB) announced its purchase of the RADAR network ratings service from Statistical Research Inc. (SRI). The strategic fit is clear: RADAR is the "gold standard" for network radio ratings, while Arbitron is the premiere provider of local market radio ratings. The combination of the two services will benefit all involved in the selling and buying of network radio.

Arbitron has long believed that the measurement of network radio audiences is a logical next step for us, given that we already collect radio listening in 286 markets nationwide.

It is no secret that we tried in the past to launch our own network ratings service. However, we were unable to do so because of the huge cost of building, from scratch, a high-quality system to process commercial clearances and to produce estimates of the audience to those commercials.

By combining RADAR's commercial clearance expertise and systems with our vast diary collection system, we intend to bring greater utility and flexibility to network radio ratings.

Today, RADAR's network radio audience information is collected through a seven-day telephone recall survey of 12,000

respondents. These data are merged with more than three million commercial clearances (records from stations indicating the time a commercial aired). This unique combination of listening and commercial clearance data allows RADAR to estimate the audience for specific network programs and commercials.

Given the high regard for RADAR's network audience measurement, there is some understandable nervousness about potential changes to the service as a result of Arbitron's ownership. For the immediate future, there will be no changes to the RADAR service. All methods, procedures, reports and deliverables will be as they were prior to the change in ownership.

In time, we plan to increase the RADAR sample size to gradually make the service even better than it is today. Over the years, we have heard that the utility of the RADAR service has been restricted by the size of its sample. Yet, any meaningful increase beyond the current 12,000 annual sample would have been cost prohibitive.

By tapping into Arbitron's existing 1.3 million diaries a year, we can increase sample size significantly without having to collect any additional listening information.

As a first step, as soon as practical in 2002, we will increase the size of the RADAR sample to a minimum of 36,000. That is *triple* the current RADAR sample size.

The significantly larger sample size, coupled with the industry-standard commercial clearance tracking system, will have three immediate benefits to the network radio business:

- First, it will immediately increase the reliability of network audience estimates by geography, ethnicity and demographic group.
- Second, all listening data, whether for network, national spot or local market, will be derived from the same source.
- Third, it will offer the opportunity for more networks to be measured in the RADAR service, providing credible measurement for an even larger segment of the network radio business.

Of course, as we make the transition from telephone-based measurement to diary-based measurement, we will keep

our customers informed every step of the way by making available comparisons of diary- and telephone-based network audience estimates.

Over time, we expect to increase the sample size in RADAR even further. And beyond the increases in sample size, we plan to begin integrating our RADAR and Nationwide software platforms to make it easier to plan, buy and sell network radio.

The 21 employees who produced and serviced RADAR for SRI have become Arbitron employees and will continue to work out of SRI's Westfield, NJ, office. In addition, Arbitron's national radio team—**Bruce Supovitz, Mike Powderly** and **Alan Tobkes**—will be servicing the needs of the networks as they have been for Arbitron's other services.

Most importantly, **Miriam Murphy**, who has been with RADAR for 20 years, will continue to lead RADAR marketing and customer support efforts for Arbitron, while **Michael Klein** will continue to oversee the RADAR operations for Arbitron. In addition, **Gale Metzger** and Dr. **Gerry Glasser**, principals of SRI and the founders of the RADAR service, have agreed to advise us during this transition period.

Network radio has grown rapidly, as is reflected in RADAR growth. In 1998, there were 15 RADAR-rated networks. With the announcement this week from Westwood One of the addition of two more networks, we will be reporting 31 networks in RADAR 70 (Summer 2001). That's more than double the number of networks in three years.

Arbitron has always been known as a strong advocate for radio in general and our customers in particular. Now that we are in the business of providing the currency on which the network radio business is based, we are committed to bringing that same strong support and advocacy to the dynamic world of network radio. We look forward to continuing to work with the network radio community as we move forward together.

RBR's extensive coverage of Arbitron's acquisition of RADAR appeared in the 7/9 issue. Lapovsky is, in part, responding to questions raised by network executives and ad buyers in that issue.

Audio routing and control: new products, new advancements

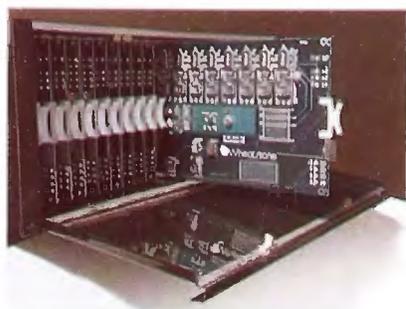
Analog or digital; analog and digital: audio routers have essentially been the central nervous system of the radio station, providing connections and switching upon demand between studios and equipment. However, many improvements have been made in the way of wiring and computer command/control. Routers that used to be based on a circus of wires now utilize minimal, efficient CAT-5 wiring; Internet Protocol (IP) software and Ethernet for control; and fiber optics for simultaneous signal relay of multiple sources/channels.

Everything can and should be linked to a router—consoles, production and on-air automation systems, satellite receivers, EAS gear, cart machines, mics, etc. Analog audio routers are commonly referred to as “crosspoint” routers—there is a switch for each audio input signal to connect to each audio output. The traditional router—digital, analog, video or audio—is basically a fairly large box (usually larger than two standard rack-space units) or a couple of boxes connected together to handle a larger operation. Most routers found in radio stations today are at least 32 or 64 channels, or larger as the clusters approach FCC limits.

Inside the router is a card cage, a rack-mount box with vertical slots. These slots are filled with input or output module cards that easily slide in. In earlier, and some current routers, those cards can be 8” to 10” high with typically 16 channels each. If the operation needs 16 more, another card is slid into the next slot, and so on.

The audio and control wires are ultimately connected to the cards. Most routers will be wired to connector blocks mounted on a wall for “cross-connect” to source and destination equipment and controllers. If it’s an input card, it is typically sourced

from a control room or studio. Multiple wires will plug in to these cards from locations all over the station, limited only by the number of channels available on each card. For outputs that need to go to different places in the plant, there is either another card cage designated as an output cage or if the router is flexible enough, output modules can plug right in next to the input modules. Wires are run out of those output



Wheatstone's Bridge 2001 router cage

cards to designated equipment. The cards are controlled by a router controller, or frame controller, which is typically another rack-mounted device next to the routing cages. The master controllers are connected to the cards and send commands to them for the equipment they represent. Remote control panels are often located at operator positions throughout the facility. A wide variety of control panels are available, some rack-mounted and some integrated right into the audio consoles. Control panels are offered in four basic options: dial-up (a rotary knob with a digital shaft encoder), keypad (similar to pushbutton phone-type), pushbutton panel and soft panel (a graphical interface on a computer screen). “If you do a dial-up or keypad, you dial to find your source with a sheet that has codes on it that says ‘1 XYZ= the video tape machine or the CD player.’ It’s a tele-

phone-style keypad and you’ll enter in a code to get the source you want,” explains Klotz Digital Managing Director **Ray Esparolini**. “Or, you can use a pushbutton panel that has just a row of buttons that have predetermined routings on them. But when you have the pushbutton panel, you’re kind of limited to how many things you can have. When you have dials, that’s OK if you only have 100-150 sources. But if you have, say, 2,000 sources, dialing through that can be a little crazy. With the keypad method (more often found in TV than radio), you can quickly go to a directory and look up all the video tape machines. ‘Oh, this is the 6000 code and I want machine 12’ And so you type ‘6000 YZ 12’ in, hit the ‘take’ button, and now you have the audio from that device. This is the part that radio guys haven’t really thought about, because when you had an AM, an FM and a couple of control rooms in a plant, you might have 200 sources. But when you have 4 AMs, 3 FM’s and some network headend feed and streaming to the web, now you’ve got like 2,000 sources.”

While Klotz’s Vadis platform product uses router technology, the control panels are replaced with a soft panel-type computer screen interface. In fact, the Vadis system requires a lot of replacements in the typical station plant: “Back in the late 80s Klotz Digital created a thing called Oak Link. It was a router, but it didn’t do anything more than the analog routers did, which is pretty much what everybody else’s router is today. However, during that period, we learned about fiber optics, synchronization, TDM—time division multiplex technology, etc. And then we took that knowledge

and we created Vadis,” says Esparolini. “Just from the routing feature only, when we designed Oak Link, we copied an analog router to make a digital one. The routing feature alone in Vadis, eliminates all of the wire it possibly can. What they did is take one of those big router boxes with all of the cards and the controller and chopped it up. They made a small card cage—only four rack units. They would take a ‘chunk’ of a router that needed to be over in this part of the building and put it there. And they took the next chunk, or box, and put it in another building. By connecting them with fiber, all of those boxes connected like they were in the same room, just like an old-fashioned router. So we ran one little fiber to each room and you’ve eliminated about 98% of the plant wiring. Then we developed the Vadis control software and we used LAN technology (Ethernet) to make the connection to the master routing cage.”

New designs, technologies

Indeed, the latest router designs incorporate fiber optics for linking sources. The newest routers now talk to the host controller over IP. They can be remotely administered or administered through a market cluster or group’s in-house network. Today’s mixed signal routers must handle both analog and digital inputs with seamless interconnection between both types of signals. “Digital signals of various sample rates must also be handled via high quality sample rate conversion at each input,” says **Phil Owens**, Sales Engineer, Wheatstone. “Advancements in single chip sample rate converters using oversampling technology have made high-fidelity bitrate conversion possible. New software

By Carl Marcucci

Engineered For Profit

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I N C O M I N G

If the migration to digital is in your future, then this is the route to take. Introducing the large size, big performance analog router that also speaks fluent digital, the SAS64000 Audio Routing System.

The SAS64000 is a true hybrid that allows you to scale the number of analog and digital ports as needed, now and in the future. Best of all, the SAS64000 creates a path to AES/EBU digital audio without creating analog obsolescence.

This means you can mix your analog and digital I/O in the same router frame. Go direct analog to analog, or digital to digital. Mix it up with automatic 24-bit conversion analog to digital and vice versa.

Either way, this unique architecture sports uninterrupted signal integrity and non-blocking flexibility.



analog and/or digital input

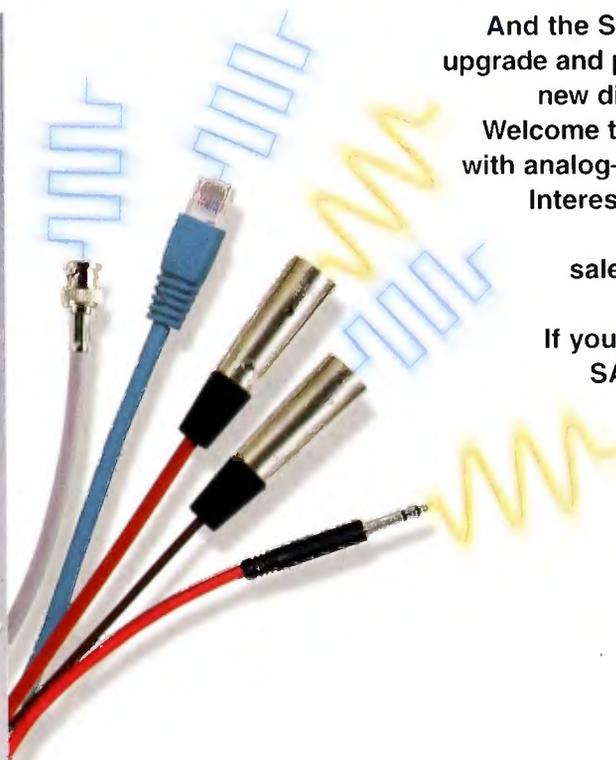
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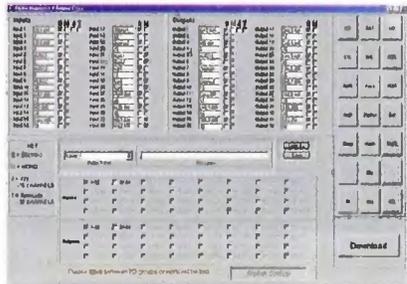


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applications have made the user interface much easier to set up and maintain."

More and more, as Esparolini says, Ethernet is being used as the communications platform for control and command. Routers are now being designed similarly to Local Area Networks (LANs) in the computer realm. "Some of the more recent routers are starting to use a little bit of Ethernet. A CAT-5 cable can be used for both the RS-422, RS-485 RS-232 and LAN Ethernet protocols. What you do over the CAT-5 makes all the difference in the world," Esparolini explains. "You need to be able to transmit the signal a longer length. Now radio guys are starting to discover their plants are really big and realize that 'just making what I have bigger' is not the way to go."



A soft panel display from BE's OZ router

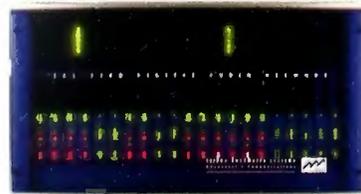
Sierra Automated Systems (SAS) routers use both hardware and software controls. The software can be used for either automated, unattended operation or for manual control from a computer. The 32KD is the company's newest—a digital router with both analog and digital inputs and outputs. It performs switching, mixing, DSP (digital signal processing), IFB (Interruptible Fold Back—when the producer or talent are talking to the remote location off-air) and mix-minus functions. Because it uses fiber optic interfaces, multiple mainframes can be linked together, offering big-time flexibility while saving a ton of wiring and installation labor. The 32KD offers control via Ethernet and serial RS-485/RS-232 ports. Multiple serial ports provide isolation of individual control runs. This elimi-

nates the single point failure of one bus which is connected to many control panels in a "party line" fashion. SAS soft panel remote control software is included with all systems. "This router also has mixing and level control capabilities, as well as DSP signal processing, so the 32KD will be the digital engine for a number of control surfaces—such as Telos' SmartSurface, which is a bit similar to Klotz's [Vadis DC II control surface in functionality]. One of the outstanding features of the 32KD is the ability to expand to thousands of inputs and outputs—the frames interconnect via fiber optic lines," says **Mike Uhl**, SAS Director of Sales.

SAS also builds three other product lines. The 16000 & 16000D—small, integrated (not modular) systems for either analog or digital use, with a capacity of 32x32 channels. It offers a built-in XY controller (normally, each output has its own associated control panel, controlling one output at a time. With an XY panel, the user has access to all of the outputs to change any of the inputs for any of the outputs) and uses the same control software and hardware panels of its larger systems, beginning with the 32000. "This is our original product, single frame systems of 32x16 stereo, multiple frame systems for larger applications. The 32000 also does mixing and level control, so this product doubles as an intercom and mix-minus system," Uhl explains. "And the 64000—our top of the line with capacity of 256x256, handles both analog and digital in the same frame, with format conversion when necessary (analog stays analog, digital stays digital, unless you want to go from one to the other)."

SAS's control panels include

the rotary CDS-8 for entry-level options. It comes in console or rack-mount configurations. A built in LCD display shows current and standby use. Four will fit in a 19" single rack unit. The console-mounted CPI-80 and its rack mount version, the ANC-8, both have a large single LED



SAS's 32KD

display. SAS's top of the line panel is the APC-88, which is a CPI-80 with eight hot switches that the CE programs. This is a good panel for an on-air environment where the operator would have to go from traffic to news quickly, for example.

Broadcast Electronics' (BE) OZ Audio Router uses a switching design developed by Lighthouse engineers to accommodate a denser switching matrix than conventional crosspoint switchers. The system uses soft



SAS's 16000D

panels for control (see screen shot). "Complicated motherboard architecture and crosspoint modules are not needed in OZ. The OZ switcher utilizes Time Division Multiplex circuitry to route up to 1024X1024 channels. Virtually any type of audio signal in any combination of throughput can be accommodated," says BE VP/Studio Systems **Ray Miklius**. "Speed and control are king. Where router technology has

benefited is through higher speed and better chip sets to allow routers of this type to grow to a much larger size. With Navigator Control and configuration software you can configure and control your entire router from the software domain from anywhere and not have to spend big money on lots of expensive hardware control panels."

Some other advantages of the OZ Router are quiet fiber optic inputs/outputs, satellite I/O that can move inputs and outputs to distant locations and "quick mix" audio switching.

Wheatstone's new Bridge 2001 digital audio network router was introduced at NAB2001 in Vegas. It features bi-directional fiber optic or CAT-5 connectivity, especially useful when communicating with Wheatstone's D Series digital consoles. Its cages can also be separated by great distances with many studios connected to a central rack room. "The Wheatstone Audio Network Router is an expandable, linkable switcher which handles both analog and digital audio inputs and outputs, in individual four-rack unit cages, each capable of 320 channels of I/O, which can be linked via either a fiber optic or CAT-5 interconnect to form a distributed system as large as 2048x2048. Multiple tier systems (systems containing more than one main controller cage) can be created for even larger configurations," says Owens. "The power in this system lies in the fact that satellite router cages can be located wherever there is a need for system I/O. In previous router architectures audio sources had to be run through audio cable to a central cage location. The satellite cage system changes that, allowing studios to interconnect with the audio network via a single fiber interconnect."

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

Bob Moore,
GM, Infinity's KLSX-FM Los Angeles



Rich Homberg,
GM, Infinity's WWJ-AM, WXYT-AM Detroit



Have you come up with any new approaches for auto advertisers, since that category seems to be hurting the most this year?

Moore Technically, we've done two things. We've 1.) Emphasized to them how important it is for them to advertise in a time like this. Everything in radio moves in cycles. So we're actually going back to what they used to do in the 50s and try and create some events by taking a couple of our shows, doing them live there and taking a bunch of our vehicles—we have a lot of wrapped vehicles. 2.) We have a show called "The Speed Freaks," which has got four-five people and is based on automotive racing and all of the events that happen in automotive. So we try and take that out there and get some guests and do a live show and really bring a presentation beyond just a remote or doing call-ins. We try and make it a bigger than life event and give somebody an actual reason to come to it.

GM Talkback

By Carl Marcucci

The other thing that we're doing right now is these million-dollar giveaways. In fact, we're doing our first one with a car dealership in August. You know, the insurance policy thing you buy for like \$21K that gives you \$1M over so many years like an equity. What we've done is where you register to win that at a car dealership.

Again, none of our ideas are unique, they're just kind of re-hashing ideas that have been done for years and years in radio, but have kind of changed from just a spot to just a personal appearance, just call-ins or a live remote. We're trying to add elements to it that make it unique and different.

The good thing about car dealerships—I think they understand the advertising business better than any marketer because they start paying for those cars if they sit there too long, so they are very motivated to move the cars. So they are much more open to try things. We even did something as crazy as one of our dealers had "Your Strangest Trade-in." It's a wide-open trade-in weekend. This was for Memorial Day that just happened. What we did was say the craziest/zaniest trade-in will get you a pair of tickets to Madonna and a limo. So we're trying to entice people by doing things differently.

We went after one of the big eight car dealers and the guy said, "I've tried radio in the past, I haven't always been successful, but I understand one thing—I need you now more than I've ever needed you. I need somebody to move product."

Homberg About a year ago, we started a new publication called "Auto Beat Daily." And you can reach it at (www.autobeatdaily.com). It's a daily newsletter to the automotive industry. A joint venture with a local publisher, the former Bureau Chief for Business Week, a guy by the name of **Nell Hampton**. It is effectively the *RBR* or the *M Street Journal* of the car business. It's an executive daily news briefing, three pages of tightly edited information. The company told me they'd let me launch it if I could launch it in the black. That was the only test—the day we launched it, we were making money. Today, we have 50,000 daily readers. Anybody who reads *RBR* who would like a complimentary trial subscription, just go to the website. We wrote it for automotive manufacturing executives and dealers have tended to really like it a lot.

What it's done is now, in the case of the station's clients, we've become a daily conduit for information. I can tell you that daily, the head of the Detroit auto dealers reads it, as well as many of the top lieutenants.

What new types of advertisers have you been approaching this year and what success have you had?

Moore Actually, we've had a lot of success with health products, from something as bizarre as a natural colon cleanser. Which doesn't sound that appetizing, but it's a product that has probably spent a couple hundred thousand dollars with us. Not only the diet products, which are always around, but really going toward more to the herbs, natural health products, vitamins, these kinds of things. That's been a big category for us this year because there's been a lot of marketing now that pharmaceuticals are starting to advertise and people see the value of that. While I won't tell you that we've had a home run getting Pfizer and people like that to advertise, we have on the alternative medicine side found ourselves a pretty good niche.

Homberg Business to Business (B2B) is hot. To put it mildly, every day we rediscover the power of All-News radio and what it does in the business community. That's what we really concentrate on. Today, we've got an alliance with *The Wall Street Journal*, we've got a full-time automotive commentator, we've got the Auto Beat Daily business, we have a guy that we share with at a local TV station. We just do a ton of that stuff, and we are about to announce another project. It's a combination of database marketing and radio spots. In the end, B2B has been our salvation and we're still rediscovering those categories.

How did you get into radio?

Moore I grew up in Oshkosh, WI. I graduated from college, didn't have a clue what I was going to do in life. My former next door neighbor was the GM of one of the radio stations in Oshkosh and I ran into him and he asked me what I was going to do and I said I had just graduated and didn't have a clue but I have a degree in business. He said why don't you get into radio? Basically they interviewed me as a typical radio interview—about four minutes—and said, "Yeah, you can do this." They handed me a bunch of RAB fact books and said come back, you'll be a salesman. And that was it. It was totally blind luck.

Homberg I wanted to work in TV, at first I wanted to be a film maker, then I was certain that I wanted to work in the TV business. And then I got "stuck" in a radio internship at what's now WPHT-AM in Philadelphia. I fell in love with the business and really, basically never looked back. It's the best business in the world. What other business can you have the kind of access, interest, fun and entertainment and competitive spirit that you can have in this business?

SSB: Time to buy bargain stocks

Depressed stock prices make this an attractive time to buy radiostocks, according to analyst **Niraj Gupta** at Salomon Smith Barney. He writes that investors appear to have over-reacted to Q2 reports and lowered expectations for media giants AOL Time Warner (N:AOL) and Viacom (N:VIA). "This has created, in our view, an attractive entry point into several names," Gupta says. "We acknowledge visibility remains poor, but note that ad-supported stocks tend to trade well, six months in advance of improved operating performance in a recovery."

At the same time, Gupta has revised his outlook for radio's financial performance. Rather than finishing 2001 flat, he's now looking for a 3% decline.

Media Markets & Money™

by Jack Messmer

Saga right on target

As the first radio group owner to report in the Q2 earnings cycle, **Ed Christian** delivered exactly what he's promised Wall Street—and a bit more than analysts had expected. Net revenues for Saga Communications (A:SGA) were up 7% to \$28M and broadcast cash flow rose 1.5% to \$10.8M. After-tax cash flow slipped a penny per share to 35 cents, but easily beat the Thompson/First Call consensus of 32 cents.

On a same station basis, Saga said net revenues were up 0.3% and BCF gained 0.4%.

Repeatedly throughout his Wall Street conference call, Chris-



Ed Christian

tian heaped praise on Saga's radio station General Managers and General Sales Managers for

their efforts. He noted that Saga managed to post gains in national spot revenues, while a Katz memo he quoted showed most large markets down double digits this year.

"We have tried to rise above that," Christian said. "That comes from retaining your people and training them and working with them to try and do it—and also working very closely with your reps."

Looking to the remainder of 2001, Christian and CFO **Sam Bush** are sticking with their guidance that revenues should total \$106.6M and BCF \$41.1M.

RBR observation: Radio is now two-for-two in beating The Street's expectations. Emmis (O:EMMS), with its off-beat fiscal calendar, did it a few weeks ago (*RBR* 7/2, p. 12). Now Saga. Who else can step up to the plate and hit one out of the park?

Viacom reports record results

Multimedia conglomerate Viacom (N:VIA) enjoyed very strong Q2 results (encompassing the period ending 6/30). Led by double digit gains for its cable, television and entertainment operations, the company had a 33% gain in pro forma cash flow, up to \$936M. Revenues were up 18% over Q2 2000, with \$5.72B topping last year's \$4.85B. EBITDA surged ahead tremendously, going from \$273M all the way to \$1.36B (although the company had merger-related charges of \$698M during this period last year). Free cash flow was up 534%, and after-tax cash flow was up 211%. Net earnings were \$17M (\$.01 per share).

If Viacom was relying solely on its Infinity radio/billboard holdings, the report would not be quite so rosy. Its EBITDA of \$436M was a 5% decrease from last year, and its pro forma revenues of \$985M represented a

Millennium Radio Group, LLC

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4% loss. However, the difficulties this year in the radio business, and in particular the tough-comps problems posed by last year's boom, then collapse in dot-com advertising are well-documented. So despite the red ink, by keeping its losses to a minimum, Infinity is actually increasing its piece of the pie as other radio operators have experienced steeper declines.

Said President & CEO **Mel Karmazin**, "Viacom's second quarter results exceeded expectations in a very difficult operating environment and we continued to outperform the competition and pick up market share in every major segment." He added, "In the first half of 2001, Viacom generated more free cash flow than any media company in the world. This is a significant advantage in any environment, that, along with our leadership positions and unyielding operational discipline, positions us to deliver consistent returns for our stockholders."—DS

Ackerley lowers expectations

Saying that no end to the advertising recession is yet in sight, The Ackerley Group (N:AK) told Wall Street to expect EBITDA of \$26-27 for this year, rather than \$35M. For Q2, Ackerley reported net revenues down 7.5% to \$55.5M and EBITDA down 54.6% to \$6.4M. The company also announced plans for another round



Chris Ackerley

of job cuts and reductions in management compensation.

Although the company has been listening to offers for its Seattle radio stations, Co-President **Chris Ackerley** reported

that all inquiries thus far have been inadequate. Ackerley's radio revenues were down 24% to \$5.7M for Q2 and cash flow dropped 76.9% to \$600K.

Z combo shoots to Moon

Abel de Luna's Moon Broadcasting is moving into its biggest market yet with a \$4.5M deal to buy KSQR-AM & KZSA-FM Sacramento-Placerville, CA. The seller is The Z-Spanish II

Trust, managed by trustee **Mark Inglis**, which was one of two trusts set up for stations which the DOJ's Antitrust Division barred Entravision (N:EVC) from acquiring in its group buy of Z-Spanish Media.

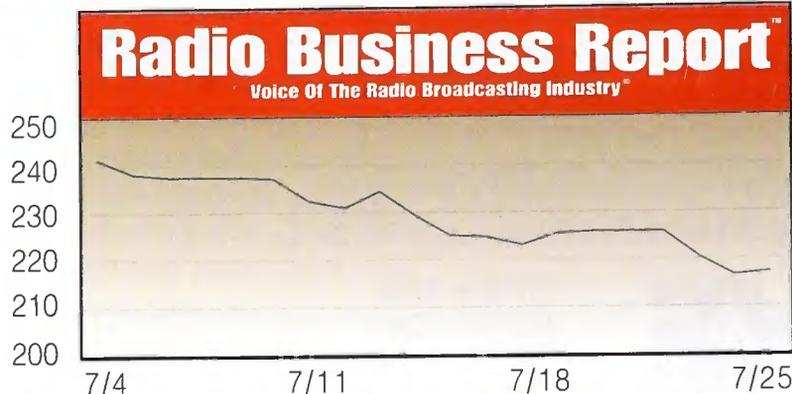
Moon began LMAing the Sacramento combo 7/15 and will close on the purchase for \$1M cash and a \$3.5M note. With this sale, it appears that the only station inventory that trustee Inglis has left to sell is KLOC-AM Modesto, CA.

CCU strikes in Arkansas

Clear Channel Communications (N:CCU) is expanding its Jonesboro, AR duopoly into a five-station superduopoly. It's buying KNEA-AM & KKEY-FM from Pollack Broadcasting for \$2.05M. The FM, while currently a 6kw Class A, has a CP to upgrade to Class C2 with 50kw of power. **Broker:** Kalil & Co

The Radio Index™

Wall Street isn't sure which way to go. Is the recovery near or not? The Radio Index™ slipped 5.835 for the week to close 7/25 at 217.348.



CLEAR CHANNEL COMMUNICATIONS

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Transaction Digest®

by Dave Seyler & Jack Messmer

The deals listed below were taken from recent FCC filings.

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

\$110,000,000 WKXW-FM Middlesex-Somerset-Union (Trenton NJ), WBUD-AM Trenton NJ & WBSS-FM Atlantic City-Cape May (Millville NJ) from Press Communications LLC (Robert McAllan, Mark D. Lass, Richard T. Morena et al) to Millennium Radio Group LLC, a subsidiary of Mercury Capital GP LP (Charles W. Banta et al); Capital Radio Holdings LLC; Astron Services Inc.; and Peter S. Handy. \$10.1M escrow, balance in cash at closing. **Superduopoly** in Atlantic city between WBSS-FM and WFPG AM & FM, WPUR-FM and WKOE-FM. **Broker:** Kalil & Co. (seller). Peter Handy, Star Media Group (buyer).

\$90,000,000 WOMB AM & FM, WADB-AM/WJLK-FM, WBBO-FM Monmouth-Ocean (Lakewood Twp/Toms River, Asbury Park, Ocean Acres, all NJ) from Nassau Broadcasting II LLC, a subsidiary of Nassau Broadcasting Partners (Louis F. Mercatanti Jr. et al) to Millennium Shore License Holdco LLC, a subsidiary of Millennium Radio Group LLC (Charles W. Banta et al). Purchase price is an estimate. \$20M escrow. Total price will be 14 times the adjusted broadcast cash flow of the stations for the twelve months ending on the last day of the month preceding the month of closing, but under no circumstances shall the price be more than \$99,561,000 or less than \$81,459,000. Existing **superduopoly**. Additional overlap with WCHR-FM CP is possible: Millennium has purchased Nassau's option to acquire it from Manahawkin Communications Corp. **Brokers:** Peter Handy, Star Media Group (buyer). Salomon Smith Barney (Nassau).

\$20,000,000 WJBW-FM West Palm Beach (Jupiter FL) from FM Radio Acquisition LLC (Mitchell Rubenstein et al) to Infinity Radio Inc., a subsidiary of Viacom (N:VIA) (Mel Karmazin et al). Cash. **Superduopoly** with WIRK-FM, WEAT-FM, WPBZ-FM, WMBX-FM.

\$13,000,000 WCHR-FM CP Monmouth-Ocean (Manahawkin NJ) from Seashore Broadcasting Corp., a subsidiary of Nassau

Broadcasting Partners (Louis F. Mercatanti Jr. et al) to Millennium Shore License Holdco LLC, a subsidiary of Millennium Radio Group LLC (Charles W. Banta et al). Millennium is purchasing Nassau's option to acquire station for \$1M. Total price of the station will be \$13M less the \$1M already paid to WCHR-FM licensee Manahawkin Communications Corp. If Millennium exercises this option, it will form a **superduopoly** with WJLK-FM/WBBO-FM/WADB-AM/WOBM AM & FM, which it is concurrently acquiring from Nassau. **Brokers:** Peter Handy, Star Media Group (buyer). Salomon Smith Barney (Nassau).

\$6,940,000 KSZZ-AM Riverside-San Bernardino (San Bernardino) from LCG Holdings LLC, a subsidiary of Entravision (N:EVC) (Walter F. Ulloa et al) to SCA License Corp. (Stuart Epperson, Ed Atsinger), a subsidiary of Salem Communications (O:SALM). **Duopoly** with KEZY-AM, which is nonetheless being sold concurrently to Hi-Favor Broadcasting. \$350K escrow, balance in cash at closing.

\$6,921,000 FM CP (105.3 MHz) Milwaukee (Mukwonago WI) from Outlook Communications Inc. (Thomas Gilligan) to Caron Broadcasting Inc. (Stuart Epperson, Ed Atsinger), a subsidiary of Salem Communications (O:SALM). \$3.71M for CP, \$421K to reimburse FCC for seller's auction bidding credit, \$2.79M to induce Waters Broadcasting Corp. to downgrade WCXT-FM Hart MI (also 105.3 MHz) from C1 100kw to C2 50kw., enabling buyer to build this station much closer to downtown Milwaukee. **Broker:** Questcom (seller).

\$4,500,000 KZSA-FM & KSQR-AM Sacramento (Placerville/Sacramento) from The Z-Spanish II Trust, Mark Inglis, Trustee to Moon Broadcasting Sacramento LLC, a subsidiary of Moon Broadcasting LLC (Abel de Luna & family). \$100K escrow, \$1M less escrow cash at closing, \$3.5M note. LMA since 7/15.

Continued from page 6

also oversees AOL's 120-format player Spinner.com and Internet music player Winamp.

AOL also launched the "AOL Artist Discovery Network" 7/23, which will imitate MP3.com in helping established and upcoming artists get a place on the web. It will provide interaction with listeners and downloadable music samples from a variety of labels.

AOL is also partnered with online subscription service MusicNet, which MusicNet will charge a monthly fee to access music from member labels. It launches later this Summer.—CM

Illinois non-compete ban vetoed

Gov. **George Ryan** (R-IL) has vetoed a bill which would have made non-compete provisions illegal for contracts with radio and TV employees in Illinois. The bill easily passed the state legislature, but Ryan sent it back Friday (7/20) with a veto statement. He charged that backers of the bill were "attempting to direct the outcome of independent broadcast industry contract negotiations."—JM

Demo of choice is less chosen

For the first time in recent memory, national advertising flights specifically aimed at the 25-54 age bracket dipped under 50%. According to a new Interep (O:IREP) study, 25-54 campaigns conducted in the year 2000 accounted to 48.5% of nation spot revenue, down from 50.3% in 1999. This is its fifth straight year of decline dating back to 1995, when the demo attracted 55.5% of the pie.

17 of the top 25 metros showed a decline from 1999 to 2000, compared to only 13 which dropped from 1998 to 1999. The top four from that group for 2000 were Boston (56.1%), Phoenix (54.7%), San Francisco (54.3%) and Cleveland (54.1%). Down at the bottom for the category were Atlanta (41.8%), Los Angeles (41.5%) and bringing up the rear, Miami (39.5%).

The 18-49 age cell, the second-most requested demo, was flat year-to-year at 17.5%.

Meanwhile, several combined demo groups with individuals 35 and older gained almost 1% over 1999, raking in 7.7% of national spot revenue. Interep speculates that Y2K political advertising may account for the spike. Certain markets showed significantly higher percentages than the total, including St. Louis (11.9%), Detroit (11.1%) and Minneapolis (10.8%).—DS

BE signs licensing agreement with Everstream

Broadcast equipment manufacturer Broadcast Electronics (BE) is broadening its partnership (RBR 5/14, p. 8) with streaming solutions provider Everstream to include a li-

ensing agreement that will license its software, patents and delivery assets. BE is also acquiring Everstream's customer account contracts.

With this deal, BE will "bring to market a mature, validated and patented technology enabling radio programming to be distributed over the Internet," the company says.

The Everstream/BE streaming solution includes an encoder; a custom player with integration to digital audio storage systems; title and artist presentation with album art; e-commerce options; targeted audio ad insertion; on demand listener data; 55 side format channel offerings and a "My Mixes" personalization option. All packages seamlessly integrate with BE's AudioVault digital audio and storage system.

Financial terms were not disclosed.—CM

WebRadio shutting down August 31

As recently rumored, streaming radio content provider/aggregator WebRadio.com announced 7/24 it is shutting down 8/31. The company has no plans to resell its radio station contracts to another. Stations have begun receiving shutoff letters, providing six weeks' advance notice. WebRadio says it will maintain a staff and "continue to provide streaming services in order to allow each station to make arrangements to obtain streaming capabilities with other industry affiliates."

WebRadio is one of three subsidiaries of Emblaze Systems and is partially owned by Westwood One. Launched 4/99, the company streams over 200 radio stations. This announcement also means that RBR Radio (www.rbr.com) has begun the process of looking for a new streaming partner.—CM

CITADEL COMMUNICATIONS

has acquired

**KCUB-AM/KIIM-FM
KTUC-AM/KOAZ-FM
KHYT-FM
Tucson, Arizona**

from

SLONE BROADCASTING

for

\$63,000,000

The undersigned acted as exclusive broker in this transaction and assisted in the negotiations.



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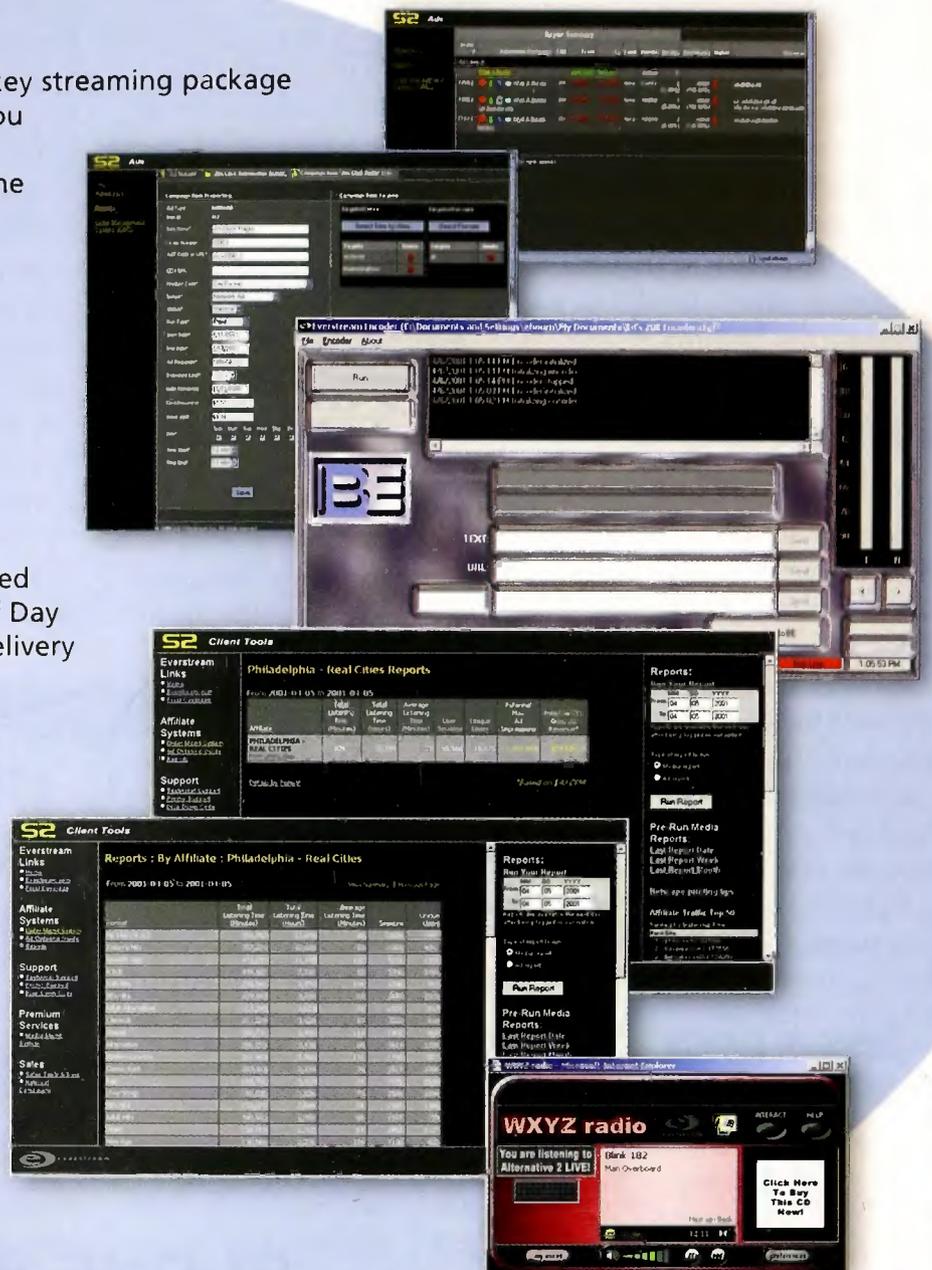
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