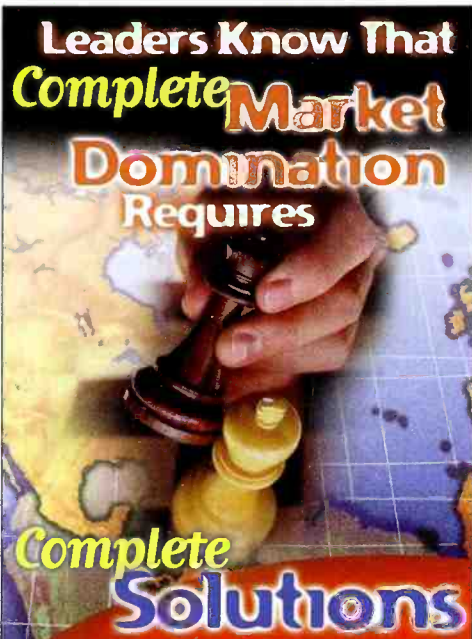


Radio Business Report™

Voice Of The Radio Broadcasting Industry®

November 13, 2000

Volume 17, Issue 46



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Election 2000: The results (sort of)

Here's the scoop for broadcasters and how the results of the election will affect you. First, Senators **John Ashcroft** (R-MO) and **Spencer Abraham** (R-MI) have been defeated, leaving two vacant Republican seats on the Communications Subcommittee. Subcommittee Chairman **Conrad Burns** (R-MT) barely squeaked by, but has won another term in the Senate. Among other members up for re-election, Senators **Kay Bailey Hutchison** (R-TX), **Bill Frist** (R-TN) and **Trent Lott** (R-MS) were returned by the voters, but Sen. **Slade Gorton** (R-WA) is in a race that is still too close to call. None of the subcommittee's Democrats were up for re-election this year. Regardless of the outcome of Gorton's contest and the presidential race (Democratic Sen. **Joe Lieberman's** Connecticut seat will go to a Republican if he becomes Vice President), the GOP will continue to control all committee chairmanships in the upper chamber.

Sen. **Rod Grams** (R-MN), recently a hot name in LPFM, has been defeated by invest-

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ment company president **Mark Dayton**. In almost every issue since 9/18, *RBR* has printed a story containing Sen. Grams' name. The introduction of his "LPFM-lite" bill started a massive campaign by the NAB to garner more and more support for his bill. Although Grams will be able to shepherd the bill through the lame-duck session of Congress beginning November 14, it still faces the imminent threat of a presidential veto. If his bill, with 56 co-sponsors, does not get through this Congress, someone else will have to be the front man in the next Congress.

On the House side, Representatives **Mike Oxley** (R-OH) and **Billy Tauzin** (R-LA) easily won re-election and can now vie for the Chairmanship of the Commerce committee, following the retirement of Rep. **Tom Bliley** (R-VA).

With a close tally in Florida and the presidential race still uncertain, the FCC Chairmanship is also unknown. Rumors have it that if Texas Gov. **George W. Bush** (R) wins the race, **Pat Wood III** (currently Chairman of the Texas Public Utilities Commission) will take current FCC Chairman **Bill Kennard's** place. On the other hand, if Vice President **Al Gore** (D) takes the race, current FCC Commissioner **Gloria Tristani** will likely move up as Kennard also moves up, possibly to a cabinet post.—ED

Radio enters Q4 2000 with 16% revenue gains

The Radio Advertising Bureau's revenue stats for the month of September 2000 are a mixed bag. First the good news: The radio industry has taken the record-breaking revenues of 1999 and increased them by

16% over the first three quarters of 2000. This gain in total business is built upon a solid 15% gain in local revenue, coupled with a 20% surge in national business.

Now the bad news: September's results dragged both of those numbers down. Local YTD stood at 16% before adding in September's 6% gain. National YTD was at 24% before factoring in September's 6% loss in business. Overall business YTD dropped from 18% to 16% on a combined 3% gain for the month.

However, radio's long string of positive revenue results continued unbroken, and has now reached 97 straight months.

The Southwest had by far the most successful month of the five RAB regions with a 15% gain in local business. Its national business was flat, good enough for a first-place tie in an overall off month.

For complete 2000 revenue results, see page 6.—DS

Baldwin asks for demise of Cumulus

Baldwin Broadcasting Company has petitioned the FCC to revoke all of the broadcasting licenses held by Cumulus Media (O:CMLS) as well as prohibiting them from selling 33 broadcast stations to Clear Channel Communications (N:CCU).

The argument stems from a pending deal in the spring of 1999, when Cumulus expressed a desire to purchase Baldwin's two stations in the Mobile, AL market. The deal fell apart by January of this year and Baldwin is claiming that one reason was its concern that the buyer Cumulus had planned to spin one of the stations to, Urban Radio, was actually a front for Cumulus. A deal to have Urban Radio buy two Clear Channel-AMFM merger spin-offs in the adjacent

Pensacola, FL market also fell apart, but the company is now back with a deal to buy a station in Starkville, MS (see p.13).

"I own and control Urban, and make all decisions concerning its business operations," Urban Radio President **Kevin Wagner** told *RBR*. "Cumulus neither owns any interest in Urban nor controls these operations."

Cumulus also denied in an FCC filing that it controlled Wagner's company. The FCC has not yet acted on Baldwin's complaint.

RBR observation: Since the Mobile and Pensacola sales never closed, it is virtually impossible for Baldwin to prove its contention that Cumulus would have improperly controlled them. Cumulus and Wagner can argue just as convincingly that they would have carefully abided by the FCC's rules.—ED

Gore, Bush shut out network TV

The campaigns of all of the presidential candidates running this year decided to commit media warchests to highly targeted local buys, leaving the top four broadcast television networks out in the cold, according to a story in *The Myers Report*. As of November 1, neither ABC, CBS, Fox nor NBC had received so much as a penny from any of the candidates, nor did they expect to in the week leading up to election day.

This contrasts to a total of \$34.4M spent in 1996 and \$72.3M in 1992. In both of those elections, the lion's share of spending came from the deep pockets of **Ross Perot**. Nonetheless, the campaigns of **Bill Clinton**, **George Bush**

Sr. and Bob Dole also sent millions on network TV.

The same can not be said of network/national radio, where according to a report by Interep, national buys on behalf of candidate and issues were the #1 and #2 growth categories for 2000 (see story, p.6).

RBR observation: Political advertising is a sweet-and-sour category. On the plus side, it is paid advertising. On the other hand, the ads must air and must be billed at lowest unit rate, and in a period of high demand it could conceivably prevent higher-priced schedules from running.

Regardless, we find it interesting that the shotgun targeting approach of a network TV buy has fallen so out of favor. It seems to us that this bodes well for radio. The economy and efficiency of radio, with its ability to target geographically and demographically with precision, is almost the exact opposite of the network TV model. If American businesses can be persuaded to follow the lead of the candidates, perhaps radio can continue to increase its share of the media pie.—DS

Add XM to SRI measurement agreement for sat. radio

Statistical Research Inc. (SRI), which produces RADAR ratings for network radio, has also cinched the satellite radio market for audience measurement. SRI added XM Satellite Radio (O:XMSR) 11/8 to the short list that already includes Sirius Satellite Radio (O:SIRI) (*RBR* 10/23, p.4). While no firm method-

ology or estimates have yet been arrived upon, the three entities, agencies and advertisers will be working together to develop measurements and related services for this medium set to launch next year.

SRI does say it will first "attempt to define the universe of satellite radio consumers and how they are using the service." Initial audience measures, based on the subscriber numbers, will provide weekly and daily cumes for both XM and Sirius. As satellite radio matures, SRI says it will work toward producing reach and frequency estimates for refined time periods, specific demographic groups, and format preferences.

RBR observation: The cart before the horse scenario? Carat USA's **Matt Simpson** mentioned a couple weeks back that one satellite net offered audience estimate numbers and methodology for his consideration, while the other had not. Those numbers have since been retracted due to the fact that it was all speculation, at best. "I was told by RADAR, you might as well put your finger in your mouth, lick it, hold it up and say which way is the wind blowing," attests Simpson.

SRI measurements need to be based on statistically sound XM and Sirius subscriber bases for agency buyers to be convinced. And statistically sound means a large enough base to

sample from. We wonder how quickly that base will build, especially when 2001 auto models on the lot today have yet to be equipped with a satellite receiver. XM announced late last month it had just begun delivering chip sets for integration into aftermarket receiver companies. Both XM and Sirius say they are in this for the long haul.—CM

AudioSonix testing with ABC, Westwood

Not just another net-based audio delivery system? Olney, MD-based AudioSonix is positioning itself as the most automated ad and audio delivery system in the market. The company signed its first client, NYC-based News Broadcast Network last month and is currently testing with ABC, Citadel, Westwood/Metro and Infinity/CBS. "We are the only completely automated Internet-based system," VP Sales and Marketing **Val Davis** tells *RBR*. "When I say 'automated,' I mean from the time you at the network have the new Coca Cola spot that you are distributing to your affiliates—from the time you create the package and choose the destination (which can be a single click by choosing the group) and hit the send button, nothing else has to happen."

AudioSonix competitors include SpotTaxi, SpotTraffic, DG

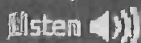
Systems and others. Some, like SpotTaxi, utilize automated functionality. However, Davis says AudioSonix takes it to the next level. "Nobody has to launch a browser, the client software will automatically, at a pre-specified time, look for a connection to the Internet. If it doesn't see a connection via a LAN network or DSL, it will pick up the dial-up application and dial the appropriate dial-up account with the user name and password that you specify. Once it's connected to the Internet, the software connects itself to our server, looks for available deliveries and pulls them down. So, when you come in in the morning, everything is just sitting there in your box waiting for you."

AudioSonix can deliver multiple formats—WAV, MP3, MP2, Video, text, data, stock market reports and images.

Bobb Haskitt, VP Business Development, SpotTaxi says AudioSonix is actually very similar to his system, but does differ in the automatic dial-up application functionality. "[What] he's saying is automated is primarily the delivery of the file, in that you don't have to sit there and manually download the file from the Internet. It will automatically drop into a predetermined directory at a predetermined time, and it's a browser-less system. That's exactly what we offer, only we go a step further

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in that we not only make it a predetermined time, but you can also set up predetermined intervals, with the system checking to see if there's anything there and downloading it. His system will automatically dial up if it's not online. Ours is only made for a network that's always on, so it won't."

The two companies also differ in the billing process. AudioSonix bills based on the size of the file, SpotTaxi on the number of files.—CM

Interep posts strong Q3

Revenues were up slightly, even after losing Clear Channel (N:CCU) as a client, and Interep National Radio Sales (O:IREP) cut costs to boost Q3 operating EBITDA 66% to \$6.4M. After-tax cash flow per share rose 221% to 45 cents from 14 cents. Q3 commission revenue was \$27.2M, compared to \$26.8M a year ago. On a pro forma basis, the company said that was up 10% from \$24.6M in Q3 1999, not including Clear Channel (which now owns Katz Media Group, Interep's primary competitor). Contract termination revenues were \$1.5M, compared to \$2.6M a year earlier.

"We are extremely pleased with our results given the anticipated slowdown in the dot-com category," said **Ralph Guild**, Chairman and CEO. "Our continued effort to streamline the business has decreased our exposure to short-term adjustments in the market. Interep will maintain its strategy of growing radio and using its sales and marketing expertise to further penetrate Internet representation and enter the representation of other new media. We are looking forward to a strong fourth quarter and an outstanding year."

Guild announced that the company is merging its web site rep operation, Interep Interactive, with Cybereps, an Internet rep company based in San Francisco. Guild said that will triple the size of Interep's web business. The company will

RBR News Briefs

Veronis Suhler tallies consolidation values

The assets of publicly traded radio groups grew ten-fold over the past five years (1995-1999), according to the latest update of the *Veronis Suhler Communications Industry Report*. The annual report from the New York based media merchant bank says, largely due to deregulation in 1996, the assets of radio groups with public stock grew from just over \$5B in 1995 to \$52.3B last year. "The growth in assets was accompanied by revenue growth," Veronis Suhler noted. "Revenues grew 20.4% to \$8.1B in 1999, and rose at a compound annual rate of 37.6% from 1995 to 1999."—JM

Frequency swap in Dallas

Heritage Alternative KDGE-FM Gainesville-Dallas and Rhythmic Oldies KTXQ-FM Ft. Worth-Dallas swapped frequencies 11/9. KDGE got 102.1 MHz; KTXQ 94.5.—CM

Pesos flow from Grupo Radio Centro

Shareholders of Grupo Radio Centro (N:RC) have approved a plan to pay themselves cash and reduce the Mexican radio group's capital. The unusual move will be funded by a \$35M loan from Banco Inverlat, which will be secured by a stock pledge. Holders of the company's Mexican shares will be paid 2.06499 pesos per share (approx. 20 cents) and holders of the American Depositary Shares, which trade on the NYSE as RC and closed 11/6 at \$9.063, will be paid \$1.93948 per share. The payments are to be made next month.—JM

Kabela calls it quits

Frank Kabela, radio and newspaper operator Greater Media's Chairman and CEO, will be stepping down on December 31. The group's chair will be taken over by **John Bordes**, the brother of late founder **Peter Bordes**. **Peter Smyth** remains President/COO. With stations in Philadelphia, Detroit and Boston, Greater Media is the third largest privately-held radio group, and is #15 on BIA's latest list of group owners ranked by total revenues (*RBR* 109, p. 15).—DS

Urban Box Office declares bankruptcy

Urban Box Office Network, a Hip-Hop and Latino entertainment portal has declared bankruptcy (11/3), laying off all 300 employees. The site entered our radar screen because former AMFM Vice Chairman and Radio President (now Ultimate.com CEO) **Jimmy de Castro** told *RBR* in an interview (*RBR* 6/26, p. 10) he had invested \$2.5M in the startup that included 15 websites.—CM

McCarthy wins Presidency

No, this isn't a flashback to 1968 and we're not talking about the anti-war Minnesota Senator, **Eugene McCarthy**. Rather, **Tim McCarthy** has been promoted to President and General Manager of ABC Radio's New York City AMs, Talk WABC and Radio Disney WQEW. He'd been Station Manager of the duo since April 1999.—JM

Warp Radio 400 affils

Audio streaming provider to radio broadcasters Warp Radio announced 11/7 it had surpassed 400 affiliates. Warp passed the 300-station milestone in July and expects 500 by Q1 '01. Warp says it is testing program insertion technology with Associated Press Radio and targeted ad insertion/replacement—both are also expected to be offered to affiliates sometime in Q1.—CM

Katz Interactive signs RadioFreeCash.com

RadioFreeCash.com, a 200-format webcaster that claims to pay listeners by the hour, has hired Katz Interactive Marketing as its exclusive national sales agent for streaming audio ads. RadioFreeCash's permission marketing-based pre qualification surveys provide the vehicle for targeting the ads.—CM

GlobalMedia launches "Always On" channel

GlobalMedia.com announced 11/2 "Always On," a multimedia channel and directory for its audio and video network. The video channel can now be launched from Real Networks' RealPlayer. Always On is a direct link to all GlobalMedia offerings, including music, radio, talk, and video entertainment.—CM

be controlled by Interep, but run by Cybereps' management team.—JM

Radio News®

Catholics put out wanted posters for Rocko & Birdsey

The confessional chapter may not be over for WAAF-FM Boston's "Rocko & Birdsey." After getting pulled off the air for refusing to stop airing what they later called "mock" recorded confessionals from a Catholic church, PD **Dave Douglas** told *RBR* the issue was resolved and wouldn't happen again (*RBR* 11/6, p. 2).

Well, in the 10/4 *Boston Herald*, a story about the Catholic League of Massachusetts wanting Attorney General **Tom Reilly** to look into whether the two violated state privacy laws has surfaced. While WAAF asserts the confessions weren't real, the *Herald* story says Rocko & Birdsey told friends they were. The Catholic League believes airing secret taped confessions breaks Massachusetts' privacy laws. That carries a punishment of up to \$10K fines and five years in prison.—CM

Hispanic Broadcasting gets FCC OK for Houston reshuffle

Hispanic Broadcasting Corp. (N:HSP) announced 11/6 it has received permission from the FCC to upgrade its KOVA-FM from Class A to Class C3 and change city of license, bringing much better coverage into Houston. Currently, KOVA is licensed to Rosenberg, TX, it's moving to Missouri City, TX. KOVA's trimulcast with Class A KLTO-FM Galveston, TX, both on 104.9 MHz, and Class C KOVE-FM 93.3 Port Arthur, TX, will stay Spanish AC, but become one signal on 104.9. KOVE will launch a new format on 93.3. KLTO stays a Class A, moves frequency to 105.3 and license to Crystal Beach and will simulcast either KOVE or KOVA. "It

will depend on the kind of coverage I get downtown. It won't be a separate station," Hispanic Broadcasting-Houston GM **Mark Masepohl** tells *RBR*.—CM

American Tower optimistic after another DC setback

US District Judge **Paul Friedman** has refused (11/7) to let American Tower (N:AMT) continue building (the construction was originally halted 10/5) its 756-ft DTV/TV/radio/cell tower in DC, saying he saw "no need for emergency action in a dispute that could cost the DC Government millions."

Indeed it could. ATI is suing DC (*RBR* 10/16, p.3) for \$250M—the tower is already half built (280 feet), upon a permit originally issued in March. ATI attorneys wanted Friedman to allow construction to continue—because if not, the company may begin losing contracts to other entities. "Our implication is that there are other projects that we have underway and if tenants were to believe that valid construction permits can be revoked based upon political whims, then they may have a problem making commitments to us," AT VP/GM **Bob Morgan** tells *RBR*.

Friedman's ruling did, however, leave AT another construction opportunity—a follow-up hearing is set for 11/16.

"We went to this because it is procedurally correct, but we would have had to have proved irreparable harm to get this temporary injunction," adds Morgan. "The judge ruled saying he reviewed the merits of the case and feels there is a very strong likelihood that AT will ultimately prevail. His ruling was actually a shot in the arm to us. The Assistant Corporation Counsel admits in the transcripts that the

city screwed up. The mayor was asking the same questions as the judge: how something like this could happen?"

The ATI suit, that includes naming DC Mayor **Anthony Williams**, alleges he and other DC government officials engineered a power play to stop the tower construction, under pressure from local citizens' groups. In addition, the suit says DC is violating the Telcom Act of '96, where municipalities are supposed to help accommodate new technologies.—CM

Heritage talker WWDB-FM flips to 80s Hits

Beasley Broadcasting flipped what is known as the first (about 25 years ago) FM Talker WWDB-FM Philadelphia at 5PM 11/6. GM **Dennis Begley** is out and sister station WXTU-FM GM Dave Donahue is in. "The Point" is targeting P25-54 with 80s hit artists such as **Bryan Adams**, **The Cars**, **Steve Winwood** and **The Police**. Most of the WWDB staff has been laid off, including news anchors **Pat Farnack** and **Earle Bailey** and hosts "**Gross**," "**Homer**," **Jay Sorenson**, **Hilarie Barsky**, **Kent Voss** and **Steve Martorano**, among others.

WWDB lost listeners over the last two years by switching from all Talk to News-Talk and losing Dr. Laura and Rush to competitor WPHT-AM. Ironically, in the Summer Arbitron P12+, WWDB and WPHT were tied at 15th place for the market.—CM

Burbank Creations syndicates "Weekly RearView"

Burbank Creations announced it is once again syndicating "**Gary Burbank's Weekly**

RearView," a three-hour weekend version of "The Gary Burbank Show" that has aired on WLW-AM Cincinnati for 19 years and running. The show originally launched in '94 as a syndicated weekend program in addition to Burbank's syndicated afternoon drive show. "I had left Burbank Creations in '97 and the show was transferred to Jacor-Premiere. From what I understand, Premiere is unloading some of the shows that they don't primarily rep. When I heard that I called," Burbank Creations partner and President **Rick Consolo** tells *RBR*. "Basically, it was just transferred to Premiere for a couple of years. Now that they've settled down and understand what programs they want, they are kind of weeding things out so that they can be a little more focused."

Burbank Creations also syndicates Gary Burbank-inspired and character-based features that include "Earl Pitts, Uhmerikun," "Gilbert Gnarley," "The US Senseless Survey," "Everybody's Cooking" and "The Vegas Vic Show."—CM

Fisher reports gains

Fisher Companies (O:FSCI) reported that Q3 income from its continuing operations shot up 529% to \$13.3M. That doesn't include the company's money-losing flour milling operations, which it is in the process of selling. Broadcasting revenues rose 12.9%. Fisher didn't break radio out separately for the quarter, but said revenues for its Seattle radio stations were up 19% for the first nine months of the year. For the same nine-month period, its Portland stations were up 14% and its Fisher Radio Regional Group of small market stations gained 8%.

Political ads help fuel 2000 gains

Candidates and political action groups have been buying a great deal of national air time, and lead all categories in percent gain over 1999, according to an Interep study. Of course, this is not particularly surprising given the fact that this is an election year. However, many other categories have significantly upped their use of national radio.

The much-discussed dot-coms are up 16.8% YTD, based largely on a beginning-of-the-year spending spree. Looking just at the months of July-December, dot-com spending is down 52% compared to the same period in 1999.

The chart below shows where the strengths and weaknesses of national advertising have been for the year, projected into December based on billings through 10/24.—DS

Top performers YTD

Category	% gain
Political	782.3
Issues	401.9
Investment	63.4
Government	62.5
Medical	29.7
Communication	28.0
Computer	26.5
Auto parts/svc	18.3
Education	17.3
Dot-com	16.8
Travel	10.8
Entertainment	10.7
Food	8.5
Credit	5.9
Cable TV	5.2
Auto (foreign)	4.5

Biggest losers YTD

Category	% loss
Car rental	-67.1
Home video	-47.2
Insurance	-28.0
Fast Food	-25.0
Professional	-23.2
Music/CDs	-21.8
Real Estate	-19.1
Mail svcs	-18.7
Utilities	-18.5
Agriculture	-17.8
Clothing	-17.7
Cosmetics	-17.5
Banks/Finance	-16.4

Source: Interep

Radio AdBiz

Riding the 2000 radio revenue roller coaster

Radio came roaring out of the chute in 2000, notching fabulous revenue gains over the record-breaking results of 1999, as recorded on a monthly basis by the Radio Advertising Bureau. Numbers which just are not seen in these reports became commonplace, particularly on the national side. Beginning in February, the West enjoyed a string of gains in national business the like of which we have never seen and do not expect to see again: 44%-48%-35%-49%. It is nothing less than astonishing when a monthly gain of 35% clearly constitutes a slump!

Both local and national business peaked in May. Local business at that point was up 18% for the year and national was 35% ahead of the game.

The dot-coms, which had a large part in building these increases, have had just as large a part in bringing them to an end. However, although the outrageous gains of the first five months came to a halt, radio business continued with strong gains through the summer. Monthly gains for June-July-August were 14%-11%-10%, all built upon solid results in the bread-and-butter local category.

The following charts show regional monthly results for the year. Hats off for the Southwest, which alone has managed to put together an unbroken string of double-digit gains in local business and which leads the country in YTD national business.—DS

Radio revenues: Total business % gain

	Total	YTD
Jan	20	20
Feb	22	21
Mar	21	21
Apr	22	21
May	25	22
Jun	14	21
Jul	11	19
Aug	10	18
Sep	3	16

Local revenue % gain

	Total	East	SE	MW	SW	West
Jan	18	20	14	16	17	21
Feb	17	20	12	12	18	21
Mar	15	19	9	12	14	19
Apr	19	20	16	21	14	21
May	22	21	21	20	18	27
Jun	14	17	10	9	10	20
Jul	11	15	8	9	13	12
Aug	11	10	10	10	18	12
Sep	6	8	3	2	15	5
YTD	15	16	11	12	15	17

National revenue % gain

	Total	East	SE	MW	SW	West
Jan	25	34	15	16	30	25
Feb	38	39	28	31	48	44
Mar	40	44	33	28	41	48
Apr	32	41	20	24	37	35
May	38	35	36	27	40	49
Jun	14	23	18	3	25	9
Jul	9	17	12	1	7	5
Aug	6	1	1	2	24	11
Sep	-6	-8	-8	-14	0	0
YTD	20	23	16	11	27	23

Source: Radio Advertising Bureau

The Radio Advertising Bureau's recent "Advertiser Day" meeting in Chicago featured presentations from key advertisers in the industry as well as a roundtable discussion of agency panelists regarding radio's future. Panelist **Reyn Leutz**, SVP, Director of Radio Negotiations at Mindshare USA (previously Ogilvy and Mather and J. Walter Thompson's media buying and planning departments), provides a report from that meeting.

Driven by Radio

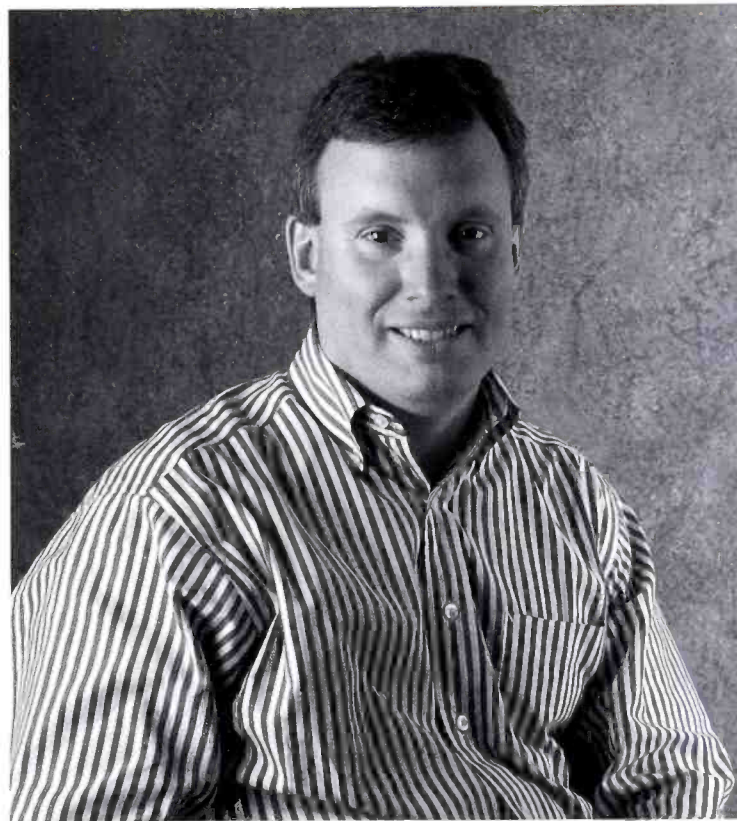
Mark Kaline, Global Media Manager of Ford Motor Company, stressed that radio is critical to Ford because of its ability to connect with consumers one-on-one. He further highlighted that Ford has embraced satellite radio technology by partnering with Sirius. Satellite radio will be available in selected models some time next year.

When asked what he thought had changed in radio during the past few years, Kaline voiced some concern that there were fewer personalities on today's airwaves than ten years ago—particularly in Detroit. Kaline spoke of the ability of radio personalities to attract loyal listeners, audiences coveted by advertisers like Ford.

In a word of advice to planners, Kaline stressed the importance of making radio stand out on a media flowchart. When there is just a line that says radio, it is often the first item cut when there is a budget reduction. Yet if the "radio" line was titled, "Summer Market Promotional Tour," it has a better chance of remaining.

Clear Connections

Radio helps make Sprint PCS establish clear connections according to **Dave Dess**, VP of



Marketing Communications for Sprint. Dess spoke of the company's lead in the wireless world of phone communication. He talked about radio's unique ability to reach the very mobile Sprint consumer. Dess further looked forward to the day when his own company would provide not only stock quotes, but wireless radio through Sprint mobile phones.

Come On Over

Sears is looking to attract young, hip consumers by teaming up with both the Backstreet Boys and **Christina Aguilera** said **David Selby**, Senior Vice President of Retail Marketing at Sears. Over the past two years, Sears has combined concert tour sponsorships with highly focused radio promotions and in-store radio events to attract this young consumer. Selby said the company will embrace new technologies such as satellite radio and radio delivered through the wireless web. Selby also stressed the critical importance of ra-

dio to drive Sears store traffic. Radio is a perfect medium for us said Selby, because it is very close to the sale.

The Foxy dot-coms

Kaye Bentley, SVP of National Media at Fox Broadcasting, talked of how she felt betrayed by stations who preempted Fox commercials for other dot-com business. As a self-described true believer in radio, Bentley went on to speak of the power of radio and its ability to successfully drive traffic to Fox programming.

The Agency Perspective of the 21st Century

After listening to client views, a group of panelists from four major agencies provided their own views regarding radio's future. **Mary Hanley**, SVP, Group Media Director at DDB Chicago, spoke of radio's increased usage based on recency theory. **Phil Gerber**, Director of Media Operations at Euro RSCG Tatham, warned

the audience that increased commercial clutter could very well hurt the business in future years. **Kevin Gallagher**, VP, Media Director of Local Investments at Starcom stressed his frustration that radio competitive is not tracked with the same level of reliability as television. This, he said, frequently represented an obstacle to some clients' usage of the medium. And finally, Reyn Leutz predicted that car dashboards of the future would become very crowded with the advent of satellite radio and the wireless web.

Reyn can be reached at Reyn.Leutz@ogilvy.com

You better watch out for holiday shoppers

The year-end holiday gift-buying season is about to swing into high gear, and with its excellent ratio of ad imprint to point-of-purchase, radio should be part of the media mix for retailers. Here, from the Radio Advertising Bureau, is information on who is buying, when and where.—DS

Family shoppers

Women	58%
Men/women	20%
Men	18%
n/a	4%

When

12/1-14	28%
11/16-30	18%
Throughout	18%
12/15-24	13%
11/24	9%
12/24	8%

Choice of venue

Price	40%
Location	29%
Selection	23%
Service	8%

Cox Radio launches "CXRI" unit

Cox Radio unveiled a new unit, Cox Radio Interactive (CXRI), to handle the group's new media opportunities, station websites and Internet spot inventory. Under the direction of former President/COO of MP3radio.com **Gregg Lindahl** (who will serve as the unit's VP), CXRI will officially assume its role in the company 1/01. Synergies and a strategic relationship with Cox Interactive Media will also be applied in common markets. Cox Interactive builds and manages city site portals where Cox has a newspaper, cable, radio or TV presence. Lindahl will report directly to Cox Radio President/CEO **Bob Neil**.

Other hires for CXRI include Director of Sales Development **Craig Hahn**, Director of Operations **David Scott**, Director of Technology **Marie Matthews**, Director of Site Services **Craig Ashwood** (all from MP3radio.com) and Director of Site Development **Diane Hunter** (former Cox Interactive Director of Special Projects). Cox Interactive had owned a majority interest in MP3radio, but sold all but a 10% stake, ending the original joint venture relationship 4/14.

SurferNetwork.com merges with BroadcastAmerica.com

The name of the combined entity will be BroadcastAmerica.com with headquarters in its current Portland, ME offices. SurferNetwork.com (currently based in Mt. Olive, NJ) will supply its targeted ad insertion and proprietary "FM-quality" streaming technology in the deal, along with a client list that includes New Northwest Broadcasting, Nassau Broadcasting and Marathon Media. BroadcastAmerica has 750 streaming clients under contract and a number of network alliances that include OneOnOne Sports, Talk Radio Network and Superadio.

Streaming

Amidst the joining of the two companies, Broadcast America is filing for Chapter 11 reorganization. The new Broadcast America board includes current Broadcast America President **John Brier**, Chairman/CEO **Alex Lauchlan** and another to be named; **Gordon Bridge**, **Harry Emerson**, **Robert Landmesser** and **William Grywalski** from SurferNetwork. Bridge becomes the new BroadcastAmerica CEO. "We formally met each other at NAB in San Francisco and later met in Portland, and as part of that event, we both realized we had something really special in ad replacement and listening quality technology," Bridge tells *RBR*. "We saw an opportunity to partner with somebody who had a lot more experience and momentum in radio agreements than we had."

And as to the financials, Bridge says his backers have stepped forward first: "I think, influenced by the current market conditions, BroadcastAmerica had run into difficulties in continuing to raise money. And in fact, that's what led their advisors to suggest going through this reorganization process. Both companies are going to go out to their current investors as well as new [ones], given the value proposition of the combined entity. It is true that our lead investor is the first to verbally commit to new [funding] in anticipation [of that]."

The deal is expected to close in 90-120 days, including and pending upon the BroadcastAmerica reorganization.

Slam Media allies with Sonicbox; looking to ramp up service

Slam Media, a software and media company that recently launched a number of unique formats, an-

nounced it has recently entered an alliance with Sonicbox to be offered on its IM Band network. Some of Slam's 30 formats include "Modern A Capella," "World Intensity," a mix of many styles of world music and "Resonant Radio," a blend of Hip-Hop and Electronica. Sonicbox manufactures wireless Internet radio tuners that allow Internet radio to be transmitted over wireless signals to home stereo receivers or boomboxes.

Slam is currently working on other alliances that will enable content and targeted ad insertion on its own site, as well as others. "We're trying to get creative and look outside the radio markets, because it seems like people already have the 'free service to stream your radio station' kind of already wrapped up. So we've created a couple of different products, from software to what we call a 'Slam Stack,' a total serving package for people who want to do streaming media up to 1,000 streams," President **Bret Coffmann** tells *RBR*. "Right now, we're working feverishly trying to complete our business alliances—with a national sales rep firm, we've been talking to MediaAmerica; we've been talking with the SpotTaxi people; Ad Outlet and Lightningcast, trying to figure out a really pure spot delivery system."

StreamAudio signs 600th affiliate; surpasses BroadcastAmerica.com

Seattle-based StreamAudio, which supplies streaming audio for radio websites, announced 11/3 Shamrock Communications' WQFM Wilkes-Barre/Scranton has signed on as the 600th affiliate. StreamAudio says it is now the largest radio streaming operation in the world, providing over 860,000 hours of streaming radio

by Carl Marcucci

in October with the average listener spending 55 minutes per session. StreamAudio VP Sales and Marketing **Tom O'Connor** tells *RBR* the company has surpassed BroadcastAmerica.com's top slot (700,000 in October) in hours of listening, rather than number of streaming clients.

He adds: "We have added another feature, the 'Station Manager.' It's software where people can go to our website, type in the call letters, put in their code and they can pull up real-time measurements—the number of streaming listeners and time spent tuning."

Other StreamAudio radio clients include Clear Channel, Entercom, Infinity [a couple of side format channels in Portland], Jefferson-Pilot, Hispanic Broadcasting, Saga, Zimmer, Sandusky, Mega, Big City Radio, Radio Unica, Delmarva, Midwest Television and Sunburst.

Coollink signs with Microsoft for Windows Media technology

Coollink Broadcast Network (CLBN), a turnkey streaming solutions provider for webcasters announced 10/31 a relationship with Microsoft for optimizing its streaming technology. The deal includes CLBN officially choosing Microsoft Windows Media as its preferred digital media platform and deploying the Windows media player across the CLBN network. In addition, Microsoft will work with CLBN in supporting the development of CLBN's interactive and synchronized rich media targeted ad insertion technology.

CLBN has agreements with Citadel and Hispanic Broadcasting to stream more than 180 stations and has partnerships with Akamai, Foundry Networks and Next Audit.

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RBR Radio Partners



In a move designed to help busy executives keep up with the fast-changing radio business, *Radio Business Report* in the Spring of 2000 became the first radio trade publication to launch an Internet radio station." Radio news is breaking at an



Tune in to hear Valerie Geller; Pat Clarke with Americom; Bob & Sheri; John Pedlow with Broadcast Electronics; George Bundy with BRS Media; Montie Montana with Buffalo Bill's Wild West Show; Tom Palmer with ConvergedMedia Inc.; Michael Peterson with CoolLink; Robin Wang with Dalet; Jeffrey W. Gaus with E Fusion; Don Backus with Enco; Andy McClure and Dean LeGras with Exline; Lawrence Norjean with FMiTV; Charlie Whitaker with Forever Young; Ron Rivlin with HiWire; Bob Struble with iBiquity; Ralph Guild with Interep; Tony Garcia with Jefferson Pilot; Tom Des Jardins with Lightningcast; Doug Fabian with Maverick Investing; Glen Hamilton with MSM; Eddie Fritts with NAB; Judith Brenna with Nassau Broadcasting; Birendra M. Roy with NetMedia; Kraig Kitchin with Premiere; Kevin and Jackie Lockhart with Prophet Systems Innovations; Gary Fries with RAB; Phillippe Generali with RCS; Dave Scott with Scott Studios; David Oxenford and Frank Montero with Shaw Pittman; John Brooks with Silicon Valley Bank; Joel Hartstone with Siteshell; Peter Barnes and Vince Werner with Spot Taxi.com; Dave Adams with Spot Traffic; Gordon Bridge with SurferNetwork.com; John Kaiser with Trafficstation; Jeff Kimmel and Pete D'Acosta with Wicks Broadcast Solutions; Elliot Kanbar with Wild about Broadway; and Michael Zwerling with ZBS Radio.

incredibly fast pace and just can't wait for the morning faxes," said Ken Lee, Associate Publisher and General Manager.

In addition to posting news on its Web site, www.rbr.com, RBR is also streaming 24 hours a day.

The "format" consists of a newscast of radio-specific business and industry news, interviews and commentaries, plus classic radio bits, jingles and Mercury Award-winning spots (with real paid spots to come). Veteran newscaster Jack Messmer, now Executive Editor of RBR, is back behind the mike for the audio updates.

The new RBR Web "radio station" is still early in its development and radio executives are encouraged to provide input on what they'd like to hear. (Please don't ask for Britney Spears, though!) You may email klee@rbr.com

so we can build the radio station you want.

"Another exciting aspect of the Internet radio station for RBR is that we can now offer advertisers a cross-platform vehicle to help to market their products," noted Lee.

"Advertisers can now run audio spots on our Internet radio station, bundled with banner messages on the www.rbr.com web site, along with click-through messages on our daily email service, plus traditional advertising with Radio Business Report and MBR."



What did the 2nd Session of the 106th Congress and Y2K FCC do for broadcasters?

by Elisabeth Derewitz

Let's reflect. There's been the battle over LPFM, new EEO rules and flip-flopping personal attack regulations. Most of the issues are not resolved, but have made some progress. Get ready to travel back in time to find out what has happened in areas of concern to broadcasters, and where things now stands at the inception of a new administration.

LPFM

You love it, or you hate it. If you love it, you really love it and if you hate it, you really, really hate it. That's the main gist of the entire battle. It began as the brainchild of FCC Chairman **Bill Kennard** and turned into one of the biggest headaches for all broadcasters and Congress as well. The US District Court was even involved in the melee. Here is a timeline summary of the action in the entire LPFM boxing ring.

In the first corner, the FCC

- January 28, 1999:** NPRM adopted
- February 3, 1999:** NPRM released—comment date set for April 12, 1999; reply date set for May 12, 1999
- March 19, 1999:** comment and reply dates extended to June 1 and July 1 respectively
- May 20, 1999:** comment and reply dates extended to Aug. 2 and Sept. 1 respectively
- August 31, 1999:** reply date extended to Sept. 17
- September 17, 1999:** reply date extended to Nov. 5
- January 20, 2000:** FCC approves LPFM at monthly meeting
- March 17, 2000:** FCC releases filing window schedule
- May 20- June 8, 2000:** First filing window
- August 28- Sept. 1, 2000:** Second filing window
- Sept. 22, 2000:** FCC amends LPFM order to require 3rd adjacent channel protection for reading services

In the second corner, the House of Representatives

- November 17, 1999:** Rep. **Mike Oxley** (R-OH) introduced Radio Broadcasting Preservation Act of 1999 in House (HR 3439) to eliminate LPFM
- February 17, 2000:** House Telecommuni-

cations Subcommittee hearing on LPFM
March 23, 2000: House Telecommunications Subcommittee approves HR 3439
March 30, 2000: House Commerce Committee passes amendment to HR 3439, which would not eliminate LPFM, but require 3rd adjacent channel protection and FCC field-testing

April 10, 2000: name changed to Radio Broadcasting Preservation Act of 2000

April 13, 2000: HR 3439 passed in House

In the third corner, the US Senate

February 10, 2000: Sen. **Judd Gregg** (R-NH) introduces S 2068 (identical to original HR 3439)

May 8, 2000: Sen. **John McCain** (R-AZ) introduced FM Radio Act of 2000 (S 2518 a pro-LPFM bill)

September 7, 2000: Sen. **Rod Grams** (R-MN) introduces S 3020 (identical to amended HR 3439)

October 2, 2000: 51 Senators co-sponsor either Gregg or Grams bill

October 25, 2000: 56 Senators co-sponsors signed

October 26, 2000: Grams' bill attached to appropriations bill for the Departments of State, Justice and Commerce, Presidential veto threatened

November 2, 2000: Congress adjourned until November 14

And in the fourth corner, the US District Court

February 16, 2000: NAB files a suit in the DC District Court to end LPFM

February 25, 2000: **Greg Ruggiero** files suit against FCC in the 2nd circuit to eliminate automatic disqualification policy for pirate broadcasters

March 3, 2000: 48 state associations file a motion to intervene on behalf of NAB

March 8, 2000: NAB and Ruggiero case consolidated in the DC US Court of Appeals

March 10, 2000: All 50 states plus the Southern California Broadcasters support NAB

March 16, 2000: Religious groups (UCC et al) file motion to intervene in support of FCC

May 1, 2000: Court sets November 28 for oral arguments

July 7, 2000: NAB and Ruggiero file briefs

August 11, 2000: FCC files response briefs to NAB

August 25, 2000: Churches in support of FCC file briefs

September 8, 2000: NAB and Ruggiero

file reply briefs

September 29, 2000: Final briefs filed

November 28, 2000: Oral arguments scheduled

EEO: A brief overview of a not-so-brief issue

Call it confusing, call it annoying, but the bottom line is that it's back after a brief court-ordered hiatus. The FCC came up with new EEO rules, hoping to quell the fears that the former EEO rules are unconstitutional. The new rules took effect on April 17, 2000. The changes are in the requirements, bookkeeping and enforcement. The new requirements for EEO require that "broadcasters and cable entities widely disseminate information about job openings to ensure that all qualified applicants, including minorities and women, have sufficient opportunities to compete for jobs in the broadcast and cable industries."

There are two additions referred to as "Option A" and "Option B." In Option A, broadcasters are required to use two supplemental recruitment means. First, the rules require notification of the agencies that request information on job vacancies, provided that they distribute this information and refers job seekers to the job vacancies. The second new measure requires broadcasters to participate in non-traditional recruiting such as job fairs and interaction with community groups, over a two-year period.

Option B is for broadcasters who feel that they can do all of the things required in Option A by other means. This is acceptable as long as the broadcasters show, through data, that it reached all sections of the community.

The record keeping section requires stations with five or more full-time employees to annually file EEO reports to be held in their public files. They also require the filing of a "Statement of Compliance" to be filed every two, four and six years of the licensing term. An "Annual Employment Report" must also be filed so that the FCC can prepare reports to Congress. The new rules reinstate the "Broadcast Equal Employment Opportunity Program Report," filed with any renewal application. The "Model EEO Program" has also been reinstated as part of the applications for a construction permit, assignment or transfer.

The enforcement section also allows the FCC to conduct random EEO compliance checks as well as random audits. Stations will either receive a certificate of compliance or be informed that they are not

2000 Washington Wrap-up

certified in the given year. Violations for noncompliance are "admonishments, reporting conditions, forfeitures, short-term renewal of license or designation for hearing for possible revocation of license or denial of renewal."

RBR has found that the majority of complaints about these new rules are that they create an enormous amount of paperwork and filing for broadcasters who are already too busy. The rules are also upsetting the broadcasters who feel that they already go above and beyond to recruit a diverse workplace.

Personal attack and political editorial rules

Even though the FCC stopped enforcing the Fairness Doctrine in 1987, the personal attack and political editorial rules remained until very recently. After years of bantering and continued deadlocks, the personal attack and political editorial rules officially bit the dust on 10/11/00, stuck down in a federal appeals court (*RBR* 10/16, p.1). Despite FCC Chairman Bill Kennard's support for the rules, the Court decided that the NAB and RTNDA were right in their quest to rid the broadcasting world of these outdated rules. Both **Eddie Fritts**, President/CEO of the NAB and **Barbara Cochran**, President of the RTNDA, called the Court ruling a victory for First Amendment rights. The actual repeal was announced by the FCC as the last item in the Daily Digest on October 27th.

Digital Television

Since *RBR* is a radio publication, we haven't reported very much on the impending switch for television broadcasters from analog to digital signals. However, since it is a hot topic in the broadcasting world, it's worth a mention. Television stations were given additional spectrum to begin broadcasting in DTV and as of 12/31/06, they are required to give up either their analog or digital signals. The FCC hopes that all broadcasters will give back the analog signals so that they can be reaucted. Since only a handful of DTV sets have been sold in the U.S., broadcasters are apprehensive about going ahead with the switch. According to the NAB website, 160 stations in 55

markets were broadcasting in digital as of 11/2. As far as the number of DTV sets sold? We would venture to guess that the number of sets is close to the number of stations...quite a discouraging ratio. The cost of a DTV set now is around \$2K-\$4K, still too high for the majority of consumers.

Issues discussed, but saw no action

The issue of bringing back the minority tax certificate was brought up many times in speeches through out the year. For example, Rev. **Jesse Jackson** spoke to the National Association of Black Owned Broadcasters conference (*RBR* 9/25 p.6) asking for its revival. At the Black Broadcasters Alliance conference, (*RBR* 9/18 p. 4), a panel consisting of broadcasting leaders such as **RoNita Hawes-Saunders**, President and GM of Hawes-Saunders Broadcast Properties Inc., and **Lindy Richman**, Director of Corporate and Community Development of Emmis Communications discussed its return. However, the issue has evaded the front lines.

Other issues discussed were the newspaper/broadcast cross-ownership rules, as well as broadcast ownership rules. In a speech given by FCC Chairman Bill Kennard at the NABOB conference (*RBR* 9/18 p.3), he was seeking support for an NPRM to revise the local ownership limits adopted by Congress in the 1996 Telecommunications Act, which was to be released shortly thereafter. **Roy Stewart**, the FCC's Mass Media Bureau Chief told a panel at the NAB Radio Show in San Francisco that the NPRM had been drafted and given to the commissioners. Chairman Kennard had said he wanted to move quickly on the issue but he needs agreement from other Commissioners on what exactly to address so the NPRM has yet to make a public appearance. The cross-ownership rules are not quite as lucky. They have really seen no action at all!

So there you have it. This session of Congress and FCC have caused some major headaches for the broadcasting world. It leaves many broadcasters asking why there is so much more regulation for broadcasting than for any other agency or medium in the U.S. today.

Text of Sen. Rod Grams' bill S3020

- Radio Broadcasting Preservation Act of 2000 Directs the Federal Communications Commission (FCC) to modify its rules authorizing the operation of low-power FM radio stations to: (1) prescribe minimum distance separations for third-adjacent channels (as well as co-channels and first- and second-adjacent channels); and (2) prohibit any applicant from obtaining a low-power FM license if such applicant has engaged in the unlicensed operation of any radio station in violation of FCC radio licensing requirements.

- Prohibits the FCC, without specific authorization by Congress, from: (1) eliminating or reducing such minimum distance separations for third-adjacent channels; or (2) extending the eligibility for low-power FM stations beyond those organizations and entities proposed in MM Docket No. 99-25.

- Invalidates any previously issued low-power FM station license that does not comply with such rule modifications.

- Directs the FCC to conduct an experimental program to test whether low-power FM stations will result in harmful interference to existing FM radio stations if such stations are not subject to the minimum distance separation requirements. Requires the FCC to: (1) publish test results and allow an opportunity for public comment; and (2) report test results and FCC recommendations on reducing or eliminating minimum distance standards to specified congressional committees.

Source: Library of Congress

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Radio One Networks sold

Radio One Networks has signed a letter of intent to be acquired by Getgo Inc. (O:GTGO) in a deal worth more than \$6M.

Denver-based Getgo intends on leveraging the technologies of Radio One, a provider and distributor of 24 hour voice-tracked formats, radio spots and proprietary satellite and Internet audio broadcast technologies.

"[The] large increase in audio consumption by Internet and Intranet users makes audio content production and distribution a critical place to be for any company interested in the 'convergence technology play,'" said **Derrin Smith**, CEO of Getgo.

Radio One Networks is not related to the Radio One (O:ROIA) radio group.—CM

Media Markets & Money™

by Jack Messmer

Viacom buys BET for \$3B

Just a day after the previous issue of *RBR* went to press, Viacom (N:VIA) turned the rumors (*RBR* 11/6, p. 3) into reality. It is buying BET Holdings for \$3B. No cash is changing hands. BET will be purchased for Viacom non-voting Class B (N:VIAb) stock and debt assumption. BET founder **Bob Johnson** will stay on as Chairman and CEO to run the cable TV network which targets the African-American audience. He'll report directly to Viacom President/COO **Mel Karmazin**.

Although Johnson said a year ago (*RBR* 11/1/99, p. 12) that BET would buy stations to launch its own radio group, BET was not a

successful bidder in the Clear Channel (N:CCU)-AMFM merger spin-off derby and never bought a single station. To date, BET's only radio operation is a programming interest in two channels planned for XM Satellite Radio (O:XMSR), one Urban AC and one Jazz.

Even so, synergy with radio is one of the things that attracted Karmazin and Viacom CEO **Sumner Redstone** to BET. In a conference call with analysts and reporters, Karmazin spoke of how well BET's cable operations would fit with other units of Viacom, including Infinity's (N:INF) Urban radio stations and billboard assets. "It's a great op-

portunity to do some cross-selling," he noted. Karmazin also suggested that BET would be able to draw on CBS News resources, along with the obvious programming opportunities with Viacom-owned UPN.

Although Redstone said he would have been happy to pay cash for BET, no cash will change hands and Johnson will become the owner of about \$1.5B in Viacom stock—terms he insisted on. The merger into Viacom will consist of \$575M in debt assumption and \$2.425B in non-voting Class B (N:VIAb) Viacom stock. The number of shares to be delivered to BET owners Bob Johnson and Liberty Media Corp. (O:LMGA) will be determined by a formula based on trading 20 days prior to the deal closing.

UBS Warburg (formerly PaineWebber) analyst **Chris Dixon** estimates that BET will add approximately \$150M in cash flow to Viacom in 2001, making the multiple on this deal 20X. Dixon calls it "a great strategic acquisition" since African-Americans comprise 13% of the US population, but ads directed specifically at African-Americans amount to only 1% of total ad spending.

KFSG sold for record-breaking \$250M

It's the highest price ever paid for an LA radio station, the second highest price ever paid for a single station and the most for a "stick" anywhere. **Raul Alarcon's** Spanish Broadcasting System (O:SBSA) is paying \$250M in cash for KFSG-FM Los Angeles. The seller of the 96.3 MHz, 54kw facility is The International Church of the Foursquare Gospel, which sold its only other stations (a combo in Bakersfield, CA) four years ago. Dr. **Paul Risser** says the church, which got into broadcasting back in the 1920s, is still



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interested in broadcasting programs in LA, but decided that selling the valuable signal would allow the church to make more efficient use of its resources. The sale was brokered by **Randy George** of Sterling Associates.

RBR observation: We're surprised it took this long for an LA FM to break the \$200M barrier. Alarcon had to step up to the plate, or cede dominance in the nation's largest Hispanic market to Hispanic Broadcasting Corp. (N:HSP). Even so, he's put a lot on the line and Wall Street will be watching closely to see if he and Programming VP **Bill Tanner** can launch a new Spanish format and move quickly into positive cash flow.

Beasley re-negotiating Centennial

Beasley Broadcast Group (O:BBGI) says it won't purchase Centennial's six Las Vegas and New Orleans stations for \$138M as originally planned (*RBR* 6/12, p. 6). "Events and valuations conspired to make this deal untenable as originally negotiated," CEO **George Beasley** said in a conference call with Wall Street analysts. Beasley still hopes to renegotiate the deal and have both the stations and Centennial head Alen Shaw become part of his company, but says he won't overextend to do so.

Meanwhile, Beasley Broadcast Group reported that Q3 net revenues rose 15.3% to \$28M and broadcast cash flow gained 51.2% to \$9.2M. On a same-stations basis, Beasley said revenues were up 9.1% and cash flow 32.7%. For Q4, the company is expecting to lose \$1.4M in revenues from its 11/6 format flip of WWDB-FM Philadelphia from Talk to 80s Hits, although Beasley says the new format should be positive for the company in the second half of 2001. The company is forecasting overall revenue growth of 4-6% in Q4 and 7-9% in 2001.

Urban Radio returns

Remember Urban Radio? It was one of the minority-owned companies which was to have bought stations from the Clear Channel (N:CCU)-AMFM merger spinoffs (*RBR* 3/1,

p. 7). However, Urban Radio, headed by **Kevin Wagner**, didn't get to a final contract on its proposed buy of WMEZ-FM & WXBM-FM Pensacola, FL and the stations were eventually sold to Pamal Broadcasting for \$43.95M (*RBR* 10/2, p. 13). Now Wagner has filed at the FCC to buy WMSU-FM Starkville, MS from Charisma Broadcasting for \$360K. Charisma owner **Donald DePriest** has a deal pending to sell his other five Columbus-Starkville, MS stations to Cumulus Media (O:CMLS), which in turn has given Clear Channel (N:CCU) an option to buy them and two other stations in the area for \$6M (*RBR* 9/18, p. 24). *A related story appears on page 3.*

Regent divesting in the desert

Mark Jorgenson's Concord Media Group is buying three Lancaster-Palmdale, CA stations from Regent Communications (O:RGCI) for \$13.5M. The trio is KVOY-AM, KTPI-FM & KOSS-FM, licensed to Mojave and Tehachapi. "This completes our strategic plan to divest our Southern California clusters and to acquire radio stations in the larger markets of Albany, NY and Grand Rapids, MI," said Regent CEO **Terry Jacobs**. Regent had traded its Victorville-Apple Valley stations to Clear Channel (N:CCU) as part of a \$92M cash/swap deal (*RBR* 6/19, p. 13) which included those Albany and Grand Rapids stations.

Regent up double & triple digits

Q3 net revenues rose 76% for Regent Communications (O:RGCI) to \$11.7M. Broadcast cash flow was up 119% to \$3.7M. On a pro forma same-station basis (stations operated in Q3 of both years), Regent said revenues were up 11.7% and cash flow 25.9%. "We did notice a slight slowdown [in national advertising] in late September, but nothing major," said President **Bill Stakelin**. He said Regent was able to overcome that with local sales. Chairman and CEO **Terry Jacobs** noted that with its middle-market focus, Regent is driven primarily by local advertising and is "not

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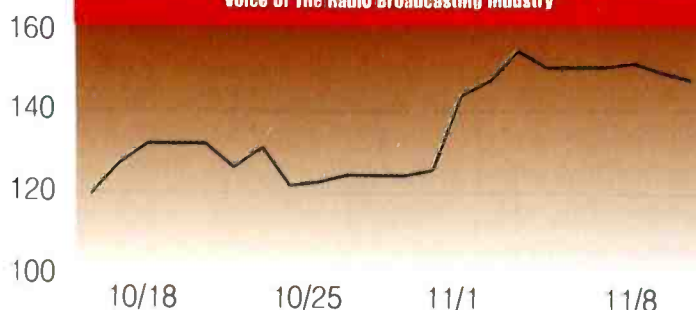
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The Radio Index™

The Radio Index™ was as indecisive as the electorate, slipping 0.075 for the week to close 11/8 at 147.395.



The deals listed below were taken from recent FCC filings.

Transaction Digest

by Dave Seyler & Jack Messmer

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.

\$80,000,000 KLTY-FM Dallas-Ft. Worth (Highland Village TX) and **KPXI-FM** Tyler-Longview TX (Overton TX) from Inspiration Media of Texas Inc. (Ed Atsinger, Stuart Epperson), a subsidiary of Salem Communications (O:SALM), to Sunburst Dallas LP, a subsidiary of Sunburst Media (John Borders, Don Turner, M/C Partners). Tax-free exchange for KDGE-FM (below). Value estimated by *RBR*. **Duopoly** in Dallas-Ft. Worth with KSKY-AM & KWRD-FM. Note: Both KLTY & KPXI are on 100.7 MHz.

\$80,000,000 KDGE-FM Dallas-Ft. Worth (Gainesville TX) from Sunburst Dallas LP, a subsidiary of Sunburst Media (John Borders, Don Turner, M/C Partners), to Inspiration Media of Texas Inc. (Ed Atsinger, Stuart Epperson), a subsidiary of Salem Communications (O:SALM). Tax-free exchange for KLTY-FM & KPXI-FM (above). Value estimated by *RBR*.

\$32,000,000 WMVO-AM, WNCO-AM & FM, WQIO-FM, WBZW-FM, WGLN-FM & WWBK-FM Ashland-Mount Vernon-Loudonville-Galion-Fredericktown OH from Ashland Broadcasting Corp. (Walter & Dean Stampfli) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$1.6M escrow, balance in cash at closing. Chain **superduopolies** with WMAN-AM, WYHT-FM & WSWR-FM Mansfield-Shelby OH, WMRN-AM & FM Marion OH, WTVN-AM & WNCI-FM Columbus OH and WTAM-AM Cleveland OH. LMA since 10/1. Broker: Jorgenson Broadcast Brokerage

\$7,000,000 WYAI-FM Atlanta (Bowdon, GA) from WYAI Inc. (Steven Gradick) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$7M cash. Chain **superduopolies** with WCOH-AM, WGST-AM & FM, WMKJ-FM, WKLS-FM & WPCH-FM in the Atlanta market, plus WGSE-AM & WMAX-FM Hogansville GA. Note: WYAI has a CP to upgrade from Class A to C1, which will give it city-grade coverage of southwestern portions of Atlanta.

\$6,000,000 KGMS-FM Tucson AZ (Green Valley AZ) from Good Music Inc. (Douglas Martin) to Capstar TX LP (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$250K escrow, \$2.9M (less escrow) in cash at closing, plus swap of KCEE-AM (below). Total value estimated by *RBR*. **Superduopoly** with KNST-AM, KRQQ-FM & KWFM. Broker: Kalil & Co.

\$3,100,000 KCEE-AM Tucson AZ from Capstar TX LP (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU), to Good Music Inc. (Douglas Martin). Swap as partial payment for KGMS-FM (above). Value estimated by *RBR*. **Duopoly** with KVOI-AM. Broker: Kalil & Co.

\$2,335,500 WKBH-FM La Crosse WI (West Salem WI) from DN Communications Inc. (Patrick Delaney, Lee Norman) to Mississippi Valley Broadcasters LLC (Howard Bill, Kenneth Ramsey, Pat Smith). \$50K escrow, \$1,835,500 (less escrow) in cash at closing, \$500K note. **Superduopoly** with WLFN-AM, WQCC-FM, WLXR-FM & KQEG-FM.

\$700,000 KMSR-FM Sauk Centre MN from Main Street Broadcasting Inc. (John Linder) to BDI Broadcasting Inc. (Louis Buron Jr.). \$35K escrow, \$200K (less escrow) in cash at closing, \$500K note. **Duopoly** with KIKV-FM Alexandria MN.

\$410,000 WGTA-AM Summerville GA from TTA Broadcasting Inc. (Erle Newton) to Azteca Communications Inc. (Javier Macias). \$20K escrow, additional \$290K in cash at closing, \$100K note. Broker: Media Services Group

\$160,000 WEVA-AM Emporia VA from Stone Broadcasting Corp. (Willis Stone) to Colonial Media Corp. (James Vautrot, I. Wayne Cooper, George Sperry Jr.). \$15K escrow, balance in cash at closing. Broker: Media Services Group

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WCLV's GM gives his take on swapping signals

In your item about the three-way swap in Cleveland (*RBR* 11/6, p. 13), it's hardly accurate of you to guess that the result of the deal is the "displacement" of the Classical format we've had for 38 years. To the contrary, the entire idea was the preservation of the format in the form of a gift of the FM to a not-for-profit foundation.

The Class A we're trading for—WAKS-FM, licensed to Lorain, OH—has achieved 3+ Metro shares in every recent book. When it is upgraded (CP issued; construction about to begin), Longley-Rice propagation studies show nearly a doubling of population coverage after the nine-mile move-in and the B1 upgrade. At that point, WAKS will reach 1.6M within the five-county Metro, while WCLV's current map shows 1.7M coverage today.

It's our estimate that, following the swap, about 90% of WCLV's existing audience will have at least as solid a signal from us as they have today. The additional signal from WCLV-AM—a fulltime 5kw Class II, not some weak daytimer—is simply to fill in for the lost coverage, mostly in the northeast of the Metro in Lake County and in Geauga (out of Metro) County. Overall, we expect our numbers to remain constant—or perhaps slightly higher. Hardly a trashing of our technical coverage by any measure, I'm sure you'll agree. And hardly a "displacement" of our heritage format. Just thought you ought to have the whole story. I'm not looking for more ink.

Rich Marschner,
General Manager, WCLV

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dependent on national advertising or on the presence or absence of dot-com advertising."

Regent also reported that it has completed about \$4M in buybacks of its own stock, or 768,400 shares. The company announced in June that its board of directors had authorized up to \$10M in stock buybacks.

Looking to Q4, Regent said its current pascings indicate that Q4 revenues should come in around \$13.5M and broadcast cash flow in a range of \$4.4M to \$4.6M. On a same station basis, that would be revenue growth of 12-13% and cash flow growth of 25-30%.

CCU adds in Yakima

Clear Channel (N:CCU) has LMA'd KREW-FM Naches, WA and filed at the FCC to buy the station from Butterfield Broadcasting Corp. for \$1.3M. That would give Clear Channel a fourth FM and sixth station in the Yakima, WA market.

"The Jock" gets religion

A call letter change is likely as Christ the King Communications buys Sports WJOK-AM "The Jock" in the Appleton-Oshkosh, WI market. The non-profit organization is headed by President **John Cavil** of Green Bay. Seller **Lyle Evans** will be paid \$500K for the 1050 kHz signal. An LMA will begin 11/25.

Salem reports growth

Salem Communications (O:SALM) says Q3 net revenues rose 28.2% to \$27.7M. Broadcast cash flow gained 15.4% to \$12M. On a same-station basis, revenues rose 13%, but cash flow only 7%. Salem said the same-station cash flow result was negatively impacted by "reduced operating efficiencies" in L.A., Colorado Springs and Houston due to station sales. Excluding those mar-

kets, the company said its same-station cash flow would have increased 12%. Reshuffling its station portfolio also impacted Salem's broadcast cash flow margin, which dropped to 43.3% from 48.1%. The company said that margin should improve again as it integrates recently acquired stations into its existing clusters.

Looking to Q4, Salem said to expect net revenues of \$33M and BCF of \$16M. The nation's largest commercial Religious radio group said October produced same station revenue growth of 15% and November was already 8% ahead with four weeks to go.

More on Cleveland

Salem Communications (O:SALM) has revealed some more details of its station swap in Cleveland (*RBR* 11/6, p. 13). Salem's cash payment to Seaway Radio will be \$10.5M. Salem will be getting the superior signal of WCLV-FM, while trading away WHK-FM to Clear Channel (N:CCU) and WHK-AM to Seaway. Clear Channel will deal WAKS-FM to Seaway.

RBR observation: A response to *RBR's* 11/6 story from WCLV GM **Rich Marschner** appears at left. While strictly speaking, WCLV is being "displaced" from its long-held dial position, Marschner provides interesting details of the plan to swap, upgrade and maintain the heritage Classical format.

ABC Radio helps Disney

The ABC Radio stations and ABC Radio Networks, along with the ABC TV O&O stations, were mentioned by Disney (N:DIS) President **Bob Iger** 11/9 as having "performed beyond expectations" in Q3. Disney blew away Wall Street expectations that it would post net earnings of seven cents per share, compared to eight cents a year ago. In fact, Disney reported 11 cents.

Even so, Disney's stock price fell after Iger and CEO **Michael Eisner** acknowledged that ABC was seeing some softness in ad sales for Q4, but insisted that growth was continuing nonetheless. "We don't see this dismal looking future that people are talking about, beyond this momentary softness," Eisner said.

RBR observation: Negativism about Disney and Fox Entertainment (N:FOX) sent all media stocks, including radio, plunging again 11/9 as *RBR* went to press. Investors don't seem to get it. Most radio stocks were already priced well below levels that would be justified by even the most pessimistic projections.

Hispanic shares fall

Hispanic Broadcasting Corp. (N:HSP) saw its stock price drop more than 12% on 11/3 to \$32.50, despite announcing strong Q3 results the previous evening. Several analysts cut their ratings on HBC, citing expectations of slower growth in Q4. For Q3, HBC had reported net revenue growth of 23.9% to \$64.9M. After-tax cash flow gained 24.1% to \$23.7M.

DG reaches positive net income

Scott Ginsburg can put away his red Bic. DG Systems (O:DGIT) moved into positive net income in Q3, posting earnings of \$739K on the bottom line, compared to a net loss of \$1.8M a year ago. Revenues rose 13% to \$13.8M and EBITDA shot up 400% to \$2.6M. DG Systems distributes digital audio and video spots and other content to about 7.5K radio stations and 8K TV stations in the US and Canada.

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