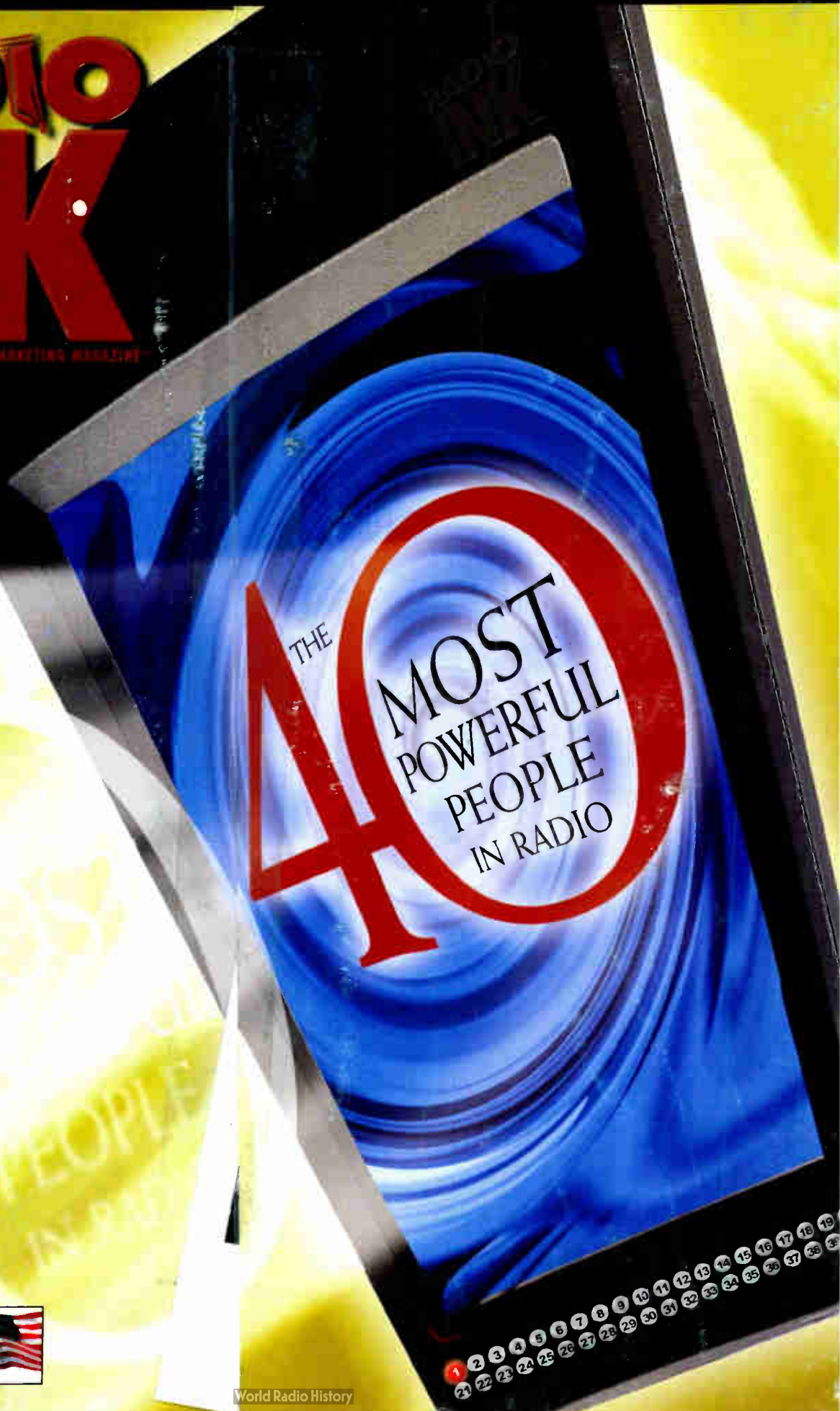


Lowry Mays — Honored For A Lifetime Of Leadership In Radio

Vol. XX, No. 13 July 4, 2005 PUBLISHED BI-WEEKLY

RADIO INK

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- 3
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- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35
- 36
- 37
- 38
- 39
- 40

Top of the chart

Harris celebrates 2005 40 Most Powerful

Each year *Radio Ink* recognizes the 40 most influential people in radio broadcasting. Individually and collectively, these outstanding professionals are moving the dial of excellence in this dynamic industry. We are proud to congratulate each individual for their exceptional contributions in advancing radio. It is something we share in common. At Harris, we are equally committed to the advancement of broadcasting technology for the entire industry. So whatever your format, Harris is there to help you achieve excellence each and every broadcast day.





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World Radio History



Just How Sensitive Are Your Media Collections?



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Today's media are changing so rapidly, collecting media receivables calls for the sure touch of a professional who specializes in the industry.

At Szabo Associates, we've built an unequalled reputation for expertise in media collections. Now, we've reorganized to focus even more closely on each medium. We've created separate divisions devoted to radio, tv, cable, newspapers and magazines, with specialists in out-of-home media and the entertainment industry as well.

No other firm does so much to offer you more individualized service.

For you, this can mean more substantial settlements, without endangering client relationships you want to preserve.

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In a world where client relationships can be complex and fragile, it pays to know just how and when to apply pressure. Next time you have a problem with past-due receivables, call the collection service that really understands media. Szabo.

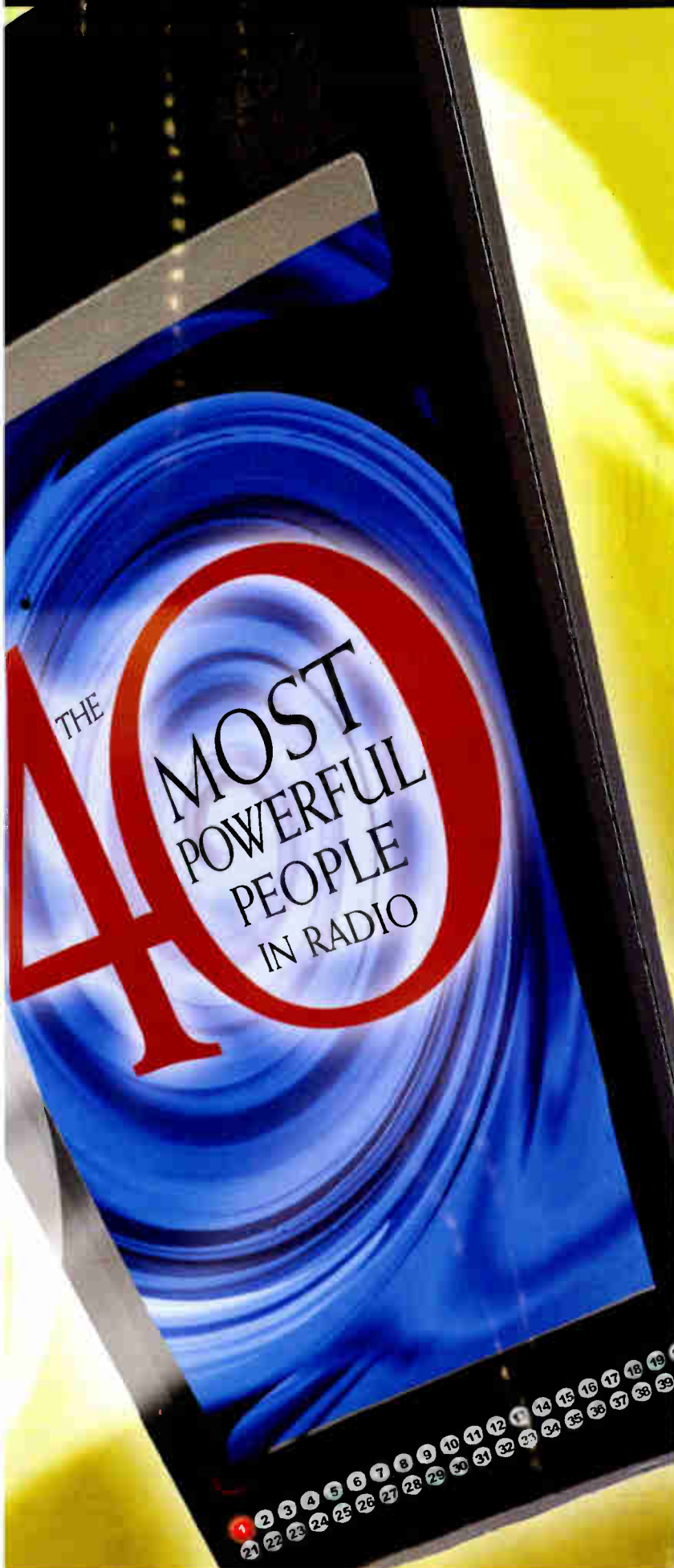


Top of the charts.

Harris celebrates 2005's 40 Most Powerful

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A Lifetime Of Leadership In Radio



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27 The 40 Most Powerful People In Radio

Radio Ink's 10th-annual list of The 40 Most Powerful People In Radio is indicative of the rapid changes in the industry since 1996. Only nine of the original Top 40 are still on the list today, and three of the seven newcomers to this year's list are women. Although this issue spurs considerable discussion and debate, we believe we have identified the 40 individuals who truly are the pillars of power in the industry.

- 70 Bumped From The List
 - 71 People To Watch
 - 72 Powerful Contacts
 - 74 Most Powerful People 1996-2005
 - 76 Lifetime Leadership Award - L. Lowry Mays
- A perennial list-topper, Lowry Mays has held the number one spot on our Top 40 list for the past four consecutive years. This year, the 33-year veteran of Clear Channel Communications earns our annual Lifetime Leadership Award.

Columns

- 14» Guest Commentary by Ashley Smith
Listen Up: Radio Is Not An iPod
- 20» The Wizard of AdsTM by Roy H. Williams
Tomorrow's Most Important Broadcaster
- 22» Intelligent Radio by Steve Meyer
The Case For Quality Programming
- 23» The Business Of HD Radio
For NPR Radio, Tomorrow Radio Is Today

Departments

- 08» Publisher's Notes by B. Eric Rhoads
- 10» On Air People, Letters, News & More
- 88» Management
Sean Luce
- 89» Sales
Robert Reid
- 90» Programming
Tony Richards
- 92» Blast From The PastTM/Marketplace

IDEA TICKER

34,784

...the number of useable ideas in Radio Ink to date

Coming Next Issue:
» Mid-Year
Technical Guide

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Our Mission: Radio Ink's role is passionately to empower Radio management to be more successful by providing fresh, actionable, reality-based ideas, inspiration and education in a quick, easy-to-read, positive, pro-Radio environment.

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To Infinity & Beyond.

As part of an overall realignment of Family Stations' assets, MVP has recently signed or closed the following transactions with Infinity Broadcasting. Shouldn't you have The MVP Team working for you?

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to
Family Stations
for
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From Our Chairman By B. Eric Rhoads, CEO & Publisher

New Power: Bring It On

Since the inception of *Radio Ink's* 40 Most Powerful People in Radio list in 1996, we have seen a younger generation move into positions of prominence. Of the top 10 on our initial list, none remain on the list today. About 30 percent of those on the current list are under age 50; interestingly, in the top 10, seven are under 50, while three are 50 or older. That shift has caused a corresponding shift in attitudes about radio, and those revolutionaries are no longer willing to accept the status quo. It's refreshing to see the new ideas and bold actions in an industry with younger leaders to whom the baton is passing. As in all generations, change occurs when the good-old-boy club is replaced by new blood.

A profound truth is also being revealed: If you wait long enough, the pendulum always swings back the other way. With consolidation, we had cultural change, expense-driven budgeting and lower-cost operations through technology. Now, boardrooms are realizing that cost cutting can no longer stimulate radio's growth. There is little else to cut. Necessity will prompt discussions and actions about growth through innovation. Although we are at the early stages of an innovation curve, companies are being forced to reinvent because of the necessity of growth.

No doubt a little more consolidation will come. Yet, soon to follow the force of the pendulum will be break-ups, reductions in station count, stock buybacks and privatization. Companies realize little benefit from being under the microscope of the public market. Some will find Pareto's 80/20 principle to be true — that 20 percent of their stations make up for 80 percent of their revenues (look at Infinity, with 180 stations and \$2.3 billion in revenues in 2004 vs. Clear Channel with 1,194 stations and \$3.6 billion in revenue in 2004). All companies may benefit from reducing the size of their portfolios and creating higher returns with fewer stations. The ego of owning many stations will be overcome

by the practicality of owning fewer stations that can be managed effectively to return a handsome profit. Opportunity will again exist for the next generation of young entrepreneurs who want to own radio companies as they sell off properties they consider counter-productive.

Tomorrow's power brokers will get their power from power ratios and profit-per-station, not from weight of ownership alone. The new source of power in radio will also come from a return to the things that have always elevated radio when challenged: the power of content, the power of entertainment, the power of great people and limitless boundaries, the power of community and the power of innovation.

Although Wall Street may temporarily lose interest in radio, we can return as a growth industry if our leaders employ practicality in the future and do not ignore the forces that threaten radio. We cannot adopt the old-school cheerleader attitude that "Radio has been threatened before and these threats won't hurt us now." Instead, we must understand that technology has changed the way consumers get information and entertainment, and we must not pretend they can't hurt us. Threats like satellite radio, podcasting, WiMax radio, cell-phone radio, streaming and other yet-to-be-invented technologies will become viable competitors for listening time, yet they will force us to reinvent and innovate. If new competition is what it takes to make us stronger, bring it on. Radio's new power is made up of open-minded youth and vitality; such innovative and tireless warriors can lead radio into a new age of relevance. ☐

Eric

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MANCOW: FM Talk's Code Breaker



Erich "Mancow" Muller

Whether he is Chicago's unpredictable #1 rated morning show or one of the highest rated segments on the Fox News Channel (as a regular on Fox and Friends for 6 years) Erich "Mancow" Muller's national syndication is one of the hottest national

launches in radio since the fairness doctrine was overturned - changing radio forever. Mancow looks poised to change radio once again.

Say's Muller, "We have cracked the FM code, and we are doing a show that is a pop-culture explosion every morning and is all over the place. It is the fastest paced show in radio, and I think it is the future".

Indeed, Erich "Mancow" Muller's Fall ratings in America's third largest market (Chicago) expose his top market status as a ratings titan. In the Fall Book, in a head to head analysis Mancow's Morning Madhouse pulled a 11.7 share for men 18-34 in Chicago, while Howard Stern's male 18-34 number was only a 5.2 share - beating Stern by an astounding 88% in that key demo (Ranking Mancow #1). For the male 18-49 demo, Mancow was also ranking #1 with a 7.1 share versus Stern's 3rd place ranking. Finally, in men 25-54, Mancow pulled a massive 5.9 share in Chicago's brutally competitive morning drive. "Mancow's massive numbers in Chicago and other markets are out a sampling of what TRN-FM soon will be able to reveal with Mancow's Morning Madhouse nationwide. This show is simply brilliant; there is no other way to put it," says, Mark Masters CEO of TRN-FM the company that syndicates Mancow.

'So the Mancow show does well in major markets. But will it play in Peoria'?

The answer is a resounding "YES," according to Gabe Reynolds, PD of Mancow affiliate WWCT/Rock 96.5 in Peoria where Mancow's show just pulled a 9.3 share (male 18-34) a 6.8 share (male 18-49) and a 5.4 share (male 25-54). "We brought Mancow to town this past May and Peoria is still talking about it. With Mancow's Morning Madhouse listeners and the competition stand up and take notice."

Peoria is not alone. In Knoxville at WNFZ in the Fall Book Mancow's Morning Madhouse pulled a 17.3 share for 18-34 men, an 11.3 share for men 18-49 and an amazing 10.5 share for men 25-54. At KAZR, Des Moines, Mancow's show pulled an incredible 18.2 share for men 18-34, an 11.8 share for men 18-49 and an 8.2 share for men 25-54. Steve Goldstein, Saga Executive VP says, "Cow is the man and has delivered for us in Des Moines for years."

Mancow: Ratings with Revenue

Besides his undefeated top five market ratings, Mancow's Morning Madhouse has been able to attract a vast array of national brand advertisers. Joe Hubbard, National Sales Manager for Emmis' WKQX FM reacted to news in June 2004 that Pioneer Electronics had bought within the show "I am very pleased that a national account such as Pioneer has recognized the obvious difference between the Howard Stern Show and Mancow's Morning Madhouse. They will now join such clients as Nissan, Car X, Comp USA, and Comcast, that have begun marketing on Mancow's Morning Madhouse since the beginning of 2004. These clients have not received any negative feedback and have only reaped the benefits of finally reaching the elusive male 18-34 demographic they could not reach anywhere else." In addition to the above, over 20 other national brand advertisers have found Mancow's program to be a highly attractive environment for their message. McDonalds, Southwest Airlines, Blockbuster, Pepsi, Pontiac, Fox and Volvo to name a few - have discovered the power of Mancow.

In a typical two day period, Mancow's guests have included former Clinton master-mind Dick Morris, television's Dr. Phil, "Star Trek Enterprise's" Scott Bacula, rocker Marilyn Manson, former GE Chairman Jack Welch and powerhouse producer Jerry Bruckheimer, to name a few. His topics in a single show can cover areas as light as the hottest music, movies and pop culture to hard-hitting topics such as terrorism, personal freedoms and exposing the dangers of the occult.

Clear Channel in the Post Stern Era

Indeed, without a star of Mancow's magnitude to stop the audience exodus, after Howard Stern was removed from six Clear Channel's stations last spring, a shocking tale of woe has been visited upon those stations since Stern's departure. On average, male 18-34 audience has

declined around two thirds in morning drive across those signals, and male 25-54 numbers is even worse. "Even with CC's best efforts to replace Stern with their best bets, the morning drive ratings of those former Stern stations looks like they have been hit by the Ebola Virus," said one top market PD. Is this what is in store for existing Stern affiliates after January 1st? General Managers, PDs and consultants who have analyzed the top markets agree that there is only one franchise player that has consistently beaten Stern in the top ten markets and is capable of being the antidote - both in ratings and revenues - to the viral audience meltdown that may follow Stern's departure, that antidote - Mancow.

"Let's be frank - the reality is that a listener's loyalty does not exist because of the call letters or dial position; it exists only because of the bond between the talent and the listener. When that talent is no longer there, those who don't want to pay hundreds of dollars on hardware and then \$120 or more a year to listen to Stern on Sirius are going to be out there sampling for a new morning radio station."

"On the one hand, you have Mancow, who hosts a show with a proven track record in multiple markets, both big (San Francisco, Chicago) and small, and has many years of success. On the other hand, you have an untested new show, no matter how big a name the individual hosting it might have, with absolutely no track record of success at radio in the top markets. Again, I ask you the question, "Who would you bet on?" Because if you are in a big market and you bet wrong (develop new talent or use untested small market syndication in a top market) then you are now faced with competing against Mancow in your market (he will be there because your competitor will take him if you don't). "The result may well be this; Mancow may be like a ratings explosion for the morning drive nation wide. If he is, station management who bet against Mancow will be gone in three to five books" says one top market FM talk executive, "...because a PD who sends Mancow across the street has just financed their competitors growth."

Say's Muller, "Nothing conjures imagination like radio, and we really like breaking down those walls. No other show on radio does it the way we do. We create entire universes where people go mentally. That's really fun".

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Carrie Underwood, America's newest Idol, went to the CMA Music Festival in Nashville to audition back-up singers. With Underwood are **WQYK's** Randy Price and Dave McKay, who broadcast from the tiki hut.



Sean P. Diddy Combs (back row, center) and his new group, B5, attended a recent press day launching **Radio Disney Incubator**, dedicated to spotlighting new music talent under age 21. With them are Jean-Paul Colaco, president and GM, Radio Disney; Robin Jones, VP/programming, Radio Disney; "Jazzy Jenn," Radio Disney AM 1560; and Harve Pierre, EVP/Bad Boy Entertainment.



At a recent Third Day concert in Orlando are (l-r) **Z88.3/WPOZ** morning show Producer Doug Hughs and morning show co-hosts Theresa Ross and Scott Smith.

Napster, Ericsson To Develop Musical Cell Phones

Napster and Swedish phone company **Ericsson** have joined forces to develop what they say will be the first digital music service for cell phones. Still, as mobile phone technology increasingly incorporates MP3 players, video and games, analysts say it's unlikely that people will replace their iPods with music-playing cell phones any time soon.

"We don't see this as a displacement any more than digital cameras were displaced by camera phones," Michael Gartenberg, research director with Jupiter Research, told *Wired* magazine. "As long as music phones command a significant premium over regular phones, then it's going to be difficult to see how the consumer will embrace them."

Susan Kevorkian, an analyst with IDC, acknowledges that some consumers will want phones loaded with multi-media features, while others will opt for single-feature units. "We think there's going to be a very large middle area where people will use both types of devices," she said.

Podcasting Users To Number 60 Million By 2010

Demand for podcasting is expected to grow from less than 15 percent of portable digital music player owners in 2004 to 75 percent, reaching nearly 60 million U.S. consumers by 2010.

That's the conclusion of a new report issued by **The Diffusion Group**, which suggests that over the next five years, the use of podcasting among U.S. consumers will enjoy a compound annual growth rate of 101 percent. "Today the term 'podcast' refers to almost any online mobile content distribution service," said Marc Freedman, contributing analyst with The Diffusion Group. "It has taken on very general precepts, thus indicative of its status as a service category, as opposed to a branded activity."

Consumers were already accustomed to downloading music for playback on portable devices, so this is a well-engrained activity that precedes online digital music, Freedman noted. "Podcasting's non-commercial status is changing as more businesses begin to find creative ways to use this new delivery medium to push audio content."

25-54 Demo Losing Traction Among Advertisers

The percentage of dollars targeting 25-54 consumers last year was at 40.1 percent, a decline of more than two percentage points since 2003. That's according to an annual analysis released by **Interep Research**, which looks at the share of national spot radio ad dollars by demo in the Top 25 radio metros for '04.

While 25-54 is still the most sought-after demographic group for radio advertisers, the share of dollars allocated for the demo has consistently declined every year since 1995. That year the dollar amount was 55 percent.

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Goodby, Silverstein & Partners Snags Top Radio-Mercury Award

Goodby, Silverstein & Partners won the \$100,000 grand prize award at last month's Radio-Mercury Awards competition. The San Francisco-based agency won the prize for its spot titled "Abbreviated," created for eBay.

This year's Radio-Mercury Awards also marked the debut of the \$5,000 30-Second Spot category, won by Zimmer Radio Group for a spot developed for Alert One Pest Control.

In addition to Goodby, Silverstein & Partners, other Radio-Mercury Award winners included:

- "Kills More," created for American Legacy Foundation by Arnold Worldwide/Crispin Porter + Bogusky
- "Practice," created for Molson by Crispin Porter + Bogusky
- "Genius/Mr. Pro Sports Heckler," created for Anheuser-Busch by DDB Chicago
- "Yoga," created for National Thoroughbred Racing Association by DeVito/Verdi
- "Jalapeno," created for Virgin Mobile USA by Fallon New York
- "Boyfriend," created for General Motors/Hummer Division by Modernista!
- "Cell Phone," created for Motel 6 by The Richards Group
- "Heavy Fines," created for TBS by World Wide Wadio
- "Introductions," created for Miller Brewing Company by Y&R Chicago
- "It's Like They're Smoking," created for Michigan Department of Community Health by Brogan & Partners Convergence Marketing
- "Answering Machine," created for Citibank by la comunidad
- "Three Little Houses," created for James Hardie Siding Co. by Entercom Seattle KIRO/KTTH Radio
- "Ants," created for Alert One Pest Control by Zimmer Radio Group; Writer, Producer, Creative Director: Jason T. Skaggs

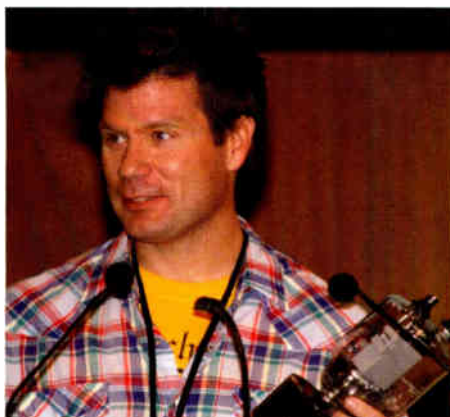
The Radio Creative Fund presents the Radio-Mercury Awards annually on behalf of the radio industry.



Station-Produced Category-winner Russ Cimber of Entercom-Seattle KIRO/KTTH receives the award from NAB's John David.



Student Category Award-winner Howard Hill of the Portfolio Center receives the award from Univision Radio's Laura Hagan.



Evan Fry, Crispin Porter + Bogusky, General Category winner

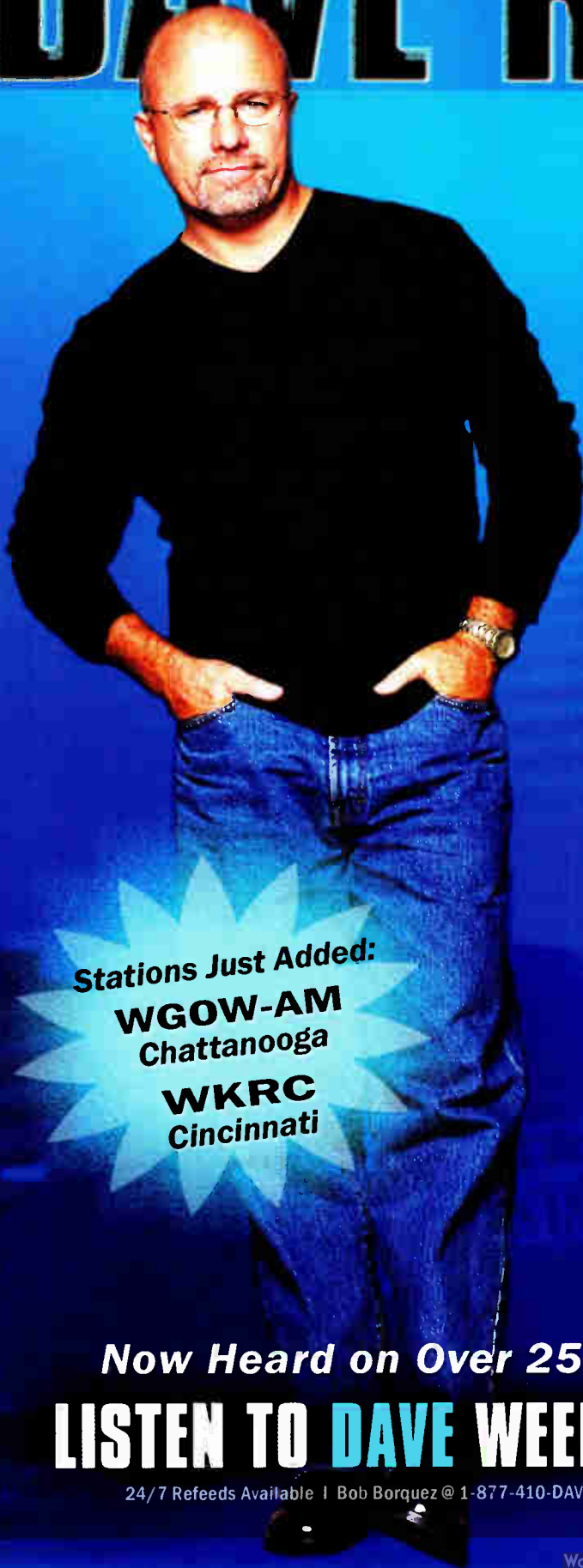


Adam Alshin of Fallon New York, General Category Winner



la comunidad wins the 2005 \$5,000 Radio-Mercury Spanish Language Category Award. Marty Senn of Fallon New York accepts the prize and trophy on behalf of la comunidad from Gary Stone, COO of Univision Radio.

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Birmingham / WERC 2.1 > 3.2 Adults 25-54*

Louisville / WGTK 1.3 > 2.6 Men 25-54*

Pittsburgh / WPIT 0.4 > 1.2 Adults 25-54**

San Antonio / KTSA 2.2 > 2.7 Adults 25-54*

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Listen Up: Radio Is Not An iPod

By Ashley Smith

For Alternative Rock fans in the Philadelphia area, February 24, 2005, was a day that shall live in infamy. After nearly 12 years on the air, 100.3 WPLY-FM — known to fans as Y100 — vanished, disenfranchising thousands of loyal listeners. Philadelphia became the largest city in the country without an Alternative Rock station. Up sprang www.y100rocks.com, complete with an Internet radio station and a petition to bring back Y100. More than 60,000 people signed the petition in two months.

A shift in the format of 92.3 KXRK in New York followed a few months later, causing Rock fans in the tri-state area to wonder why their audio landscape was changing — and why so quickly.

I did not learn that Y100 had mutated into The Beat, the newest of four Urban music stations in Philadelphia, until I turned on my radio two days later. *Damn*, I thought, *I should have enjoyed it more while I still could*.

Now that Y100 is gone, I seldom listen to the radio. Though this strikes many older individuals as shocking, it is the norm among my peers.

My indoctrination to the wonderful world of MP3s began as it did with many, when Napster became a household name. I didn't have to gamble \$16.99 on an entire album's quality when I heard only one good song. However, because I had only a dial-up connection at home, the reality was that, despite my devotion to acquiring music, I could not download many songs.

Then in 2001, my freshman year of college arrived. Courtesy of the Ethernet connections in our dorms, my hallmates and I downloaded abundantly from file-sharing sites and could share our finds with one another in a matter of seconds via Instant Messenger.

P2P sharing doubtlessly has changed how my demographic views music. We are more likely to experiment with a wide variety of artists and musical genres, some of which don't receive airplay due to the increasingly restrictive, conservative nature of radio formats. I recall a local Pop/Rock station that in the early '90s played Beck, Madonna, and Nine Inch Nails, but now I can't imagine a modern Pop/Rock station with this variety.

'Dear John' Reasons

What has changed in such a short time? Part of this can be attributed to the rise of mega-corporate radio giants such as Clear Channel and Infinity Broadcasting. Both have cut down on the variety as well as the regional flavor and personality of radio stations. What so many of my peers loved about Y100 was its localness: I truly respected the station for giving airplay to promising local bands, which now will have nowhere to showcase their talent, save for Internet radio and music-friendly websites such as MySpace. Likewise, the failure to allow for regional differences in musical taste makes a bland music scene nationwide.

Another factor that leads many of us away from radio is its depersonalization. Gone are the days when DJs and program directors had


a more direct role in the station's programming. No longer are DJs witty, cool tour guides to the music universe; they are often rather obnoxious, and increasingly, they do not even exist. One of Philadelphia's newest radio stations, BEN FM, exclaims in its ads: "We play whatever we want!" However, there is no "we." Like many stations nowadays, BEN is completely automated. As with other stations of the "Jack" format, it is an attempt to replicate one's iPod; however, my iPod — and I would venture, the average iPod belonging to someone my age — does not contain every Top 40 hit from 1980-2000.

What stuck out in my exchanges with peers regarding their radio listenership (or lack thereof) was what they did listen to. Baseball fans tuned in for the game. Howard Stern fans tuned in before going to work or school. If there is compelling content, we will listen. Though some exceptional stations across the country successfully garner a loyal following, it is the widespread lack of compelling content — due to the depersonalization, delocalization and extremely mainstreamed nature of modern radio — that contributes to the lack of radio listenership of my generation. When other alternatives exist, why should people be loyal to a station that does not fit their needs, that is effectively the same as every other station of that genre, and has no defining characteristics?

Rather than adapt itself to what my demographic hungers for, radio instead is abandoning us at a rapid pace — after all, not enough of us tune in. Thus a catch-22 has been created. Nobody seems willing to work toward correcting the rift between radio and 18- to 24-year-olds, perhaps because in terms of Arbitron ratings, it is too great a gamble. However, in terms of these ratings, we are voiceless, because many of us rely solely on our cellular phones [for music]. Yes, Rap is popular with the majority of my generation, but Pop, Rock, and Alternative are widely listened to, as well. A glance at MTV, the *Billboard* charts or iTunes' top 10 downloads (4 of 10 currently are Rock/Alternative artists) reveal that Rock is alive and kicking and that, despite its lack of airplay, a lot of us are still listening.

Getting Us Back

Appeasing the needs of the 18-24 demographic is not impossible. Provide us with what our iPods and Internet radio stations cannot — local content, personality and the willingness to take a risk — and we will listen. Unlike Internet radio, terrestrial radio can follow us wherever we go. Unlike satellite radio, terrestrial radio is more localized and ideally less rigidly compartmentalized in formats — and much more free. Simply put, if you build it, we will come.

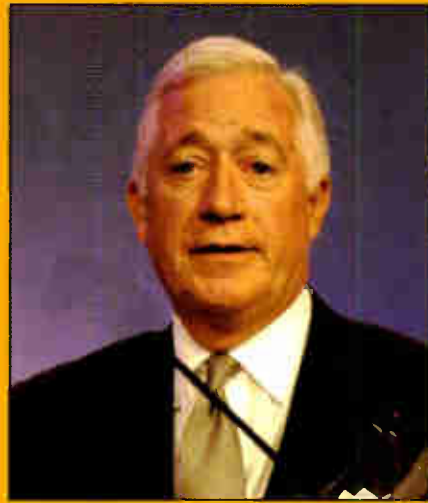
Until then, my iPod will continue to follow me wherever I go. 

Ashley Smith is a student at Amherst College, class of 2006.

Editor's note: Guest commentaries printed in *Radio Ink* represent the views of their authors and do not necessarily reflect the opinions of this publication or its editors.



Bob Neil
President and CEO
Cox Radio, Inc



Marc Morgan
Executive VP and COO
Cox Radio, Inc



L. Lowry Mays
Chairman
Clear Channel Comm.

**Cox Radio Inc., salutes the 40 Most Powerful People in Radio
& L. Lowry Mays, recipient of the Lifetime Leadership Award**

COX
RADIO, INC.

The Buzz On Jack's Past

I'm writing in response to the letter from Jacques (Chief Jack) Boulерice (*Radio Ink*, 5/9/05): It would be very difficult, at this point, to ascertain who was the first person to come up with the notion of a format that crosses several musical genres "an inch deep and a mile wide."

However, JACK-FM — which does not have, and has never had, anything to do with Mr. Boulерice — has a well-documented past. Some time in the year 2000, Buzznet Media's Bob "Cadillac Jack Garrett" Perry and Russ "Famous Amos" DiBello collaborated on an Internet stream that they named JACK-FM, after Mr. Perry's broadcast alter ego. The playlist contained elements of pop, rock, country, R&B and some things that defy genre. The imaging thumbed its figurative nose at corporate radio, and the "station" prominently featured the positioning statement "playing what we want" — because, basically, that's exactly what we were doing.

Late in 2002, Rogers Media put "JACK-FM, playing what we want" on the air in Vancouver. Subsequently, a licensing agreement was reached between Bohn & Associates and Bob Perry for use of the name and the positioner, and the format is now represented in the United States by Wall Media.

The rest is history — and, we'd like to think, the future as well.

Anita Bonita, Operations Manager, Buzznet Media, New York



Discounting The Discounters

No one argues less clutter is better for radio ("Less Is More Commentary," *Radio Ink*, May 23), but how come no one addresses the bigger issue of low-balling rates to get clients to try LIM? Our Clear Channel competitor is shameless in what it will discount. LIM is nothing new to responsible broadcasters who have kept their inventory levels reasonable for years. I find it a severe lack of integrity to go to a client and say, "We screwed you all those years of charging unit rates"! We should also be addressing the issue of "added value" and how it's gotten out of hand. As an industry, we are our own worst enemy. If the "new" discounted 30-second rate becomes a standard in each market soon to acquire bigger shares of a buy, we'll be discounting the discounts, plus giving away the store in added value.

Scott Harris, VP/GM, NextMedia Lubbock

Shut Down The "Old School"

I consider myself radio's new blood. I'm 36 years old and I've been in radio sales since 1994. I love the power of radio and its ability to generate significant revenue for advertisers. I'm very concerned, however, about the future of radio. I'm concerned that the current radio leadership will lead us down an "old school" road that will take this wonderful industry to brink of its own demise.

Prominent sales trainers like Dave "Giff" Gifford, who cannot come up with anything more productive to write about than to bash the Less Is More philosophy, must step aside. Don't like change, Dave? Come on, at least Clear Channel is trying to do something about radio's measly 8 percent share of the advertising pie. They're trying to do something good for the industry, and I have the utmost respect for courageous leaders like John Hogan, who put their careers and reputations on the line.

No, I don't work for Clear Channel. I work for a medium-market, independent radio station in southern California, and we've adopted our own version of Less Is More. I love the concept. I love the idea of throwing away long, tired, 60-second commercials that drag on and on with nothing but a bunch of clichés and the phone number repeated four times. I love the idea of offering advertisers more frequency for their money, while reducing the amount of time we spend in commercial breaks. Radio works because the advertiser's commercial commands attention, states a legitimate offer and is heard over and over again. That's "Radio Sales 101." It's never been about how long the commercials are. We're in a new era, and I want to read articles in *Radio Ink* from progressive thinkers, from people who want to lead the radio industry down a road of prosperity, not into obscurity.

What's it called when you do the same thing over and over again, but expect different results? Insanity. Stop the insanity, and let's make some changes around here. Radio is a great industry, and will provide all of us with tremendous careers, but not unless we are willing to change and do things differently.

Curtis Parcell, GSM, KCAL-FM, Riverside/San Bernardino

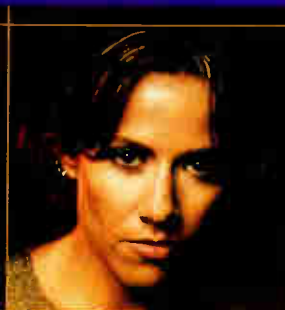
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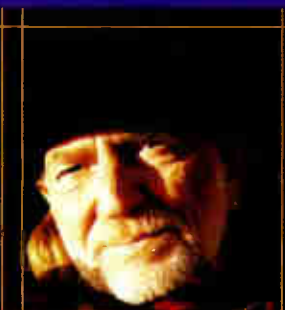
SNOOP



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SHAKIRA

CONGRATULATIONS TO
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40 MOST
POWERFUL PEOPLE

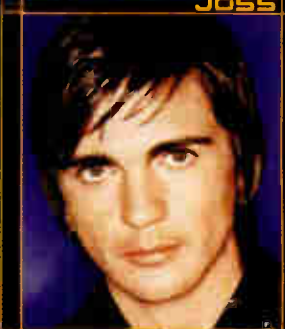


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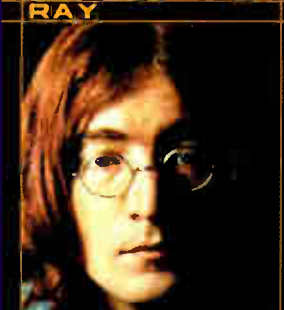


RAY

THANK YOU
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JUANES



JOHN

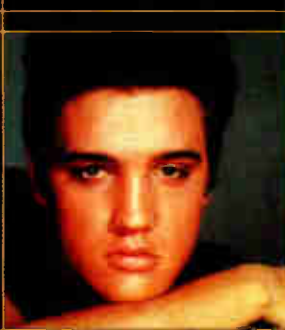
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The Case Against :15s

Here's why, from a producer's point of view, Dave "Giff" Gifford is correct on Clear Channel's LIM idea — and why it won't work.



1. Overall, 15-second ads do not turn listeners into store traffic.
2. For those who believe there is a defection problem, do you really think that a bunch of :15s in a row will lessen defection?
3. :15s may be the future (they may, in fact, be the present) with younger demos, but isn't that where defection is really taking place? Isn't this a 12-24 problem overall? Hasn't it always been a problem in that demo? Why are we painting the entire industry with a select problem? Older demos still understand that a commercial may just give them something they need in regards to a purchase.
4. 15-second ads are, at best, "surface copy."
5. The "much-repeated copy" designed to drive the sale point home in the short, 15-second time allowed produces even faster listener defection as frequency grows.
6. At best, :15s are "headline copy," reducing creative audio to a print ad on the radio. Good-bye buyer point of view!
7. :15s will force more hype in the "read," well past what listeners will accept as truth in the ad and thus reducing a client's store traffic.
8. The time constraints of a 15-second ad do not allow for unique client problems (location) and still sell the sale items.
9. These ads mostly will be *image* ads. Only those companies that own the hill in marketing can benefit. It's odd that over the years these companies built their brands on institutional :30s and can now enjoy a :15 simply to reinforce the brand. Try using this new :15 to brand a start-up company.
10. Clear Channel is trading 30 real seconds for a :15 ad that produces the same amount or twice the store traffic in half

the time? Wow! Can't wait to see this super copy. Or is it half the time for half the store traffic for more money? Clients simply pay more for losing half the real time they used to use to further market their business — all because some people think radio has a problem?

11. Maybe some major market agencies can create this super ad continuously but, post deregulation, one-third of stations simply do not have the production departments to create this impact ad over and over.

12. In an industry plagued with "rip 'n' read" copy, do we really need a 15-second "rip 'n' read"?

Suggestion: Move your stop sets, float your clocks, reduce your real-time ads and do more research. Maybe if we came at defection from a client point of view, programming would find a way to get back to what radio did best for years — defect the listeners into a store.
Jeff Ogden, General Manager, NRG Media, Red Wing, MN

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CONGRATULATIONS TO THE

Top Forty

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An Open Letter to the Radio and Advertising Communities

Change is never easy. But sometimes it's imperative.

We are on the threshold of radio's greatest age. As an industry, we aggressively embrace new technologies; we actively bring listeners innovative, unprecedented content; and we quickly create fresh approaches to advertising. Our individual and collective investments have been significant - and the benefits will be enormous to both listeners and advertisers.

But to fully realize those benefits, we must make sure that we can accurately and immediately measure our success.

On June 13, we released a Request for Proposals to create a state-of-the-art radio ratings system that will accurately and credibly represent radio's true performance and value to advertisers. This was not an easy decision. But in discussions with many of you, it became clear that a different approach is needed to find an industry-wide solution. We continue to fully support all efforts to gather accurate information about radio advertising. But as an industry, we need to make quicker progress. And we need to cast a wide net.

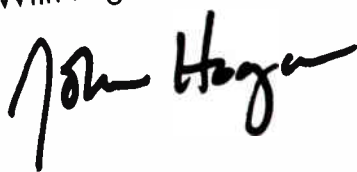
There are many companies that offer state-of-the-art technologies for measuring audiences. And there are many companies that excel at measuring consumer behavior. We want to investigate those options.

We compete against media that can supply advertisers with overnight ratings. We compete against media that can give advertisers full and undiluted details about their audience. We compete against media that are far less valuable to advertisers - by a long shot - than radio. And every time radio's performance and value is measured accurately, we absolutely shine.

Something as powerful as radio deserves powerful, state-of-the-art measurements.

We would like the responses we receive to be reviewed by a cross-section of radio companies, ad agencies and media buyers. Please join us in this important work.

With Regards,



John Hogan
CEO
Clear Channel Radio





The Wizard of Ads

By Roy H. Williams

» **QUICKREAD** » Within the next nine years, the top name on *Radio Ink's* Top 40 list will be one that is not in the radio business today. » What will newfangled technology do to time spent listening? » Maybe the old guard, RAB-types are right. They said 8-tracks would bring us down, they said cassettes would bring us down, they said CDs would bring us down. But they were wrong. » Media in America is undergoing an avalanche of change. Will radio quicken its pace to stay in step, or will it fall further and further behind? » I don't have the answer. I only have the question.

TOMORROW'S MOST IMPORTANT BROADCASTER

Radio Ink's list of The 40 Most Powerful People in Radio usually names the men and women who touch the largest amounts of money. At least that's my impression of it.

Assuming this criterion to be true, I believe that within the next nine years, the top name on the list will be one that is not in the radio business today.

Years ago, Earl Nightingale shared a story about a company that once led the nation in making hand pumps and buckets for extracting water from wells. The company was the undisputed champion in the field. When a newfangled fad called indoor plumbing was introduced, this company continued making America's finest hand pumps and well buckets because that's what it did best. It took only a few years for that company to go out of business.

The fatal mistake, according to Nightingale, was that they believed themselves to be in the pump and bucket business. Consequently, they didn't believe those strange people making pipes and faucets to be competition. In truth, both companies were in the business of water delivery. I wonder how their story might have turned out if the pump and bucket company had taken the indoor plumbing fad more seriously.

To what degree are your towers and transmitters the hand pumps and buckets of tomorrow? Please understand — I don't have the answer, I only have the question.

Sirius Satellite Radio has agreed to provide music channels to users of Sprint's cell phone service. The agreement is not exclusive, which means that Sprint is free to sign a similar deal with XM Satellite Radio, and the other cell phone companies are free to sign similar pacts as well. What will this newfangled technology do to time spent listening? I don't have the answer. I only have the question.

Maybe the old guard, RAB-types are right. They said 8-tracks would bring us down, but they were wrong. They said cassettes would bring us down, but they were wrong. They said CDs would bring us down, but wah, wah, wah... We are invincible. The public has always gotten water from wells and they always

will. Drawing water from under ground is a time-tested American tradition, wah, wah, wah.

Have you heard about Boomerang Mobile Media? They can deliver immediate-response streaming video to every one of America's 181 million cell phones, 24/7. Their service is actionable, measurable — and rates are based strictly on performance. In other words, an advertiser is charged only for results. I believe Boomerang or another company like it will become a powerful strategic ally to at least one traditional mass media, locally and nationally. Will that media be radio?

"To see the product in action, dial * 697 on your cell phone now."

"View the movie trailer now at * 791."

"Meet the candidate face to face at * 1,000."

These messages can be tagged to traditional ads on radio, television and billboards, in newspapers, magazine and flyers. The good news for radio is that Boomerang would help to facilitate the move to Less Is More. Yes, I believe shorter ads are good for radio. And hard-to-measure :60s could become easily measurable :15s with the help of Boomerang.

(For an actual demonstration of Boomerang technology: 703-286-2693 for a BMW ad; 703-286-2180 for Busch; 703-286-2180 for the Sarasota Film Festival. By the way, I have no financial relationship with Boomerang whatsoever. In fact, they don't even know I exist.)

In many ways, Procter & Gamble is the quintessential Fortune 500 company: slow to change, steeped in tradition, guardians of vast brand equity — which makes it all the more interesting that they've created a new position for a full-time analyst of emerging media.

Evidently, P & G is convinced the RAB-types are wrong.

Yes, media in America is undergoing an avalanche of change. Will radio quicken its pace to stay in step, or will it fall further and further behind?

I don't have the answer. I only have the question. ☎

Roy H. Williams, president of Wizard of Ads Inc., may be reached at Roy@WizardofAds.com.

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Alex DeMers, DeMers Programming, Philadelphia



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The Case For Quality Programming

“If you’re not failing every now and again, it’s a sign you’re not doing anything very innovative.”

— Woody Allen

Watching HBO recently, I realized again that the cable channel’s slogan, “It’s not TV — it’s HBO,” is truer than ever. The HBO brand is now synonymous with the quality of the shows it airs. *Six Feet Under*, *The Sopranos*, *Sex And The City*, *Deadwood* and incredible movies made for the channel (many better than most theatrical releases) have made HBO the channel to have in your home. The success of these shows and HBO proves that a sizeable audience likes intelligent television, will watch shows like these in big numbers and is starved for something other than the fodder served up on the alphabet networks.

The thought then occurred to me: Maybe there’s a similar, sizeable audience starved for something other than the fodder served up by the cloned music radio stations on the air from coast to coast. Logic would lead anyone who’s conducted focus groups and other research to believe that something — anything — different would have to be successful. News stories report that more people are spending their free time online, and the Internet is the new media of choice. Kids listen to Internet radio without commercials and, for the most part, they have no affinity for their local radio station, other than to get free concert tickets or to enter a contest.

So, what if somebody — preferably a really talented programmer — could sell one of the radio monoliths on launching a great radio station that would develop audience by executing a format focused on the quality of the music, rather than the trendy, disposable pabulum now on air. I’m not talking about playing esoteric music. An abundance of quality music out there is anything but esoteric, and it’s mostly on Triple A stations. Why couldn’t something similar be developed for a larger audience? Does any data show this wouldn’t work? The fact is, it worked in the past. It’s what the first real AOR stations were all about, and many of those stations had big ratings and made big money.

I know, that was a different time — but does anyone hon-



HBO’s *Six Feet Under* is just one example of the quality programming that audiences have come to expect from cable, rather than network television.

estly believe an audience cannot be delivered in similar fashion today? (And if you don’t, perhaps your days in radio are over.) You say the market has changed? You bet it has. But if over five million people are willing to pay for satellite radio, doesn’t that signify that people are looking for something else? Remember how network TV executives

laughed at cable a quarter century ago? They’re not laughing anymore. Cable viewership surpassed network viewing two years ago. Why? *The audience wanted something else.*

Arguments will be made by the media monoliths’ businesspeople and general managers that developing such a format would be costly, and stations potentially could lose millions in advertising revenues if the format does not deliver ratings quickly. But one of the most important expenditures a company can make is in research and development, and it’s well past the time for radio to do some R&D to ensure a brighter future.

As entertainment options for the consumer grow with daily technology announcements, it’s more important than ever for radio’s leaders to look inside their organizations for talent that could bring something like this to light. It could be the most exciting innovation in radio in many years. Long-term health and stability will not be ensured by offering free concerts with artists gotten by cutting deals with labels, contests gotten by cutting deals with labels and spinning trendy and disposable music.

Radio probably has great talent already, and maybe a programmer or two has the same idea. Imagine turning on a radio station and not wanting to turn it off because — well, because it’s *that good*. It’s happened before, and it can happen again. I hope someone has the courage to try something before it’s too late. ☒

Steve Meyer is president of Smart Marketing and publisher of DISC&DAT, a new media newsletter. E-mail him at stephenmeyer@earthlink.net.

The Business of HD Radio

For NPR Radio, Tomorrow Radio Is Today

By Reed Bunzel, Editor-in-Chief

Eighteen months ago, National Public Radio demonstrated its Tomorrow Radio project at the Consumer Electronics Show in Las Vegas. While it can be said that there is very little that's new under the sun in Vegas, those who saw this demonstration walked away with a new sense of urgency — and awe — about what HD Radio might mean to public and commercial broadcasters alike. The technical wizard behind this project is NPR Vice President of Engineering Mike Starling, who discussed with *Radio Ink* the genesis — and tangible applications — of Tomorrow Radio.



How did the first seeds of the Tomorrow Radio project get planted?

After the wonderful Yankee ingenuity concept of In-Band On-Channel (IBOC) failed miserably at the first series of demonstrations in 1995, U.S.A. Digital Radio and Lucent Digital Radio did some excellent engineering work. At that time, some of us thought they had over-corrected the system. They pushed the carrier levels way down and split the upper and lower sidebands, so you had very good robustness for multipath, and a truly CD-quality experience — if, and only if, you had a really good advanced audio coder to go with it.

These coders were not available at the time?

No, but the industry marched ahead, and improvements in audio coders did occur. They're not quite like Moore's Law* in terms of predictability, but they certainly did get better every few years. In the ensuing years, while the engineers were working on the regulatory front and satisfying the National Radio

Systems Committee (NRSC) that this technology was a substantial enhancement over analog, those coders came along. Once that technology was put into the system, I began to believe that we could split the signal, and we decided to prove that theorem.

You decided to prove it in the way of market tests?

Yes. In roughly 40 percent of our markets there's only one public radio station, so we saw this as the rising tide that would raise all of the boats in the non-commercial listening realm. It was obvious that if we could get an additional channel in each of these markets, we could greatly improve our listenership. At first, we thought that at best we might be able to get an AM-quality audio channel and a Swiss cheese coverage area with a digital-only signal. But when we conducted the tests, the results really bowled us over when we saw how good it looked.

Where did you test it?

The NRSC suggested we test in more

than one market. We decided that San Francisco, Los Angeles, Washington and New York would be the best "torture" test markets. Some of these cities were test markets for the original IBOC system, which gave a good frame of reference of how this would match up to expectations. In all tests, the coverage looked really good.

Yet there was still the challenge of having a state-of-the-art coder.

Absolutely. But during this time frame, iBiquity was strongly encouraged by commercial and non-commercial broadcasters to put in the best coder that could be found. To their credit, iBiquity made that switch and integrated a best-in-class coder that made all the difference in this becoming viable. Once we did the exhaustive subjective testing, we found that we could split the digital channel in half and create two near-CD quality channels. One is a digital simulcast of the analog, and the other as a completely new standalone digital, with pretty impressive coverage. Arthur Clarke's quote that "any sufficiently advanced technology is indistinguishable from magic" applies here. The guys at iBiquity are technical virtuosos; they put everything into this to make it work well, and they did an absolutely amazing job. Of course, it would have to be amazing to be compatible with the existing analog signal.

How did you determine that you could run completely independent programming on the secondary audio channel?

We're not too proud to steal great ideas and experiences from those who have been through these waters before. The European experience with digital was

really instructive. The UK has had a successful launch of DAB, after wasting five years trying to characterize it as a vast improvement to audio quality, which got them absolutely nowhere. It was only when they added completely new program choices and got receivers into the marketplace at less than £100 that it took off. The turning point was 2003, and in these last two years it's become an overnight sensation. Digital sets are now outselling analog sets, and we think it will be a similar experience here in the U.S.

What programming will you be offering to NPR stations?

Starting this month, we're offering five new channels — Triple A, Folk, Classical, Jazz and Electronica. Each station will assess its market and decide the format that will be the best fit, then turn that channel on and begin to seed the market with new programming.

Of course, the second part of this equation is making receivers available so people can hear the programming. Are you working on that?

In January, we put out a request for information to all iBiquity licensed receiver manufacturers. We got four very detailed responses, and we're close to wrapping up a multicast receiver program in which we will work directly with the manufacturers to roll out multicast receiver products. Once this happens, we'll publicize that information on our station websites that will be devoted to these new multicast channels.

How many NPR stations have converted, or will be converting to HD Radio?

Seventy-eight stations have requested multicast authority from the Commission, and about the same number currently are on the air in digital. Another 308 public stations are on the path to turning on a digital signal. This means we have roughly 475 public radio stations broadcasting in digital or on their way. By the end of 2006, we should be just shy of 500 stations on the air



across the country. This could be the Holy Grail for us. Public radio never could go out and spend a couple hundred million dollars for a new FM frequency in Los Angeles or New York City, but we could achieve that kind of objective with a new digital transmission system.

There's been talk that NPR might use the secondary channel during pledge drive so that listeners could switch to regular programming after they've made their donation. How would this work?

That's a really intriguing premise. We don't know yet exactly how iBiquity's conditional-access technology will work. If it was truly functional, during the week or two of pledge time, members who have let us know the electronic numbers of their radios would be able to hear pledge-free programming. Some folks are really intrigued about that, but we haven't made a decision to do it. A lot of issues need to be probed, and I'm sure some people might like to experiment with it. I suspect we're at least a year, maybe a year and a half away from receivers that have this conditional-access mechanism.

How would it work?

It's exactly the technology used for subscription activity. Again, we get the benefit of those who spent an awful lot of cash before we did, in this case satellite radio. They must be able to authorize and de-authorize receivers to maintain their business model. It's simply a matter of iBiquity acquiring the right expertise in their advance development team, and they're working now to add that feature to HD Radio.

Do you see a business model for this in commercial radio, or will stations be

cannibalizing their existing listenership?

We had a number of conversations with our colleagues at NAB, and some of the larger groups were intrigued by what we were up to and how it might work for them. The light bulb has been going on for a lot of people who see increasing competition from satellite radio, which might have six or seven flavors of country music. Now they can offer an outlaw country format on their multicast channel. They see that in a few years these things could make a big difference in the bottom line.

How do you see this technology evolving in the next few years?

When we get things like TiVo functionality, it might create a resurgence in strong program hosts and program-formatted radio. We'll also see "talk-back" technology, where the radio can have a "more info" button that becomes a "buy now" button when you push it twice, so that listeners can order a song or other product, and the station will get credit for the purchase. These intriguing ideas will only support the business model.

You've taken a lead in adapting this digital technology, but some broadcasters still aren't so sure about it. What would you say to them?

Although it is comforting to think that iPods and satellite radio in the aggregate have only attracted a total of 20 million customers between them, there's a great risk in being complacent. We saw that with our colleagues in the TV industry, who thought that cable subscriptions would remain a small share of the overall market. Over the course of 15-20 years, they saw over-the-air distribution shrink significantly. Rather than fighting against other media, we need to focus on providing a good customer experience. That should be job one, two and three — along with paying the bills, of course. ☎

*The observation made in 1965 by Gordon Moore, co-founder of Intel, that the number of transistors per square inch on integrated circuits had doubled every year since they were invented



Pierre C. Bouvard
President

Portable People Meter and International
pierre.bouvard@arbitron.com

An Open Letter to the Radio Industry:

The radio industry is about to face a major decision regarding delivering the accountability that advertising clients have been demanding.

Making Electronic Measurement a Radio Reality

Arbitron is excited to see the growing recognition of the need for new tools to demonstrate ROI to clients. To satisfy this need, this month, Arbitron is preparing to present the radio industry with an early proposal to deliver Portable People Meter (PPMSM) radio ratings in the U.S.

Next Steps for the Radio Industry

To move electronic measurement forward, the radio industry needs to act.

We are calling on the RAB PPM Task Force to act promptly on the information we have provided in response to the 218 questions they posed to us regarding our PPM ratings system.

We call on the RAB Board to release, as soon as possible, the results of the Forrester study of the Economic Impact of Electronic Measurement.

We ask that radio groups, stations and agencies devote the necessary time and resources to evaluate the audience estimates from the Houston PPM market trial that we will begin delivering later this summer.

And we urge the Media Rating Council® to conclude, with all deliberate speed, the audit of the PPM ratings system that they began last September.

The Time for Electronic Measurement Is Now

PPM means improved accountability for radio. Improved accountability means radio gets in more media plans. The time has come for electronic measurement of radio audiences. Arbitron is redoubling its efforts to conclude successfully the market trials that the industry asked of us. And we are focusing our resources with the goal of introducing PPM radio ratings starting in 2006.

Best regards,

A handwritten signature in blue ink that reads 'Pierre Bouvard'.

Pierre Bouvard



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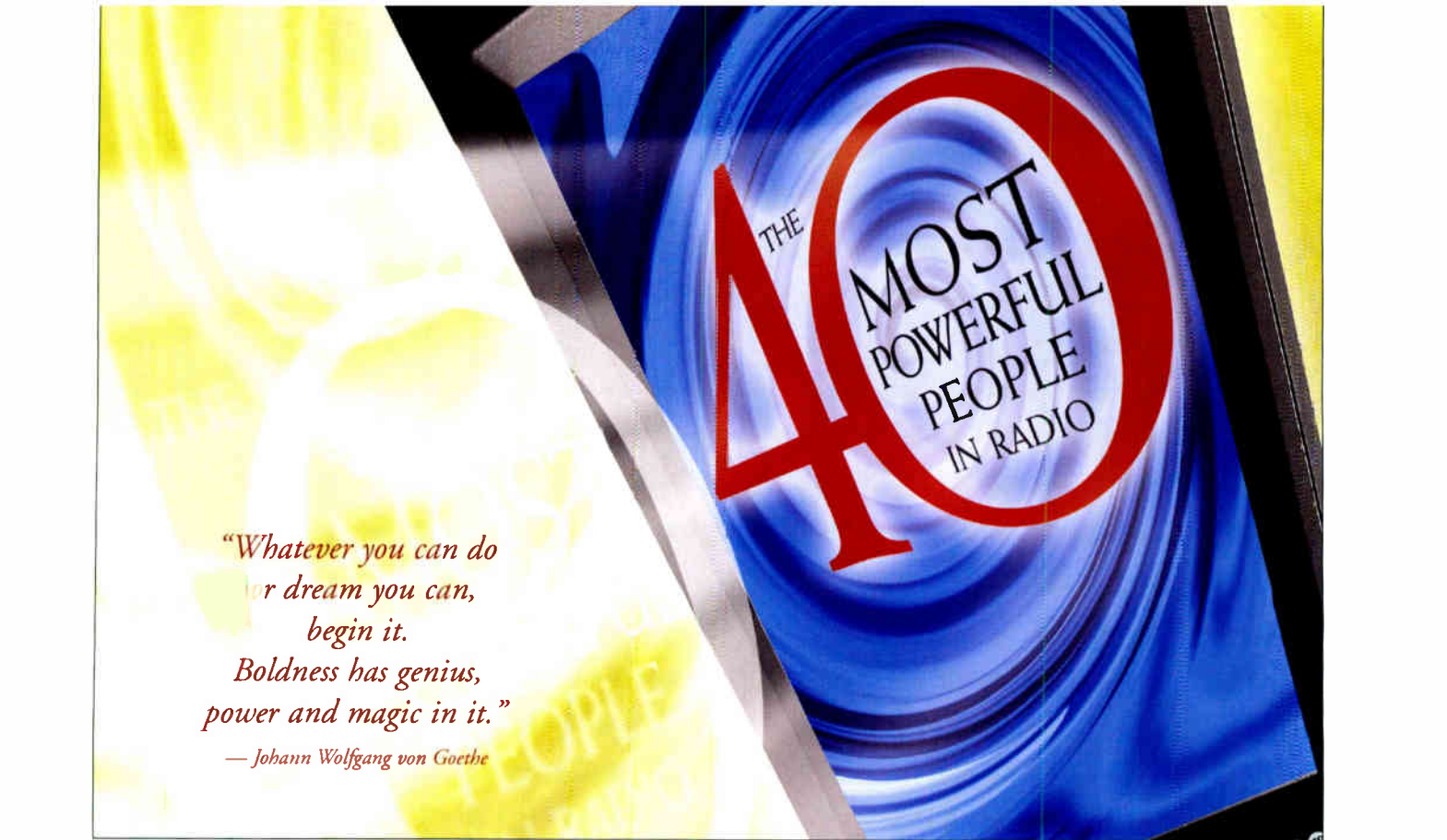
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— Johann Wolfgang von Goethe

Radio industry watchers will note two momentous events that occurred in 1996: the passage of the Telecommunications Act (which ushered in the era of consolidation), and the appearance of *Radio Ink's* first list of The 40 Most Powerful People In Radio.

In the 10 years that we've been publishing this issue, 96 individuals — 89 men and 7 women — have made the list. The first number one on the original list back in 1996 was Infinity Broadcasting's Mel Karmazin, followed by Clear Channel's Lowry Mays (at number two) and Jacor's Randy Michaels (number three). The first woman to make the list was Dr. Laura Schlessinger, who was included in 1999, before we decided to exclude on-air personalities (Rush Limbaugh, Howard Stern and Don Imus also were early members of this select club). During the past decade, two FCC chairmen (Reed Hundt and Michael Powell) have made the list, as has one Justice Department attorney (Joel Klein).

Indicative of the rapid changes within the industry since 1996, only nine of The 40 Most Powerful People In Radio just 10 years ago are still on the list today — and only seven of those have been on the list all 10 years. Interestingly, while just three men have held the number one spot during the first nine years, none is on the list today (nor are any of those who held the number two slot). This means, of course, that this year we have a new number one; he joined the ranks in 1999 at number 10, and has inched his way up since then (you'll have to turn the page to find out who it is).

What does this mean? For one thing, while many critics suggest that the radio industry is an “old boys club,” it's not the same “old boys” who continue to wield the power. Certainly, men have dominated the list during the past 10 years, because less than 1 percent of the people on it are women. However, this year three of the seven new industry executives to be added are women, a trend we'd like to see continue during the next 10 years.

Of course, as we set out to identify The 40 Most Powerful People In Radio, we must first define “power.” To paraphrase Supreme Court Justice Potter Stewart (completely out of context), we all seem to recog-

nize power when we see it. Still, determining who holds — and wields — the most power within the radio industry is a long and exacting process. Do we judge people based on corporate position? Do we look at the number of radio stations for which a person is responsible, or how many millions of dollars he or she generates? Do we base it on a person's wealth, or the number of shares of stock he or she owns or how much voting control an individual has? Do we base it on how quickly one person can get another to return his or her phone calls?

The answer to all of these questions is yes, but these are just some of the many criteria we use in the 12-month process that begins as soon as the last 40 Most Powerful issue rolls off the presses. We maintain a “rolling file” of the men and women who might deserve a spot on the list, and during the year these files grow as we collect corporate financial statements and dissect the revenue and earnings numbers. We also make hundreds of phone calls and exchange thousands of e-mails as we contact everyone who will listen: top corporate CEOs, group executives, investment analysts, brokers, broadcasters and managers at every level of the industry. Once we've reached as close to a unanimous position as we can, we take one final look to ensure we haven't made a glaring error.

This issue of *Radio Ink* always spurs considerable debate — and often a little disappointment — but we believe we have identified the 40 individuals who truly are the pillars of power in the industry. Let me be the first to congratulate the 2005 40 Most Powerful People In Radio.

— Reed Bunzel, Editor-in-Chief

INSIDE THIS SECTION

- 28 The 40 Most Powerful People In Radio
- 70 Bumped From The List
- 71 People To Watch
- 72 Contact List
- 74 Most Powerful People In Radio 1996-2005



1

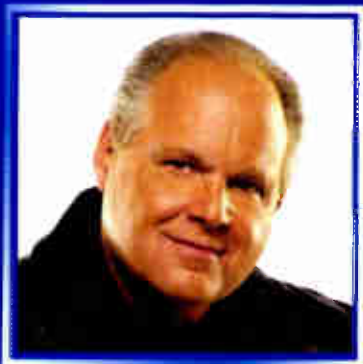
Mark Mays - CEO, Clear Channel Communications

In May 2004, when Clear Channel announced that Mark Mays, son of company co-founder Lowry Mays, was named interim CEO, the lights in *Radio Ink's* editorial offices momentarily flickered. A flux in the radio industry's power grid as monumental as this is rare, and it led us, along with many analysts, critics and pundits, to question whether the move truly was temporary, or if it would become permanent as the senior Mays' health issues were fully understood. Sure enough, just months later, Mark Mays' CEO stripes were sewn on and the lights flickered again — albeit less noticeably — as the passing of the Clear Channel gavel maintained control of the company within the same family.

Quantifying the effect of the corporate hand-off within the company and the radio industry is difficult. During Mark Mays' initial tenure as chief executive, the much-publicized Less Is More initiative has certainly rattled the radio business. Following a modest financial performance in 2004, the company is experiencing some light-headedness on the revenue front, largely attributed to LIM. And a corporate realignment effort, designed to take part of the Outdoor division public and spin off the Entertainment division entirely, has met with mixed reviews.

Still, power is power, and no one within the radio industry has more of it than Mark Mays. Note the company's revenues: In 2004, Clear Channel reported revenues of \$9.4 billion, an increase of 5 percent compared to revenues of \$8.9 billion the previous year. Radio revenues were \$3.754 billion vs. \$3.695 billion in 2003, a 2 percent gain. Of course, this year so far has proven to be challenging, with first quarter 2005 revenues for the company pegged at \$1.9 billion, a 4 percent decrease from the \$2 billion reported in the same quarter a year earlier. Radio revenue for the quarter was down 7 percent, from \$833 million in 2004 to \$773.5 million in 2005.

In a corporate statement, Mays conceded that the first quarter was "challenging," but insisted that the company maintained its focus on "leading change, driving innovation and delivering value to our customers." Without question, the



Rush Limbaugh



Jim Rome



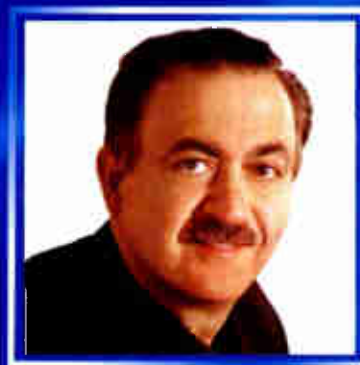
Glenn Beck



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change and innovation Mays refers to stems from the LIM initiative, the results of which are too early — and in a sense, contradictory — to determine. Mays told *Radio Ink* that the company must take a leadership position within the industry. “Clear Channel has the ability to change radio, and that leadership is a responsibility,” he explains. “Sometimes it leads to a little bit of pain along the way, but at the end of the day, it’s all about leadership.”

Mays notes that realigning the radio division’s entire sales efforts around LIM is taking — as anticipated — longer than many people would like, but he firmly believes that any worthwhile change takes time. “We’d love if we could get through the funnel and get our ratings up and the advertisers on board quicker,” he observes. “We would love to be further down the road, but we are where we are, and we’re still excited and committed. These things take time, and we know this is the right thing to do long-term. When you’re moving an industry that’s been around for 70-80 years and doing the same thing for 30 years, it’s harder to move.”

Frustrated by revenue and cash-flow performance that’s received tepid Wall Street response, Mays in April announced a series of strategic measures that the company’s board of directors claimed would “sig-

Everything else out there is hipper and sexier and better than radio ... We need to do a better job of marketing radio — not only telling people why radio is great, but then providing them with great radio If we give people what they really want, it will come back and pay dividends.

nificantly increase shareholder value.” Included in this initiative were plans for the Clear Channel Outdoor IPO, the Entertainment division spin-off, a 100 percent spin-off of the Entertainment division, a \$3 per share special dividend and a 50 percent increase in the company’s regular quarterly dividend. While some analysts still are scratching their heads over this move, Mays insists that the realignment has allowed the company to “focus on creating environments where we think our operating units can perform as well as possible.”

Specifically, Mays says the Entertainment spin-off unit and the Outdoor IPO will

allow the remaining divisions to grow faster. “Each of those entities will grow more quickly, for different reasons,” he predicts. “At the same time, we think all of the organic things we’re doing within radio are exciting. Clearly, through our reduction in inventory, we’re taking a short-term hit, but we’re doing it because we believe it’s good for radio. We’re providing a better listening environment, which will bring listeners back to radio. Also, we think that creating a good environment for advertisers will bring more advertisers back — they’ll get better results, and that’s exciting, as well.”

Because some of those listeners and advertisers have drifted toward new media and new technologies, Mays says it’s incumbent upon everyone within the industry to develop new programming content — as well as a user-friendly environment — to lure them back. “Satellite radio, MP3 players and cell phones alone aren’t going to replace radio,” he says. “But they do present more competition, and we need to wake up to that. We must understand that, while these technologies won’t put us out of business, we need a better climate for our advertisers and our listeners. There are more things for people to do in the car, such as talking on the cell phone or listening to an iPod or tuning to satellite radio. As an industry, we must provide a compelling place for people to want to be.”

To that end, Mays says that rapid implementation of HD Radio is imperative. “We have accelerated our roll-out of this system, and we feel we’re taking the lead,” he observes. “We’re investing a lot of money in it, and we think the entire radio industry should do so, as well. It’s a technology we should embrace and implement, and make a good business model out of it.”

Radio’s greatest challenge going forward is to market radio so that it doesn’t feel like an 80-year-old grandfather. “Everything else out there is sexier and hipper and better than radio,” Mays explains. “As this message is conveyed to consumers, they begin to believe it, and it starts to weigh on their minds. We need to do a better job of marketing radio — not only telling people why radio is great, but then providing them with great radio. We all need to do more of it. If we give people what they really want, it will come back and pay dividends.”



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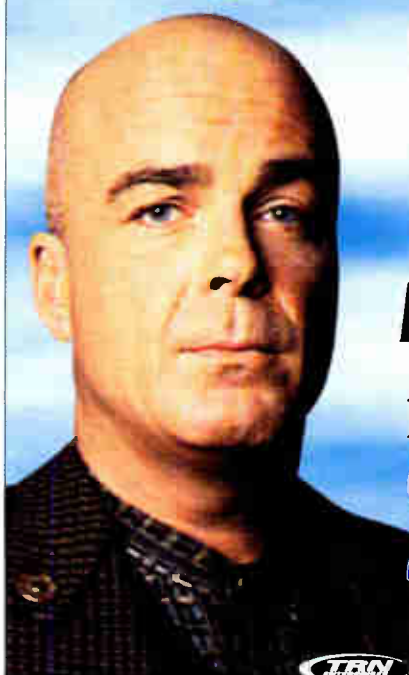
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John Hogan has a lot on his mind this year — and, to hear him tell it, “a target on my back, my front and my sides.” He’s referring, of course, to Clear Channel’s Less Is More initiative, which he announced last summer and implemented in December. “LIM is an umbrella term for the evolution of our radio stations, to make them more meaningful, more valuable, more connected to our audiences,” he explains. “If we do that, and then offer advertisers a better environment and more choices in spot length, spot price and spot position, that’s a huge win.”

In an industry fraught with impatience, cynicism, competitiveness and a quarter-by-quarter fanaticism, Hogan realizes that any worthwhile change doesn’t come instantly, and it can be painful. “All this noise about LIM stems from the fact that it’s different,” he says. “It’s unfamiliar, and it’s challenging for people to get their arms around. It’s like arguing whether a diet is good for an overweight person. There is no argument: If you’re overweight and bloated, and you’re not taking care of your body, you will have problems. You can argue about the Atkins diet or the South Beach Diet,

2

John Hogan - President/CEO, Clear Channel Radio

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but there is no argument that by dieting you will improve your health. You're creating opportunities, you're making things better. LIM is an important and powerful foundation for evolving our radio stations."

Hogan is the first to concede that, without LIM, Clear Channel probably would be having a better year financially. Indeed, Clear Channel Radio's first quarter 2005 revenues were \$773.6 million, a 7 percent drop vs. the \$832.9 million reported in the same period last year. The decline, which came primarily from the reduction in overall commercial minutes offset somewhat by average rate increases, was felt equally on national and local advertising fronts.

"Certainly there's some short-term pain," he acknowledges. "We have competitors who look a little smarter in the first two quarters because they've been able to take business that we have opted not to take, or have not been able to take. Our share has gone down, while others' has gone up. But that's a short-term perspective. If we hadn't done this, the radio industry wouldn't be discussing long-term viability. We wouldn't be talking about offering choices for advertisers or creating better commercials or improving compensation systems. The fact is, this initiative has been the catalyst to change the way our stations are programmed, the way they're promoted, the way we measure ourselves, the way we compensate ourselves and the quality of commercial content."

Despite the short-term hiccups, LIM has been a catalyst for change within the Clear Channel Radio culture, Hogan says. "It's allowed us to totally reinvent our business model. We have radio stations that sound better today than they ever have. They are more attractive and more effective for advertisers than any other radio stations out there — and that will benefit us in the long term. What Clear Channel is doing today is what every radio group that survives will have to do at some point in the future. The old business model that completely disregards the listener and the advertiser will have to be replaced, and LIM is the first step. The chances that we got it completely right out of the gate are infinitesimally small, so we've contin-

ued to make adjustments, and we will continue to make adjustments. But it is inarguably the direction that radio needs to go."

Our company alone reaches 100-plus million different listeners and audio consumers every single week. When you extend it out to the rest of the industry, we have something no one else has: an incredibly powerful, proven, flexible, dynamic, well-targeted vehicle for communicating. As we develop opportunities and products, it will serve us incredibly well.

Radio's single greatest challenge, Hogan says, is to become seriously introspective. "We all need look inside our businesses," he explains. "That's certainly what we're doing at Clear Channel. If our revenues are going to grow, it will be because of our focus on the things that we can control. We absolutely have to do a better job of marketing ourselves, of letting people



know what our radio stations can do. We need to educate them about the successes we produce every single day, informing them of the new, different and valuable opportunities that our radio stations can provide for advertisers."

Radio must have the discipline to sell its benefits and value, Hogan points out. "Our success will be determined by our efforts," he says. "Radio is a great medium, but we can't expect people to gravitate to it just because we think it's great. It's a very competitive environment. There are more choices today, and we must sell the unique benefits, the unique value and the unique opportunities that radio offers."

To do this, Hogan says that every company, as well as the industry as a whole, must present a solid marketing strategy designed not only to communicate a relationship to the listener, but an intrinsic value to the advertiser. "We all have an obligation to market our stations and our medium, and the deeper it goes the more successful we will be," he says. "I don't buy into the fact that the age of a media buyer or planner works against radio. What works against us is our inability to communicate the real, tangible results that radio can deliver. Advertisers are challenged by being able to produce a result. They have to find a way in a very competitive environment to rise above the clutter, to connect with an audience and a potential consumer, and to improve their results. Radio is uniquely suited to do that. Our challenge is to communicate to the media buyer, the media planner, the media director, the account executive, the advertiser and the brand manager that we have the ability to deliver results."

While analysts and media critics are swooning over satellite radio and podcasting, Hogan is quick to point out that radio continues to reach 95 percent of U.S. adults weekly. "Our company alone reaches 100-plus million different listeners and audio consumers every single week," he says. "When you extend it out to the rest of the industry, we have something no one else has: an incredibly powerful, proven, flexible, dynamic, well-targeted vehicle for communicating. As we develop opportunities and products, it will serve us incredibly well."

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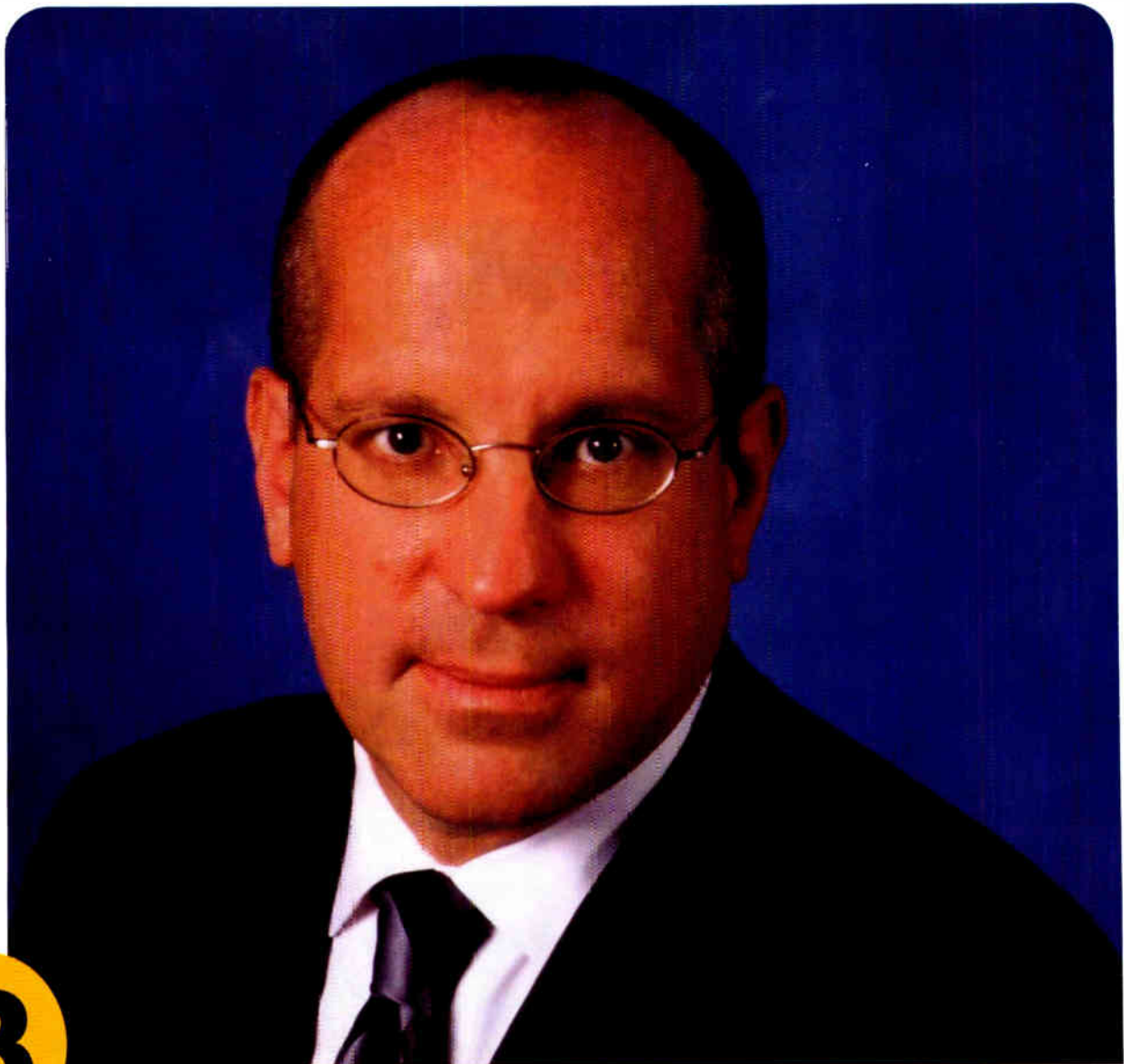
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3

Joel Hollander - CEO, Infinity Broadcasting

After several quarters of declining revenue figures, Infinity Broadcasting saw an uptick in Q1 2005, a period that coincides with Hollander's first three months in his current position. Revenues increased 2 percent to \$463 million from \$455 million in the same quarter last year, while operating income decreased 5 percent to \$190 million from \$199 million in Q1 '04. Infinity's operating income as a percentage of revenues was 41 percent vs. 44 percent in the same period last year.

Ever mindful of parent-company Viacom's financial goals, Hollander says corporate bean counters might have pulled Infinity's purse strings a little too tightly in the recent past. "For the last five to six years, this company has been underinvested, whether in future technologies or capital expenditures," he explains. "Over the past 12 months, we've tried to build some infrastructure and connectivity, and tried to fix some stations along the way. In January, when I was appointed CEO, we started to be very aggressive. We've started a podcasting station in San Francisco, we're streaming radio stations, we're changing formats and we've for-

malized sales training. We're very excited about where we're going, and we'll continue to be very aggressive."

Expect to see some of this aggressive programming and marketing in the coming months, as Howard Stern nears his departure from terrestrial radio. "You don't replace Howard Stern — he did something no one else did," Hollander says. "The man is legendary. He's made a lot of money for a lot of people. We're going to go in a different direction; we will be able to create some new opportunities. It's not going to happen overnight. We have to invest in the future, in talent, in morning shows."

Hollander says he is bullish on new technologies and anticipates incorporating them into Infinity's overall broadcasting strategy. "We've made a commitment to light up 100 radio stations in HD, but there's still a long way to go," he notes. "There has to be adoption by the automobile manufacturers in Detroit, but we expect to see some unification in the industry. It's not all going to happen tomorrow, but everyone wants to see it happen a little faster."

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"From a CFO's perspective, the challenge for radio executives is maximizing returns for shareholders over the long term in an environment where short-term performance is in the spotlight," Mays says. "We at Clear Channel are meeting this challenge by being flexible, being focused and staying the course. We are transitioning to shorter-duration spots, which hurts near-term results, but will ultimately drive long-term growth at our radio division. The recent re-alignment of our business units increases the flexibility of our radio group and enhances our ability to improve equity returns for shareholders over the long term."

Mays says that upgrading Clear Channel's radio stations to digital transmission is a top priority. "We are ahead of schedule in converting our stations, with more than 125 currently broadcasting in digital. Over the next three to five years, we expect digital radio to be an incremental driver of our revenue and cash-flow growth, so it's important we make the investments today."

Based on a variety of metrics, Mays says that on a scale of one to ten, the U.S. economy currently hovers around a six. "Radio's ability to deliver a higher return on investment than television or newspaper is a competitive advantage no matter the economic climate," he observes.

In his role at Clear Channel, Mays leads corporate development initiatives, guides merger and acquisition activity, helps to set the financial strategic vision and manages capital structure and allocation to the various business units.

Additionally, he serves on the board of directors of XM Satellite Radio, as well as the University of Texas McCombs School of Business advisory council. He was voted CFO of the year by the Broadcast Cable Financial Management Association in 2002.

4

Randall Mays - EVP/CFO, Clear Channel Communications

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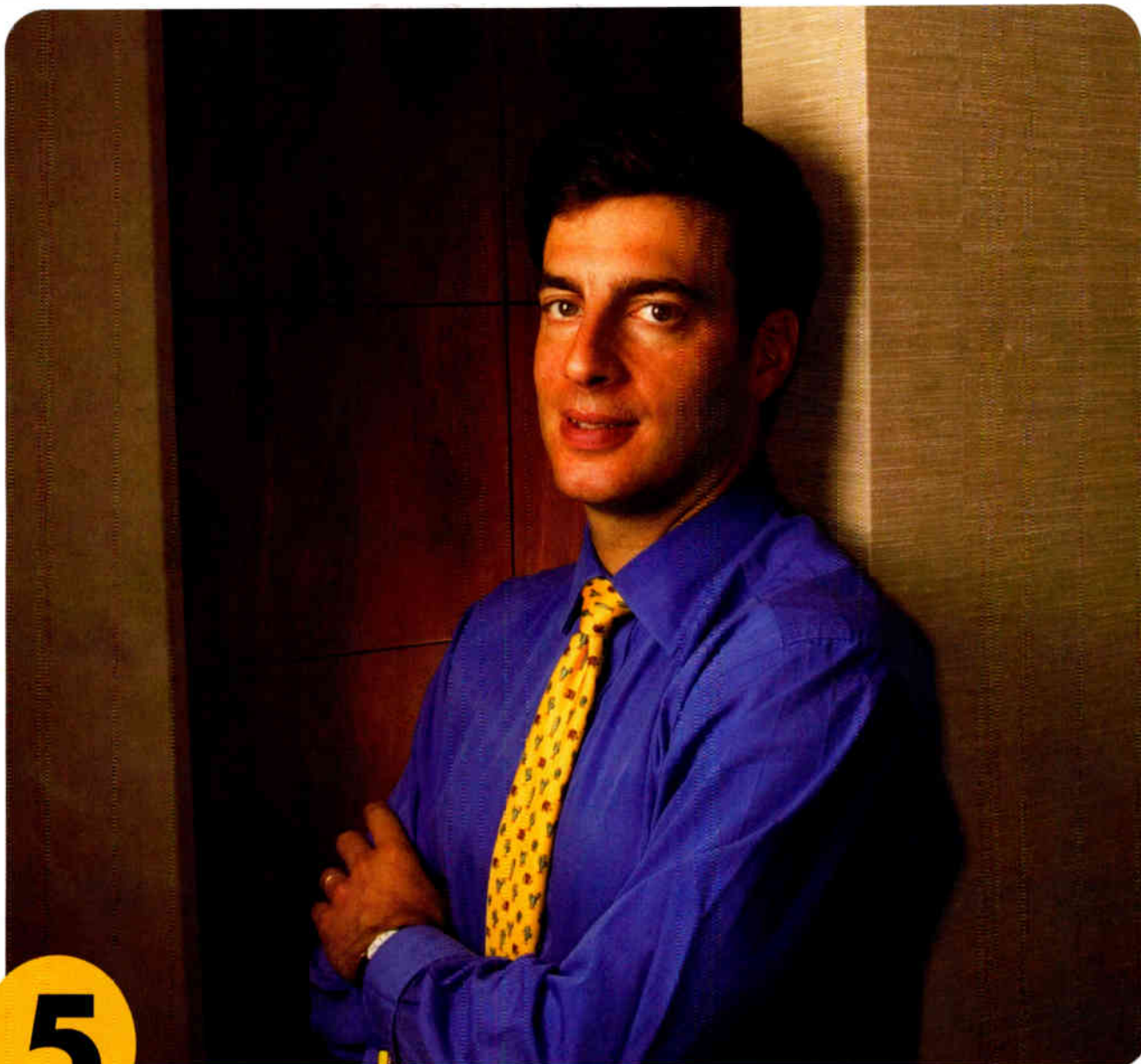
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5

David Field - President/CEO, Entercom

"The radio industry's future is quite bright," says Field, who last month was elected chairman of the National Association of Broadcasters' radio board of directors. "Twenty years ago, radio reached 96 percent of Americans; today, radio still reaches 96 percent of Americans. Despite an explosion of new technologies and new gadgets like cell phones, CD players, video games, the Internet and satellite radio, Americans still spend 20 hours per week with free, local radio. The recent Arbitron/Edison study reveals that new audio distribution technologies do not materially reduce listening to free and local radio; rather, they increase the size of the pie by creating additional listening time.

"In a world of exploding consumer gadgets, we will likely see moderate erosion to time spent listening in future years," Field continues. "But we will remain an enormously powerful medium that still reaches the vast majority of Americans with extraordinarily long TSL. The fact is, we principally compete with media such as

newspapers, television, yellow pages and a handful of other media that account for the vast majority of ad dollars in the U.S. Are these media immune from the changes in our world today? Of course not. In fact, they have experienced vastly more erosion than radio, and have significant issues going forward. The bottom line is that radio is the single best value proposition for advertisers today. Now is the time to capitalize on the very positive Radio Ad Effectiveness Lab studies and the other industry improvements of the past two years to shift more dollars from other media into radio."

In early May, Field reported that the company's net revenues and station operating expenses increased 8 percent to \$94.3 million and 7 percent to \$58.5 million, respectively. Same-station net revenues and same-station operating expenses increased 6 percent to \$94.3 million and 3 percent to \$58.5 million, respectively. Same-station operating income increased 10 percent to \$35.8 million. All figures are compared with the same period in 2004.

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"It's a ten! TOMA is convincing, a big help for businesses in our community and a revenue builder for our station. In 90 days we had people who've never been on the radio before sign one-year contracts totaling \$207,819 with us." - Sandy Sandford, Market Mgr. / Noalmark Broadcasting

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"It gave us a huge leg up on our advertising competitors! TOMA shows that we are committed to the marketplace, our advertisers and to the ultimate success of the businesses we work with. Do it before your competition does!" - Randy Cable, Advertising VP / GM - Saga Communications

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- Paul Starr, General Manager / VP Noalmark Broadcasting

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"It's absolutely easier to get appointments with TOMA and especially so with professionals and non-advertisers. Even one of our new guys was able to sell \$115,000 in new business and it's his first job in radio. TOMA is a great sales tool!" - Dave Wisniewski / Dir. of Sales, Summit City Radio Group



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"Radio's primary challenge today is its growth rate," Dickey says. "The advertising landscape has evolved as media have entered the digital age. Fragmentation means there are more choices than ever before, and large broadcast advertisers will be experimenting with their media mix, which leads to budget cuts and account attrition. This has, and will continue to put pressure on our sales staffs to broaden their client base. There are far too many businesses, locally, regionally and nationally, that can afford to advertise on the radio, but are not covered effectively. If we are to return to growth rates of 1.5-2X GDP, we must move beyond a price-for-share mentality, and become price setters, not price takers. To capture the true value of our great medium, including its unparalleled reach and cost efficiency when compared with newspaper and television, we must be more aware of how we are being valued in the marketplace on a CPM basis, and price our product accordingly."

Radio's secondary challenge, Dickey continues, is the industry's positioning with Wall Street, as well as the business and entertainment press. "We have allowed ourselves to be defined by the national 'pay radio' PR machine, and we have only recently begun to respond," he explains. "We must be unrelenting and proactive in the repositioning of our great medium, and continue to cooperate with one another, including the commitment of our collective resources. I'm confident that the business model of free, local, broadcast radio will prove to be highly resilient and very successful over the long term."

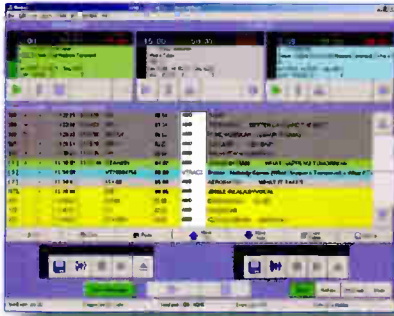
Dickey co-founded Cumulus Media in 1997 and became its CEO in June 2000. Prior to taking the reins as CEO, he served as vice chairman, spearheading the acquisition effort responsible for over 130 separate transactions to build Cumulus' platform, which is the second largest in number of stations. In addition, he ran his family's companies, Midwestern Broadcasting and DBBC, which owned radio stations in Atlanta, Nashville and Toledo.

Under Dickey's leadership, Cumulus Media's net revenues for the first quarter increased from \$65.5 million in 2004 to \$72.1 million in 2005, a 10.2 percent gain. Station operating expenses increased from \$46.3 million in Q1 2004 to \$50.5 million this year, up 9.1 percent. Station operating income increased from \$19.2 million to \$21.6 million, a gain of 12.8 percent from the first quarter of 2004.

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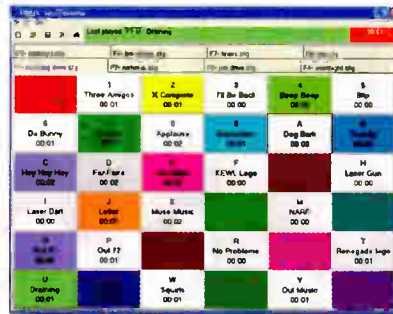
Lew Dickey - Chairman/CEO, Cumulus Media

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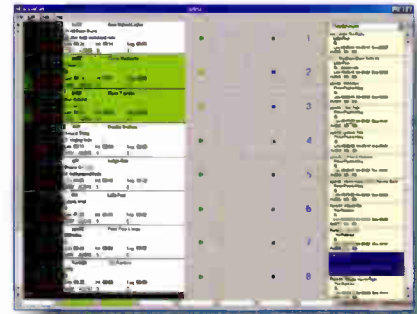
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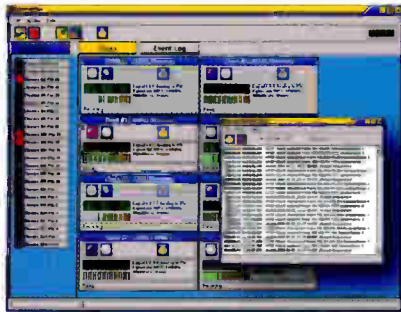
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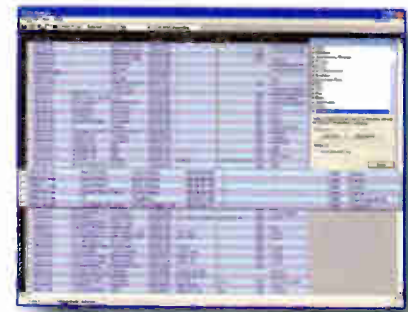


Audio Logging and Skimming.



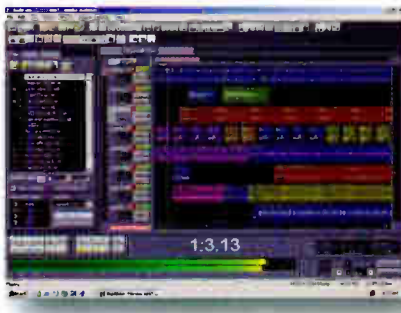
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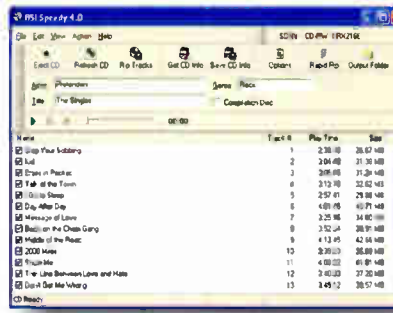
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7

Jeff Smulyan - Chairman, Emmis Communications

For the fourth fiscal quarter, which ended February 28, Emmis reported net revenue of \$137.9 million, a 5 percent increase over the \$131.4 million reported for the same quarter in 2004. Pro forma net revenue for the quarter was \$137.9 million, a 3 percent increase over the \$133.9 million reported for the year-earlier period. For the full year, net revenue grew to \$618.5 million from \$565.2 million, an increase of 9 percent, while operating income was \$140.4 million for the year, up from \$104.5 million for the prior year.

"The Emmis team delivered another strong performance this year," Smulyan commented at the time. "We outperformed our markets, enhanced the quality of our balance sheet and were honored by *Fortune* as one of America's Best Companies to Work For. This honor is particularly noteworthy; we aren't just the best-performing media company in the country, we are also one of the best places to work."

Smulyan says that the top priority for the radio indus-

try is dealing with the emergence of new technology in media. "We need to understand the real impact of satellite radio, iPods and Internet streaming, and how these technologies impact the overall challenges to ad-supported businesses," he explains. "We're in a new landscape, and all of us have to figure out a way to address these issues. Emmis' response has been to continue developing innovative programming while investing in HD Radio and industry-wide research and marketing. Also, our Interactive division has done some ground-breaking work in creating online content that enhances our station programming while increasing revenue."

To that end, Smulyan says that HD Radio "is a tremendous opportunity that we cannot afford to squander. None of us knows exactly what the business model is, and we all need to sort that out. Tapping the potential of HD Radio cries out for industry collaboration."