

# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

Volume 18, Issue 8

February 19, 2001

**AMERICAN  
URBAN  
RADIO  
NETWORKS**

**#1**

**THE URBAN  
RADIO LEADER**



NEW YORK  
655 THIRD AVE. • 24TH FLOOR  
NEW YORK, NY 10017  
(212) 883-2100 • FAX: (212) 297-2571

CHICAGO  
30 NORTH MICHIGAN AVE., SUITE 1218  
CHICAGO, IL 60602  
(312) 558-9090 • FAX: (312) 558-9280

DETROIT  
1133 WHITTIER ROAD  
GROSSE POINTE PARK, MI 48230  
(313) 885-4243 • FAX: (313) 885-2192

## RADIO NEWS

- Programming exec pleads guilty to payola charge** ..... 2  
The VP/Programming for former Hispanic radio group Z-Spanish Radio has pled guilty to accepting kickbacks from Fonovisa Records.
- Susquehanna Atlanta move-in survives challenge** ..... 2
- Premiere catalog selections going, going, gone** ..... 2
- Should billboards pay the bills at NPR?** ..... 2
- Skip to my KLOU? St. Louis station escapes fine** ..... 3
- Tristani finds fault with allegedly indecent program** ..... 3
- CCU draws fine in Youngstown LMA squabble** ..... 4
- Circuit Court nabs Napster** ..... 4

## RADIO ADBIZ

- Mercury Awards: Here come da judge** ..... 6
- Agency perspective: Surviving hard times** ..... 7

## ENGINEERED FOR PROFIT

- Eureka! TI comes up with DAB chip breakthrough** ..... 8-9

## MEDIA MARKETS & MONEY

- Viacom thumbs its nose at tough comps** ..... 10  
Viacom, owner of large-market radio juggernaut Infinity, plans to beat its 2000 numbers throughout 2001 after \$6B Q4.
- CCU finds tough sledding in Q1 2001** ..... 11
- Lexington Blue Chippers get Martinized** ..... 11
- Pearce helps CCU pierce small Mississippi market** ..... 11
- Missouri loves company? Fallon, Bross buy combo** ..... 12

## Tristani's double whammy

FCC Commissioner **Gloria Tristani** (D) is objecting to two more radio transfers which cleared FCC staff review. In the first transaction, the Mass Media Bureau granted the license transfer



of stations from Southard Radio to Golden Isles Broadcasting. Tristani believes the transfer will permit two group owners to control 93.9% of the radio advertising revenues in the Brunswick, GA market. "I have serious doubts that this level of concentration of the public airwaves is in the public interest," stated Tristani.

Next up is a Taylor Broadcasting to Clear Channel (N:CCU) sale in Macon, GA. Tristani again takes up issue

*continued on page 2*

## the superstructure for radio websites...

Imagine getting a website with e-commerce system and content that targets your precise audience and format. At a cost of next to nothing. It's all right here. Call us at 203-929-9101.

**siteshell.com**  
Home of the BlueDot WebSite NetWork

BPA International membership  
applied for September 2000

Executive Editor ..... Jack Messmer  
Managing Editor ..... Dave Seyler  
Senior Editor ..... Carl Marcucci  
Associate Editor ..... Karla Roberson  
Production ..... Michael Whalen  
VP Administration ..... Cathy Carnegie  
FCC Research Consultant ..... Mona Wargo  
Administrative Assistant ..... April Olson

Publisher ..... **Jim Carnegie**  
VP/GM, Associate Publisher ..... Ken Lee  
Senior Account Executive ..... John Neff  
Account Executive ..... June Barnes  
Account Executive ..... Ann Morrone

**Editorial/Advertising Offices**

6208-B Old Franconia Road  
Alexandria, VA 22310  
PO Box 782 Springfield, VA 22150

Main Phone: ..... 703/719-9500  
Editorial Fax: ..... 703/719-7910  
Sales Fax: ..... 703/719-9509  
Subscription Phone: ..... 703/719-7721  
Subscription Fax: ..... 703/719-7725

**Email Addresses**

Publisher: ..... JCarnegie@rbr.com  
Editorial: ..... RadioNews@rbr.com  
Sales: ..... KLee@rbr.com  
..... JNeff@rbr.com

**Daytona Beach Sales Office**

Ann Moronne

Phone: ..... 904/767-3682  
Fax: ..... 904/760-2888  
Email: ..... AMorrone@rbr.com

**Nashville Sales Office**

June Barnes

Phone: ..... 615/360-7875  
Fax: ..... 208/445-8774  
Email: ..... JBarnes@rbr.com

©2001 Radio Business Report, Inc. Material may not be reproduced without permission. All content may not be reproduced, photocopied and/or transmitted without written prior consent. Any violations will be dealt with legally.

Printed in USA

Radio Business Report is published weekly by Radio Business Report, Inc. Publishers of Radio Business Report, MBR - Manager's Business Report, The Source Guide, www.rbr.com and the Information Services Group database.

Subscription rate: One year \$220.

**RBR Family of Products**



**Source Guide**  
and Directory  
The All-Radio Yearbook

www.rbr.com  
RBR RADIO  
RBR's Daily Email

continued from page 1

with the Bureau's grant, saying, "This is yet another case in which the Commission's illogical rules for applying the local radio ownership caps results in the granting of a transaction that should be prohibited under the statute." Tristani further charges that this transaction—where two stations are being acquired—would put Clear Channel one station over the limit of what the FCC currently allows in each of two local markets.—KR

**RBR observation:** As far as we know, the Tristani counting method has only one practitioner. Furthermore, her principle objection is with the law as stated in the 1996 Telecommunications Act. If she really wants to change that, she made the wrong choice by passing up a chance to run for Congress last year in New Mexico in anticipation that **Al Gore** would become President and appoint her to chair the FCC.—JM

**Z-Spanish payola figure pleads guilty**

Former Z-Spanish Radio VP Programming **Salvador Campos** is pleading guilty to a felony tax count of accepting \$200K in kickbacks from Fonovisa Records for putting its music on playlists at over a dozen stations he once had control of, from 1995-1997 (*RBR* 11/8/99, p. 4). Punishment could run as much as \$250K plus three years in prison. Campos received as much as \$15K in payola a month from LA-based Fonovisa, the largest independent label in the Spanish music industry. Sentencing is scheduled for May 7.

This is only the latest Fonovisa payola conviction from a government investigation that de-

termined the label provided millions to obtain airplay for its songs in the late 90s—when Fonovisa dominated the Spanish charts. Two Fonovisa execs, **Jesus Moreno** and President **Guillermo Santiso** also pleaded guilty last year to a payola-related tax violation, as did Fonovisa itself. Moreno was fined \$50K; Santiso was fined \$200K. Both were put on two years' probation. The company was fined \$700K.

Because he cooperated in the investigation, Campos avoided being charged directly with violating the US payola statute—prohibiting broadcasters from taking money for playing certain songs without disclosing the payment to listeners.

An *LA Times* article reports this is all part of a continuing Justice Department investigation into illegal record promotions—Urban music labels may be next, the article said.—CM

**FCC rejects Atlanta move-in appeal**

Three weeks after WWQ-FM signed on in Atlanta, the FCC has turned down a Petition for Reconsideration which sought to undo Susquehanna's signal hop. The long-distance move-in had jumped the 100.5 MHz allocation from Anniston, AL to the Atlanta suburb of College Park, GA. **Preston Small** had contended that his competing move-in proposal, which would have moved WLRR-FM, 100.7 MHz, from Milledgeville, GA to Covington, GA, inside the Atlanta metro, should have been preferred over the Susquehanna plan.

**John Karousos**, Chief of the Mass Media Bureau's Allocations Branch, rejected Small's claim that College Park, GA, WWQ's city of license, did not qualify under the FCC's rules as a separate community independent of Atlanta.—JM

**Premiere lists show/ service cancellations**

As Premiere President/COO **Kraig Kitchin** told *RBR* (see *RBR* 2/12, cover), he needed to cut some of the network's dead wood and focus on the launch of new Talk programs, four new RADAR-rated nets, the Premiere Traffic Network and Fox Sports Radio Net.

On 2/9, the company officially announced 10% staff cuts and the following 13 products/cut dates: "House of Hair with **Dee Snyder**" (3/10); "**Lionel**" (Talk-3/2), "Club Country Live" (3/10); Cutler Country Comedy Net (parody songs-3/9); "The Country Plain Wrap Countdown" (3/11); "Reelin' in the Years" (3/11); "The Extra Report with **Leeza Gibbons**" (3/9); "The Motorman" (3/11); Fifth Floor Production Libraries and Noise Generator Production Library (both from BRg Productions-3/11); The Scoop Comedy Network (3/9); Custom Morning Music (prep-3/9); and Premiere Reality Prep Service (daily fax-3/9).—CM

**NPR criticized for outdoor biz**

National Public Radio has its chief congressional critic hot under the collar again. Rep. **Billy Tauzin** (R-LA) is threatening to reduce federal funding because NPR has begun accepting advertising—not on the air, but on its headquarters building in Washington, DC. Van Wagner Communications, an outdoor company based in New York, has a contract to lease the billboard space, but has not yet put a client's ad on the NPR building, which is on a major street near Capitol Hill.

**RBR observation:** NPR has operated for-profit subsidiaries, such as its satellite busi-

ness, for many years. We presume it also gets a cut whenever we pay to park in the NPR building's garage. What's Tauzin's beef?—JM

### Close, but no fine

Commissioner **Gloria Tristani** (D) is upset that the FCC staff declined to fine KLOU-FM St. Louis for a listener's complaint about a 10/14/00 broadcast. **Anne Shapleigh** of St. Louis had complained to the Commission about an on-air joke which included the line, "The wallet was found stuffed up the ass of a dead guy." In a letter to Shapleigh, FCC Investigations Chief **Charles W. Kelly** said, "While I understand that you are offended by the programming you describe, I do not believe that any FCC regulatory action can be taken in this case. A reference to excretory organs alone is not sufficient to find material indecent... Accordingly, we are dismissing your complaint." Tristani, however, said the FCC wasn't doing enough to protect children from broadcast indecency.—KR

### Tristani takes a stand against indecency

FCC Commissioner **Gloria Tristani** (D) again took issue with the FCC's staff's failure to pursue an indecency complaint. **Angela F. Woods** of Hueytown, AL had complained to WRLR-FM Birmingham, AL after hearing the word "pussy" used on the air. She said she was then insulted on the air during the "Lex and Terry" show, with the DJs calling her a "bitch." At another point during the morning show, Woods charged that

# Radio News®

## What's next for FINOVA?

One of the radio industry's long-time lenders is on the ropes—and perhaps on the auction block. FINOVA Group (N:FNV) had watched its share price plunge from above \$30 some 11 months ago to 47 cents in December and barely above a buck in recent days...and those stock buyers are perhaps overly optimistic. The smart money—including **Warren Buffett's** Berkshire-Hathaway—is buying FINOVA's bonds at deep discounts, hoping that the company's eventual sell-off or rescue will pay them more than they're paying for the commercial lender's bonds. Shareholders could well be left with nothing.

FINOVA took huge write-downs for bad loans last year, primarily for eight large vacation resort projects that went bad. A white-knight bailout deal to the tune of \$350M in new equity by Leucadia National Corp. collapsed last month, so the vultures are again circling. *The Wall Street Journal* reported (2/9) that Goldman Sachs and GE Capital are trying to put together a \$2B bailout (and effectively a takeover), but are having trouble convincing bond holders to take a haircut. Another option, as FINOVA has already indicated in SEC filings, is for the company to seek Chapter 11 bankruptcy court protection to restructure.

It appears something will have to happen soon. \$400M in bonds will come due for payment over a three-month period, beginning 2/27, and \$2.1B in bank debt comes due in May. In all, FINOVA has about \$11B in debt outstanding, so a default, if there is one, would be one of the biggest in US corporate history.

Although FINOVA's troubles stem primarily from another segment of its lending business, the Communications Finance division has certainly been impacted by its parent company's troubles.

"I turned off the spigot [of new loans] about a month to a month and a half ago," Vice President and Manager **Jeff Kilrea** told *RBR*. Although Kilrea said he is still servicing existing clients and funding all previous commitments, he can't take on any new media lending clients while the company's future is uncertain. He also isn't filling staff vacancies as, predictably, people have sought jobs elsewhere. "I'm probably in a holding pattern right now," Kilrea said.

In its last annual report (as of 12/31/99), FINOVA reported \$726M in its Communications Finance portfolio—out of a total of \$10B in loans outstanding.

The man in the hot seat at FINOVA is well known to broadcasters. **Matt Breyne**, who spent many years writing radio and TV loans, has been President and CEO since March 2000, when long-time Chairman and CEO **Samuel Eichenfield** left abruptly, following the first major loan write-offs.

**RBR observation:** FINOVA and its predecessor, Greyhound Financial (yes, it was once linked to the bus line), have been lending to radio for about as long as anyone we can think of. It kept lending, and creatively worked through its bad loans, when the radio industry went through the early 1990s recession. A decade ago it would have been a disaster to lose a single major radio lender. Fortunately, the pool of lenders involved in this industry has grown and that's no longer the case. Still, it would be a shame to lose a lender with so much experience in radio.—JM



New to  
**RBR Radio**  
this week

### Hear conference calls on [rbr.com](http://rbr.com)

- Ackerley
- Beasley
- Clear Channel
- Cox
- Entercom
- Entravision
- Radio One
- Spanish Broadcasting System
- Viacom/Infinity

the on-air personalities commented that they, "hope she has a wreck and gets killed on the way to work." Her complaint, however, was dismissed by the FCC staff.

"Unfortunately, this Commission has erected so many barriers to complaints from the public that our indecency enforcement program is rendered ineffective, as this case demonstrates," Tristani said in a statement. "It's time for the Commission to begin taking indecency cases seriously again."—KR

## Another "fine" mess

In yet another case of a radio station testing the limits of what the FCC considers "decent" for the airwaves, WLDI, Inc. has been fined \$21K by the FCC. After reviewing recordings sent in by a listener, the FCC staff ruled that broadcasts on October 18, 19 and 20, 1999 on WCOM-FM Bayamon, Puerto Rico were indecent because they contain graphic, patently offensive discussions of sexual activities or organs. WLDI Inc. has admitted that WCOM did, in fact, air the material but contends that it should not be held accountable, since it no longer owns the station. It was sold to Spanish Broadcasting System (O:SBSA) subsequent to the broadcasts in question. The attorney for WLDI Inc. says his client will continue to appeal the fine.—KR

## The FCC affirms mutiny aboard the Clear Channel express

A tug-of-war seems to have ensued between Clear Channel (N:CCU) subsidiary, and Stop 26 over the control of WBTJ-FM Hubbard, OH in the Youngstown market. Subsequently, Clear Channel lost out when it was fined for \$25K for assuming control of the station without the prior consent of the FCC.

The original licensee of the station, Stop 26, initially entered into an asset purchase agreement and a related LMA in connection with a proposed license

transfer to Clear Channel. The original agreement proposed that Stop 26 accept programming from Clear Channel, but while the deal was still pending, a dispute ensued between the two companies after Stop 26 informed Clear Channel that it would terminate the agreement in order for Stop 26 to provide the programming of WBTJ.

Since Stop 26 had allegedly not repaid the advances made under the agreement, Clear Channel rejected the termination. Attempts at resolve went sour so a settlement could not be reached. Clear Channel took things one step further by requesting and being granted a temporary restraining order by the state court in Mahoning County, OH which required Stop 26 to seek court approval before resuming control of WBTJ. The restraining order temporarily allowed Clear Channel to provide programming for the station.

After a few unsuccessful appeal attempts and additional FCC pursuits, Stop 26 requested and obtained the Commission's dismissal of the assignment application. Stop 26 pursued further action by filing a formal complaint with the FCC over Clear Channel's state court order.

In response to the FCC filing, Clear Channel claimed that its actions did not create an unauthorized transfer of control and that the terms of the agreement were consistent with FCC policy. According to Clear Channel, Stop 26 did maintain control of WBTJ but because Stop 26 failed to act reasonably or in good faith by terminating the joint agreement, Clear Channel felt entitled to seek judicial enforcement of the agreement's terms. A Clear Channel representative told *RBR* that, "I think the FCC made a new law and it was very inappropriate to fine us for their new law."

The final word—as far as the Commission is concerned—is that Clear Channel was in violation of FCC rules from August 22, 2000, to November 12, 2000, when Stop 26 resumed programming of WBTJ. The FCC, furthermore, ruled that these violations were willful and repeated and that the \$25K fine is indeed appropriate.—KR

**RBR observation:** Who wasn't listening the 128th time **Roy Stewart** made it clear that the FCC's rule on LMAs is firm and inflexible? The licensee must have the absolute right to terminate the LMA at will. You can fight out the economic consequences after the fact, but a state court is no defense against an unauthorized transfer of control allegation.—JM

## Napster injunction upheld

The long-awaited decision affecting free music download service Napster arrived 2/12 from the 9th US Circuit Court of Appeals. Napster had appealed an earlier RIAA injunction for copyright infringement. Upholding the original injunction, the

three-judge panel told the lower court judge to rewrite the injunction to focus more narrowly on copyrighted material. Until US District Judge **Marilyn Hall Patel** submits the rewrite, Napster can stay in business. No date has been set. Napster will have to remove songs from its roster that are in copyright infringement or strike a deal with RIAA. Either way, if Napster shuts down from Patel's new interpretation, consumers will have a variety of other free download sites to flock to. Those would have to be sued and shut down individually.

Napster attorneys had tried to argue that its users were engaged in fair use of copyrighted material, based on a 1984 landmark Supreme Court decision that found Sony wasn't liable for cases where consumers used its VCRs to copy TV programming.

While five labels—Sony, Warner, BMG, EMI and Universal—sued Napster shortly after its launch claiming it could ruin profits, BMG parent Bertelsmann AG has promised to offer capital to the company if it switched

## Pacing in Dallas: It ain't that bad, pardner

*RBR* has once again gotten its hands on a pacing report. This one was prepared by Miller, Kaplan, Arase & Co. As usual, we caution readers to take this information with not a grain but a pillar of salt. Data from one market is not enough to properly identify a national trend.

That said, things don't look all that bad as of 2/11. The market is showing some black numbers in the all-important local column, and numbers for both national and local figure to get better as ad flight dates approach. Word from the market is that housing, cars and retail are all strong categories at the moment.

Pacing	Local	Natl	Total
Feb.	+4.5	-25.8	-3.6
Mar.	-5.3	-27.4	-10.3
Apr.	+0.6	-34.8	-7.6

Source: Miller, Kaplan, Arase & Co.

# Radio News®

to a subscription-based service that paid performance royalties. Bertelsmann has dropped its suit against Napster and is urging the other labels to do the same. The Consumer Electronics Association disagrees with the ruling, calling it unfair in the wake of current technology. Said CEA President/CEO **Gary Shapiro**: "Technological innovation helps the US economy and consumers. Opponents should carry a heavy burden to show that a new technology is illegal. The ruling, unless overturned upon appeal, could stymie technological development and sets a dangerous precedent for the preservation of fair use rights enjoyed by consumers for more than 20 years."

In the wake of the decision, competing music service providers' stock—RealNetworks (O:RNWK), MP3.com (O:MPPP), Liquid Audio (O:LQID) and EMusic.com (O:EMUS)—all shot up 2/12.

Napster launched 5/99 with founder **Shawn Fanning**. Since then, usage has hit the 50M mark.—CM

## Man under fire for piracy

So what's the going rate nowadays for operating an unlicensed radio station? \$10K, maybe? That's the fine the FCC has levied against **Richard I. Rowland** for operating an unlicensed FM radio station in Longwood, FL in June and September of 2000. While Rowland did respond to the FCC's query into his operation, the Commission found that his response—insisting that the FCC could not fine him until it showed proof of certain tax filings—did not deal with the issues at hand.—KR

## NetRadio announces Q4 numbers

120-format Internet streamie Netradio.com announced Q4 revenues of \$430K, a decrease of 36% from Q4 '99, and down 6% from Q3 '00. Net loss for Q4 ended 12/31/00 improved to \$3,521,000 compared with a net loss of \$5,573,000 in the same period in '99. The Q4 net loss also reflected a 20% improvement from Q3 '00.—CM

## Upped and Tapped



### Hughes to be honored

Radio One (O:ROIA) founder and Chairperson **Cathy Hughes** will be honored with the 2001 Distinguished Service Award at the spring NAB convention in Las Vegas. Hughes broke down both race and gender barriers repeatedly throughout her career. Even today, she is apparently the only African-American woman to chair a publicly traded company.—JM



### Doyle gets new role at Interep

Interep National Radio Sales (O:IREP) has named **Peter Doyle** to oversee all three of its independent radio rep companies: Allied Radio Partners (including Cumulus Radio Sales), D&R Radio and McGavren Guild Radio (including MG/Susquehanna). As President of the independent rep group, Doyle will have all three firm presidents reporting to him. Succeeding Doyle as President of McGavren Guild is **Tom Poulos**, who had been Exec. VP/GM.—JM



### Hellum overseeing CCU group sales

**Erik Hellum** has gotten the nod to become an Executive Vice President and head of Clear Channel Group Sales.

"Erik is a true radio junkie," declared **Mike Agovino**, President of Clear Channel Radio Sales (CCRS), who selected Hellum to command the new sales organization which will focus on selling Clear Channel's (N:CCU) national footprint of 1,200 stations. Hellum and his team will also be involved in cross-media sales, working with Clear Channel's other units: SFX Entertainment, Eller Media (outdoor), Clear Channel TV and Clear Channel Internet. CCRS is a unit of Katz Media Group, which in turn is a subsidiary of Clear Channel Communications.—JM

### Stone upped at Hispanic

**Gary Stone** has been promoted to Sr. Vice President and COO of Hispanic Broadcasting Corp. He succeeds **David Lykes**, who is staying with HBC as Exec. Vice President of Corporate Affairs. Stone had most recently been HBC's LA market manager.

### Promotions at Katz

Two Katz Media Group veterans have gotten promotions at Katz Radio. **Terry Volbert** has been named Sr. Vice President and Director of Sales for Katz Radio in Los Angeles. He had been VP of Stations for the West Coast Division. **John Hesano** has gotten his VP stripes as Vice President and Director of Sales for Katz Radio in New York. He had been Manager and Director of Sales in the New York office.—JM

### GlobalMedia names new board

After selling its streaming radio station contracts and assets to SurferNetwork (RBR 2/12, p.11), GlobalMedia (N:GLMC) has named a new board of directors to focus on its new core business of Internet broadband/video delivery and wireless solutions. Joining President/Founder **Michael Metcalfe** at the board is GlobalMedia VP Business Development **Winston Barta**; Wiremix Media (Nextlevel.com subsidiary) CEO **Patrick Smyth**; Dr. **Herbert Becker**, CEO of Entervision and **Canon Bryan**, Director of Analytics and Corporate Development for LASIK Vision Corp.—CM

### Klotz Digital adds to sales department

Klotz Digital has hired **Greg Mensching** for its Atlanta sales office, from Harman Pro International where he was Sales Administrator Supervisor. As a Klotz Sales Engineer here in the states, Mensching will assist in product development and design, market research and technical presentations to broadcast groups.—CM

## Scarpelli to judge Mercury Awards

DDB's **Bob Scarpelli** will serve as Chief Judge of the 2001 Radio-Mercury Awards. Scarpelli is Chief Creative Officer for DDB US and Vice Chairman of DDB Chicago. Under his leadership, DDB Chicago claimed last year's \$100K Grand Prize at the Mercury Awards. This year's awards will be presented 6/6 at the Waldorf-Astoria Hotel in New York.

**RBR observation:** We wondered whether having Scarpelli as Chief Judge would disqualify DDB from repeating as Grand Prize winner. It turns out that the Radio-Mercury Awards rules bar each member of the judging panel from judging his/her own firm's entries, so DDB will be able to compete right alongside every other agency.—JM

## Trigony gets a new hat

Retired Cox Broadcasting President and Cox Radio (N:CXR) Chairman (and still Director) **Nick Trigony** has entered the dot-com world. He's now a member of the Board of Advisors of AdDate.com—an Atlanta-based online ad exchange for direct response advertising. Also joining the AdDate.com Advisory Board is **Nik Mainthia**, Exec. VP and Media Director of BBDO South. The two join existing Advisory Board members **Brent Kuhn**, president of Bennett, Kuhn, Varner Advertising, and **Jim Nordstrom**, founder of Northern Stream Capital LLC and former co-president of his family's department store chain.—JM

## McCann forms cross-media unit

Seeing the growing success of companies like Viacom (N:VIA) and Clear Channel (N:CCU) in selling comprehensive, cross-media advertising campaigns, one major ad agency is making

# Radio AdBiz

## Filling the dial in Lexington

Unlike many local companies who were operating in 1995, L.M. Communications is still around, and it has just taken steps to ensure that it will be around for awhile longer, bolstering its Lexington, KY station lineup with a pair of FMs from Blue Chip Broadcasting (see related story, page 11).

The move will make the company the undisputed third place contender in the market, behind the ubiquitous national groups Clear Channel (N:CCU) and Cumulus (O:CMLS).

Lexington is interesting in another way.

The infamous Docket 80-90 led to a proliferation of FM stations in many markets, overloading the dial and leading in no small measure to the relaxing of ownership rules which took place in two waves in the 1990s. The 80 in 80-90 refers to the year 1980 (the 90 means it was the 90th docket of the year).

Was there a special Docket 95-90 just for Lexington that we are not aware of? Since 1995, eight additional FMs can be considered to be part of the market. While some of these are fringe stations operated under the hub-and-spoke theory to extend the range of the market's core cluster (Clear Channel has two such stations), many of these pups are viable signals.

In Spring 1995, three FMs were rated below a one share, and seven others were not even listed in either the *RBR Source Guide & Directory 1996* or *BLA's Investing in Radio '96 Market Report*. These same 10 stations now control 21.9 12+ shares in the market, led by Clear Channel's WLKT-FM. Its 104.5 MHz dial position has gone from 0.0 to 11.5.

Mortenson's WCGW-AM and L.M.'s WLXG-AM and WGKS-FM are the only stations in the market which have not changed owners since 1995.—DS

## Spring 1995

## Spring 2000

Freq	Calls	Owner	12+
590	WVLK	HMH	7.2
630	WLAP	Trumper	0.9
770	WCGW	Mortenson	1.5
1250	WNVL	Laney	4.6
1300	WLXG	L.M.	4.1
1580	WTKT	Village	2.2
92.9	WVLK-FM	HMH	21.1
94.5	WMXL-FM	Trumper	8.3
95.3	static		
96.1	static		
96.9	WGKS-FM	L.M.	4.8
98.1	WKQQ-FM	Village	11.5
99.3	static		
100.1	WWYC-FM	Trumper	7.9
100.7	static		
101.5	WLRO-FM	Clark	0.6
102.1	WKYL-FM	Baldwin	0.0
102.5	WLTO-FM	Clark	3.0
103.3	WXZZ-FM	Village	4.6
104.5	WJGG-FM	Newport	0.0
105.5	static		
107.1	static		
106.3	WJMM-FM	Mortenson	1.7
107.9	static		

Calls	Owner	12+
WVLK	Cumulus	5.6
WLAP	CCU	2.7
WCGW	Mortenson	0.9
WUGR	Mortenson	0.7
WLXG	L.M.	1.3
WTKT	CCU	1.3
WVLK-FM	Cumulus	11.8
WMXL-FM	CCU	5.5
WVRB-FM	Baldwin	1.1
WLXO-FM	L.M.	0.0
WGKS-FM	L.M.	4.4
WBUL-FM	CCU	6.9
WJMM-FM	Mortenson	0.7
WKQQ-FM	CCU	7.3
WSTL-FM	Mortenson	0.0
WLRO-FM	Cumulus	3.5
WKYL-FM	Davenport	0.7
WLTO-FM	Cumulus	2.9
WXZZ-FM	Cumulus	5.1
WLKT-FM	CCU	11.5
WMKJ-FM	CCU	0.0
WHIR-FM	CCU	0.0
WCDA-FM	L.M.	2.6
WBTF-FM	L.M.	4.4

Owner	AMs	FMs	12+
HMH	1	1	28.3
Village	1	2	18.3
Trumper	1	2	17.1
L.M.	1	1	8.9
Laney	1	0	4.6
Clark	0	2	3.6
Mortenson	1	1	3.2
Baldwin	0	1	0.0

Owner	AMs	FMs	12+
CCU	2	6	35.2
Cumulus	1	4	28.9
L.M.	1	4	12.7
Mortenson	2	2	2.3
Baldwin	0	1	1.1
Davenport	0	1	0.7

Sources: Arbitron, RBR Source Guide database

sure it isn't left out of the action. Universal McCann USA announced 2/13 that it has created a Cross Media Council, which will work within the agency to plan and buy cross-media advertising. The council is being headed by **Bill Cella**, Exec. VP and Director of Broadcast and Programming. Universal McCann is part of The Interpublic Group of Companies (N:IPG).—JM

## Good PR for Ketchum

When it comes to a public relations coup, you can't beat Ketchum's ranking in a survey by *The Holmes Report*. The PR industry trade publication surveyed more than 4K employees and found that Ketchum, part of the Omnicom Group (N:OMC), is the best place to work in the PR industry. Here's how the top 10 stack up:

1. Ketchum
2. Fleishman-Hilliard
3. Burston-Marsteller
4. Porter Novelli
5. Edelman PR Worldwide
6. Hill & Knowlton
7. Golin Harris
8. Ogilvy PR Worldwide
9. Shandwick
10. Mannin, Selvage & Lee

Source: *The Holmes Report*

## Carat New York takes Pfizer account

Carat New York beat out MindShare USA for Pfizer Pharmaceuticals' \$700M account. Pfizer had used Bates Worldwide and MindShare, both of which did media for Warner-Lambert brands. The two pharmaceutical companies merged last year. The Media Edge handled media for Pfizer's Celebrex. Pfizer brought in Achenbaum Bogda Associates New York, to serve as consultant on the agency consolidation decision.—CM



## Rolling With The Times

by Mike Robertson

News of layoffs is reported daily. Many layoffs are in our own industry, and people are worried. It is only natural. Falling stock prices and corporate concerns about growth are topics from the water coolers to the boardrooms—and for good reason. It is very understandable that companies are taking precautions to better their bottom lines. Pro-active thinking makes good business sense. Therefore more cuts will be made and layoffs will continue. The economy has slowed down, and many believe one of the most reliable indicators to look at is the advertising industry. That is you and me.

If it is true that advertising spending leads the economy by six months to a year, it might not be appropriate to paint a completely bleak picture at this time. While many of us are off as much as 40% or more from 1st quarter of 2000, we must also recognize how outstanding our 1st quarter of 2000 was. In January and February of last year we were all saying how fantastic business was, but I do not remember anybody saying it was going to last forever. We all knew it would not. So this correction, or this recession, or whatever you call this should not be taking any of us by complete surprise.

Most of us who are 45 and younger do not remember the last real recession. It was 1972-1973 when all major stock markets (Dow Jones, S&P, etc.) declined by 50% to 60%. Many believe this kind of recession is overdue, and they may be right. However, advertiser pullbacks do not technically support that yet. We should have a much clearer picture by the end of 3rd quarter, and we will know for sure by 4th quarter.

Currently, our second quarter is stronger than our first quarter, and we are encouraged by our advertisers' confidence. Increased commitments from long term accounts as well as an increase in new business has us optimistic for the rest of the year. We prepare for the worst, but work hard and hope for the best.

Many media companies in radio and television have not bluffed about their inventories and have made attractive offers that our advertisers have recognized and inked. Others are holding out with higher scatter rates to try and make up for lost 1st quarter revenues, but we are not biting. There is too great a risk of losing accounts by over paying for media when bargains abound.

During the last six months, national cable and local broadcast television have offered significantly lower rates to a point where many advertisers have moved money out of radio and into TV. We warn each advertiser who does this to be careful because of the strong qualitative audience they often lose. When the economy is tighter, it is better to market to larger purses and wallets, which is what radio provides. Ocean Media employs the reliability of radio for most of our advertisers because of its efficiency in reaching upscale listeners. When money is tighter with advertiser and consumer spending, it is smart to keep a solid allocation in radio.

As we all search for new business, we can use the efficiency of radio, both nationally and locally to test new companies. Many companies realize that 200K to 300K is sufficient to track lift and will commit further dollars based on results. Many experienced advertisers who track results closely are buying more of the proven properties and doing extremely well. One particular client we have worked with for eight years, who markets a male hair care program and monitors results on a daily basis, is doing extremely well. They do not follow the market, or ad sales, or anything but their bottom line. When prices allow, they heavy up on radio and attain higher sales for themselves. That is the beauty of buying for true direct response accounts. They only monitor the revenues, which they literally read every day. Several of our clients are pure direct response accounts, and their spending is increasing as rates drop. We expect this to continue if rates keep falling.

Without the ability to predict, we will continue to be prepared for difficult times, while focusing on new and existing business. We will avoid those media relationships where rates rise without considering the market place, and we will bill more with those who work with us. After all, in these times you discover who truly wants your business and who has their own agenda. *Mike is President and CEO of LA-based Ocean Media, Inc., a planning and buying agency. He can be reached at 714-969-5244 or mikerobertson@oceanmediainc.com*

## TI unveils new chip for Eureka-147 DAB; programmable receivers next?

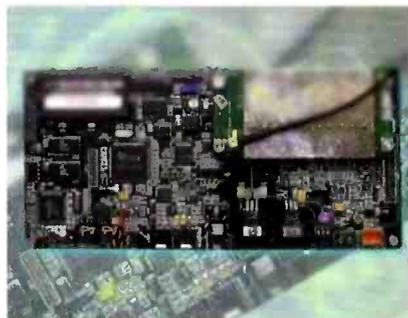
by Carl Marcucci

Less expensive and more portable DAB receivers are now possible, due to a chip breakthrough by Texas Instruments (TI), and that's just the beginning. Think AM, FM, DAB and MP3 all from a single chip or chip set.

TI, the largest DSP (Digital Signal Processing) chip company in the world, is debuting a new single-chip digital baseband for the Eureka-147 DAB radio market. Baseband?—the chip that takes a digital radio signal and converts it into an audio signal that can be sent out on speakers. The TMS320DRE200—TI's first digital DAB baseband—uses its own programmable DSP technology and RadioScape software. The company claims the DRE200 consumes less than 200 milliwatts (mW) of power—60 percent lower than existing digital basebands that drain power in excess of 450 mW. This means smaller radios with less power consumption—ones that can parallel the size and cost of analog receivers you see in the stores today. “By leveraging the power-efficient TMS320C5000 DSP platform [a chip that was the basis for creating the DRE200 for DAB], TI will make portable digital radios a reality. TI will provide its reference design for 40 percent less than existing solutions, which exceed \$100. By offering a low cost digital baseband and eliminating the need for hardware such as external memory and microcontrollers, TI gives manufacturers dramatic system cost savings,” the company said in a 1/15 press release.

The DRE200 also offers more than cost and size savings. It can turn a common boombox-type receiver into a programmable harddrive. Using TI's open software platform, con-

sumers can quickly add other applications to the DRE200 baseband. Eureka receiver manufacturers can soon move



The DRE200 on a demo DAB receiver board, shown at CES

from basic introductory units to feature-rich radios. For example, TI says a manufacturer can cost-effectively integrate MP3 decoding with digital radio on a single chip. Future applications such as data decoding, recording, interactive two-way communication, AM/FM radio and possible satellite DARS are just a “software download away.”

Samples of the DRE200 will be available in early March, with production quantities expected in April. The reference design will be available in April.



Struble

### What about iBiquity Digital?

Where does this announcement leave iBiquity Digital, of

# Engineered For Profit

which TI is both an investor and co-developer? “TI has formed up a whole business unit to go and pursue digital radio activity, some of it is Eureka, obviously, some of it might be satellite and a lot of it is with iBiquity. And since they're an investor in our company, we have extensive development efforts going on with them,” iBiquity CEO **Bob Struble** tells *RBR*. “We welcome this announcement—any advances for digital radio in the way of processing is going to be helpful for IBOC as well, so it's good news.”

So, could this DRE200 be applied to the iBiquity system? “I don't know if the particular chip would be, but any breakthrough they've made with Eureka should be applicable. You know, some of the challenges which you will find in Eureka are going to be similar to what you see in IBOC,” adds Struble.

“TI continues to have a strong relationship with iBiquity. We do foresee that IBOC will be the next terrestrial radio standard for the US and that iBiquity is the driving force behind this. That is one of the reasons we did make an investment in them,”

**John Gardner**, TI Digital Radio Marketing Manager, tells *RBR*. “We do see Eureka as the standard, and several countries that have adopted it—the UK, Germany, Spain, Singapore, Taiwan. And that market did require a receiver which was inexpensive, battery-powered and that could integrate into other audio and datacasting products. And I think that point is pretty salient because it does eventually parlay into what we're doing for IBOC. We found that the best technical way of doing this is through an open

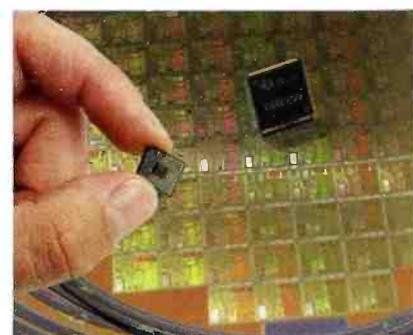
software solution. And with a single chip, you don't have to pay for or all that extra hardware to do all that stuff. I



Jury

think over the next couple of months, we intend our efforts in working with the DRE200 to help our developments with iBiquity in bringing the same ideas—the cost effectiveness, the power efficiency and integrated features—will follow the same approach in terms of a software play. I think that is very important to do this year.”

Gardner says his development stage with iBiquity could be considered “still in the R&D phase—I think we're a little beyond it—and moving toward an implementation of



TI's DRE200

the evaluation stage. Meaning we need to be providing receiver manufacturers with the appropriate tools in order to build radios. I think we're coming up on that phase. We have, I think, a very good

understanding of the IBOC technology and what it takes to implement it on the technology that TI provides. The next step, now that we have an idea and a clear path toward the portability, cost and software flexibility, is going into the implementation."

"Right now, we're in discussions with about six different chip manufacturers. And we are in detailed discussions right now working closely with some that we've already announced, such as Philips and TI. Those are the two that we have a working technology development agreement with. We're in the process of putting in place a longer-term relationship for chip development," iBiquity VP Digital Audio Broadcasting **Jeff Jury** tells *RBR*.

Specifically, iBiquity is currently in Digital Signal Processing (DSP) software development that would work with TI and Philips chip sets—a matter of programming and downsizing iBiquity's IBOC software. "They have developed some very high speed, low cost processors and we have to work together with them to commercialize and implement our IBOC software onto that platform. We write it in a particular language that works on their devices and then it is 'ported' onto all of their chips through a manufacturing process," adds Jury. "We started with a proof of concept and that's what everyone has seen at the shows. Now what we're doing is working to go through a commercialization process and take that proof of process and get it into a form that works very efficiently within a chip set. We will be handing that all off later this year so that we can get chip sets out there in the middle of '02. A lot of this is not just getting this to work, but making sure it works efficiently and works for many years under a variety of conditions."

**RBR observation:** Cer-

tainly, an ongoing challenge for Eureka-147 developers and iBiquity Digital here in the states is offering receivers that are affordable and easily portable. Currently, no manufacturers have been able to match the size or cost of a typical Walkman and no one wants a DAB boombox that needs 12 batteries and wheels to transport. We know that Bosch offers a Eureka Walkman-type receiver, but it is expensive, heavy and larger than the bulk of comparable analog receivers on the market today. In fact, you could probably kill someone with it.

With TI's DRE200 platform that allows software downloads, a new generation of receivers may be close, indeed. It's not just about going digital for broadcast—we're talking about receivers that can lose the cassette and CD players, too.

## Engineering News

### Robert Silliman, 87, dies

**Robert Silliman**, Member Emeritus, Association of Federal Communications and Consulting Engineers (AFCCE) and founder of Electronics Research, Inc. (ERI), passed away 2/12 in Baltimore. Silliman, known across the radio industry, earned his EE degree from The University of Minnesota in 1936. He was presented the NAB Lifetime Radio Engineering Achievement Award in '93. Silliman's other accomplishments include:

- Worked with Dr. **Jean Piccard** on his high altitude balloon experiments in the '30s;
- Served as an engineer with the FCC, the Radio Research Lab at Harvard (WWII) and the US Navy Bureau of Aeronautics;
- Launched a 50-year consulting engineering career in 1946 that moved into antenna manufacturing consulting with

ERI the next year;

- Purchased ERI;
- Was granted several patents for aeronautical and broadcast antennas;
- Was a fellow of IEEE;
- Was a member of the Radio Pioneers and Cosmos Club.



He is survived by his son **Tom** (current president of ERI), his wife **Elizabeth**, three daughters and nine grandchildren.

"He had a consulting firm in Washington, DC in the 50s—Silliman, Moffat and Kowalski—and I worked for that firm when I was 14 years old with a work permit. I took the Trailways bus into Washington every morning. I used to hang with my father in the basement and he always had things we'd work on. He encouraged me to work above my level when I was a child and as an adult. When I went to Cornell for my Bachelor's and Masters and later got my PE registration, I met those goals probably because of his influence," Tom Silliman tells *RBR*. "Having the opportunity to work with my father later in the field allowed me to realize the energy that he had and the synergy we had together as a team. He touched a lot of people in our industry for years. He had a career that went forever—until he was 83, he was still practicing engineering. He left a legacy that was decent and honest. He was a great guy."—CM

## Third European Digital Radio Conference scheduled

*Funkschau*, the German-based telcom magazine, in cooperation with the WorldDAB Forum, is holding the Third Annual European Digital Radio Conference in Munich 5/9-5/10. Panel sessions and seminars will focus on new frequency spectrum for DAB; research projects on DAB, differing digital TV and radio technologies and products for the DAB and DTV markets. More than 200 participants and exhibitors from 18 nations are expected.—CM

## Gentner adds board member, adds VPs

Broadcast and communications equipment supplier Gentner Communications (O:GNTR) has added **Harry Spielberg** its board of directors; and upped Eugene Kuntz Jr. and Stephen Hertenberg to VP positions.

Spielberg is director of Cosentini Information Technologies' Audiovisual Group, an audiovisual consulting and engineering firm. Kuntz, with Gentner since 11/99, moves from Director of Engineering to VP, Technology Development. Hertenberg, Gentner Director of Sales and marketing since 8/00, is now VP/Chief Marketing Officer.—CM

## XM adds Sanyo to manufacturer list; delivers chipsets

XM Satellite Radio (O:XMSR) announced (2/7) an agreement with Sanyo to design, develop, produce and market XM radios for OEM car receivers, adding to Sony, Alpine, Pioneer, Clarion, Blaupunkt, Delphi-Delco, Visteon and Panasonic.—CM

## The Zen Master's ad forecast

You can add Viacom COO **Mel Karmazin** to the list of gurus projecting ad growth for various types of media. Of course, he actually runs a company which competes in each one of them. Here's his 2001 growth forecast:

**Cable: 10-12%**

**Radio: 6-8%**

**Outdoor: 5-6%**

**TV (all): 5-6%**

Not surprisingly, he also expects Viacom's units to outperform their peers in each of those industries.

# Media Markets & Money™

by Jack Messmer

## Viacom pledges growth every quarter

You can talk about the soft ad market all you want, but COO **Mel Karmazin** has repeated his vow that "Viacom will not participate in any recession." He, CEO **Sumner Redstone** and other Viacom (N:VIA & VIAb) executives are promising Wall Street that the media giant will show 5-6% revenue growth and over \$6B in cash flow for 2001. "We're not backing off showing growth every quarter," chimed in CFO **Fred Reynolds** during the company's quarterly conference call 2/14.

Karmazin acknowledges

that much of this year's growth will come in the second half, after getting past the tough comps of Q1 and Q2. "We're just dealing with an aberration," he said of the dot-com-fueled growth of late '99 and early '00. To illustrate how easy it will be to post strong growth numbers in the second half, Karmazin noted the quarter-by-quarter radio revenue results for LA in 2000: Q1 up 30%, Q2 up 28%, Q3 up 4.5% and Q4 down 3%.

Despite the loss of dot-com, Karmazin said he's already seeing growth in several sectors, including Entertainment, Utilities, Foreign Automotive and Media. He's

not worried, either, about the current pullback by Chrysler and GM. "The dot-coms are gone. Foreign auto is picking up any slack from domestic auto spending. If the domestics don't come back, they're going to wind up losing market share, so we're expecting them to come back," Karmazin said. In his view, the US economy is still strong and will do well in Q4 and '02.

For Q4 of '00, Viacom reported revenues up 78% to \$6.36B, EBITDA (cash flow minus corporate overhead) up 129% to \$1.36B and after-tax cash flow up 111% to \$852M, or 57 cents per share. Pro forma revenues rose 5%, EBITDA 17% and ATCF 42%. For all of 2000, revenues rose 56% to \$20.04B, EBITDA gained 69% to \$3.54B and ATCF increased 151% to \$2.56B. Those figures incorporate its majority ownership of Infinity Broadcasting (N:INF), which will become a 100% owned subsidiary following a shareholders vote 2/21.

On a pro forma basis, Viacom had \$5B in cash flow last year. Mel is promising \$6B this year.

## Infinity's last quarter topped \$1B

Infinity reported its second straight quarter of more than \$1B in revenues for Q4—a string that will end there, due to the merger into Viacom before this month is out. CFO **Farid Suleman** told analysts that cash flow for Q4 was the highest for any radio group, "and we did it with only 182 radio stations"—obviously a dig at Clear Channel's stable of 1,200 stations. For Q4, Infinity's net revenues grew 40% to \$1.07B, operating cash flow gained 40% to \$490M and net free cash flow increased 60% to \$334M.



## PATRICK COMMUNICATIONS

Station Brokerage  
Debt & Equity Placement  
Fair Market & Asset Appraisals

**Larry Patrick**  
*President*

**Susan Patrick**  
*Executive Vice President*

**Terry Greenwood**  
*Vice President*

**Greg Guy**  
*Vice President*

(410) 740-0250, [www.patcomm.com](http://www.patcomm.com)

## Clear Channel has record year, tough Q1

CEO **Lowry Mays** was proud to report another record year for Clear Channel Communications (N:CCU), with after-tax cash flow per share (Lowry's favorite number) up 24% to \$2.78. For Q4, ATCF was up 13% to 77 cents—beating the Wall Street consensus by two pennies. Net revenues doubled to \$5.3B and EBITDA rose 76% to \$1.7B. The company said pro forma radio revenues grew 6% in Q4 and radio cash flow gained 10%.

Things are tougher now, though. Clear Channel's guidance to Wall Street is that Q1 net revenues from its core out-of-home segments—radio and outdoor, which total 87% of the company's cash flow—will be down 3%. Cost-cutting will also reduce operating expenses 3% for the quarter, but operating cash flow is still projected to drop 4%. Clear Channel had already promised nothing more than equaling last year's Q1 ATCF of 51 cents per share (*RBR* 2/5, p. 12), despite more than doubling the size of its revenue platform and buying back some of its own shares.

For all of this year, Clear Channel is projecting revenue growth of only 2% over its pro forma figure for 2000, including all acquisitions, which would take 2001 net revenues to \$8.3B. Operating cash flow is projected to grow 9% to \$2.9B and EBITDA by 10% to \$2.7B.

President **Mark Mays** acknowledged the tough comps of the post-dot-com period, but also noted some ad categories which are showing strength in Q1, including Entertainment, Telecommunications and Retail. Automotive, however, is down, as has been widely reported.

With a deadline of 2/21 to spend as much as possible of the AMFM merger spin-off sale cash, \$1.2B, which was put into a tax-free trust, CFO

**Randall Mays** reported 2/13 that \$840M had been spent, with \$392M (including interest) remaining—and the possibility of getting a few more deals to closing before the deadline. Clear Channel will then have to pay taxes on the remainder.

**RBR observation:** Several analysts applauded Clear Channel for providing more segment

information than previously in its quarterly report and forward guidance. We would agree that everyone—Clear Channel, the radio industry, analysts and investors—are better served by having more information, especially in tough times like these when The Street is struggling to get a clear picture of what's going on with radio.

## Clear Channel 2001 outlook, out-of-home media

(Radio and outdoor combined)

Category	Q1	Q2	Q3	Q4	2001
Net revenues	-3%	2%	8%	8%	4%
Operating expenses	-3%	0%	4%	4%	1%
Operating cash flow	-4%	4%	13%	13%	7%

Source: Clear Channel press release, 2/13/01

## LM gets Love's last chips

**Lynn Martin's** Lexington, KY-based LM Communications has cut a deal to take the last two pieces of **Ross Love's** Blue Chip Broadcasting. An LMA of "Oldies 96.1" WLXO-FM and "107.9 The Beat" WBTF-FM has already begun and the two logos have moved from Blue Chip's corporate website to LM's. Terms have not yet been disclosed. The acquisition will give LM a total of five stations in its home market and more bulk to challenge local revenue giants Cumulus (O:CMLS) and Clear Channel (N:CCU). See page 6 for a detailed look at the changing Lexington market.

## Clear Channel into Meridian

A mere 35 years after entering the Meridian, MS market (with the purchase of what was then



## Simmons Media Group, Inc.

David Simmons, President

has agreed to purchase the assets of  
KFTZ-FM and KOSZ-FM

Idaho Falls, Idaho

along with the stock of Western Communications,  
Chris Devine & Bruce Buzil, General Partners

which includes radio stations  
KLCE-FM, KCVI-FM, KECN-AM,  
KICN-AM and KBLL-AM

Blackfoot-Idaho Falls, Idaho

from **Marathon Media**  
for **\$13.0 Million Cash**

**G. Gregory Merrill**  
of **Media Services Group**  
represented the parties in this transaction.

Tel: (435) 753-8090 Fax: (435) 753-2980  
gregmerrill@mediaservicesgroup.com

## Media Services Group

[www.mediaservicesgroup.com](http://www.mediaservicesgroup.com)

WDAL-AM in 1966), Radio South is selling its five-station superduopoly to Clear Channel (N:CCU) for \$10M.

"I'm surprised, too!" was **Houston Pearce's** response when *RBR* expressed surprise that he was selling the stations. "Obviously, we're looking for another market," he added, saying he has no interest in selling out of radio.

Radio South, which began in 1959 with a small town AM in Butler, AL, still has stations in Birmingham-Jasper, AL, Lake Charles, LA and Tuscaloosa, AL.

### Missouri combo sold

KPCR-AM & FM Bowling Green, MO have been sold to Four Him Inc., headed by **Mike Fallon** and **Matt Bross**, for \$725K. The combo is located between Quincy, IL and the St. Louis metro. Seller Indacom Inc. is headed by Cloyd Cox. **Broker:** **Bill Lytle**, Media Services Group

### Roser back to duopoly

After selling most of his Upstate New York stations to Clear Channel in December for \$2.65M, **Ken Roser** is getting back to a duopoly in the Utica-Rome, NY market. His Towpath Communications is paying \$575K for WBGK-FM Newport Village, NY, to team with WBUG-AM & FM. The seller is **James Primm's** 21<sup>st</sup> Century Radio Ventures. **Broker:** **Greg Guy**, Patrick Communications

### Hispanic cash flow off 9.6%

**Mac Tichenor** had warned Wall Street to expect a soft Q4 (*RBR* 1/15, p. 12), and that's exactly what Hispanic Broadcasting Corp. (N:HSP) delivered. While net revenues increased 9.7% to \$61.4M, broadcast cash flow (BCF) was off 9.6% to \$25.6M. After-tax cash flow (ATCF), however, increased 5.5% to \$24M, or 22 cents per share. On a same station basis, revenues were down 8.4% and BCF fell 11.9%. For all of 2000, Hispanic posted a 20% gain in net revenues to \$237.6M. BCF gained 11.9% to

# Media Markets & Money™

\$102.6M and ATCF rose 18.8% to \$84.2M.

How's Q1 looking? "The best term I can come up with is erratic," Tichenor told analysts in his conference call, when asked about pacings for the current quarter. The company is projecting that Q1 revenues will be up 4-7% from a year ago.

### SBS posts cash flow decline

Spanish Broadcasting Corp. (O:SBSA) reports that net revenues gained 29.1% to \$37.3M for its fiscal Q1, which ended 12/31/00. But in the first quarter of what CEO **Raul Alarcon** is calling "largely a transitional year," broadcast cash flow dropped 7.9% to \$15.1M as the company's BCF margin slipped to 40.5% from 56.7% a year earlier. Alarcon says SBS is investing for long term growth and expects to report another cash flow decline for the current quarter (fiscal Q2), as well as for the full fiscal year which will end 9/30/01.

On a same station basis, fiscal Q1 revenues gained 5.2% and BCF decreased 7.1%. "Broadcast cash flow decreased mostly due to higher compensation related to new employees in the programming department and the hiring of additional management personnel," the company said in its earnings release.

In his conference call with analysts, Alarcon dismissed the suggestion that the Los Angeles market may be over-saturated with Hispanic stations. He said Spanish radio is still getting well below its share of revenue in the 40% Hispanic market. SBS is still assessing financing options for its pending \$250M purchase of KFSG-FM LA and is hoping to start programming the station sooner than the original Q4 target.

### Beasley sees long-term upside

Ad spending may be soft, but Beasley Broadcast Group (O:BBGI) CEO **George Beasley** remains confident. "Based on nearly 40 years experience in broadcasting, I do believe that we're going to

see good long-term growth unless there is a more dramatic downturn than we are presently experiencing in the economy," he told analysts.

Beasley's optimistic statement was even before the Commerce Department reported the good news that retail sales were up more than forecasters had expected in January. Total retail sales rose 0.7% for the month, following an all-but-flat 0.1% rise in December. Of course, December is a much bigger and more important retailing month than January, but economists had only expected January to come in around 0.5% ahead of a year ago.

"Downside risks predominate," Federal Reserve Board Chairman **Alan Greenspan** warned in Capitol Hill testimony. That gloomy assessment, however, is good news for many investors—who believe the Fed will continue lowering interest rates to head off a real recession.

Back to Beasley Broadcast Group: The company reported that Q4 net revenues rose 8% to \$28.3M. Broadcast cash flow was up 20% to \$9.4M and after-tax cash flow shot up 251% to \$4.8M, or 20 cents per share.

### Hearst-Argyle sees soft ad sales

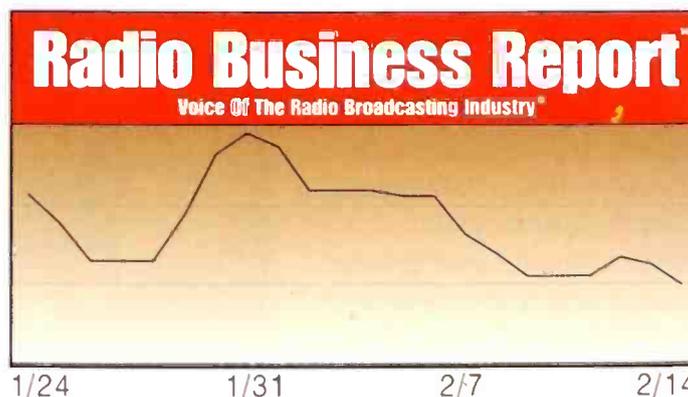
Hearst-Argyle Television (N:HTV), whose radio holdings are down to a single combo in Baltimore, kept expectations low for Q1 in guidance to Wall Street.

"Flat GDP, lowered sales outlooks from some of our nation's leading companies, widespread corporate layoffs, a significant drop in consumer confidence, lower auto sales, lower retail sales and other factors have contributed to the currently soft outlook for advertising sales," said CFO **Harry Hawks**. "While we do not believe we are entering a recession like 1991, the economic slowdown has had a negative impact on our near term outlook. We remain optimistic, however, that interest rate cuts, potential tax cuts, early signs that certain advertisers will use the current environment as an opportunity to increase share and the approaching February 2002 Olympics will contribute to a stronger economy and stronger advertising marketplace in the second half of the year."

## The Radio Index™

After hitting a year-to-date high of 179.133 on 1/31, The Radio Index™ has weakened. It fell 6.65 for the week to close 1/14 at 159.731.

180  
170  
160  
150



Hearst-Argyle is looking for Q1 revenues to decline 9-13%. The company, which owns 27 TV stations, is not giving Wall Street a full year 2001 projection at this time.

For Q4, Hearst-Argyle's revenues grew 4% to \$202.4M. Broadcast cash flow gained 9% to \$107.3M. After-tax cash flow increased 14% to \$53.8M, or 58 cents per share.

### Ackerley Group up, radio down

Radio was a weak point for The Ackerley Group (N:AK) in Q4. Revenues for Ackerley's five Seattle stations declined 12% to \$6.4M, but operating cash flow plunged 52% to \$1.6M. COO **Denis Curley** said the Ackerley stations "suffered a slowdown with the rest of the industry," but added that things are looking up now. For all of The Ackerley Group, Q4 net revenues rose 4% to \$60.3M, but EBITDA dropped 23% to

\$11.3M. After-tax cash flow from continuing operations increased 22% to \$9.3M, or 27 cents per share.

### TM writes in black ink

TM Century (O:TMCI) reported a net profit of \$945K, or 38 cents per share, for its fiscal year which ended 9/30/00. That profit compares to a loss of \$12K the previous year. Revenues rose 11% over the past year to \$6.9M. Calling fiscal 2000 "another year of strong growth," CEO **David Graupner** says, "We go into 2001 with five consecutive positive quarters behind us, an incredibly strong management team and a very positive outlook for the new year."

As TM Century announced its full year results, it was also filing its fiscal Q1 (ended 12/31/00) at the SEC. Revenues rose 8% to \$1.7M, operating income shot up 167% to \$245K and net income jumped 178% to \$251K.

### Jeff-Pilot splitting stock

Jefferson-Pilot Corp. (N:JP) announced a three-for-two stock split and an 11.5% increase in its dividend. The stock split will be accomplished by paying a 50% stock dividend on 4/9 to shareholders of record 3/19. The new cash dividend of 27.5 cents per post-split share will be payable 6/5 to shareholders of record 5/11. In addition, Jeff-Pilot announced that its board of directors had authorized the repurchase of up to 5M common shares. Jefferson-Pilot Corp. is one of the nation's largest shareholder-owned insurance companies. Its broadcast subsidiary, Jefferson-Pilot Communications, owns 17 radio stations and three TV stations.

### Tribune raises dividend

Tribune Company (N:TRB) has increased its quarterly dividend by 10% to 11 cents per share.

The higher dividend will be paid 3/8 to shareholders of record on 2/23. Tribune has raised its dividend for eight straight years. The newspaper/broadcasting group also announced that **Enrique "Rick" Hernandez Jr.**, CEO of Inter-Con Security Systems, has been elected to Tribune's Board of Directors. He fills the seat left vacant by **Donald Rumsfeld**, who was appointed US Secretary of Defense by President **George W. Bush**.

### Cox sells \$250M in bonds

Cox Radio (N:CXR) priced an offering of \$250M in five-year Senior Notes at an interest rate of 6.625%. The offering was led by co-lead managers Salomon Smith Barney and Merrill Lynch, with participation by BNY Capital Markets, Commerzbank Capital Markets Corp., Dresdner Kleinweort Wasserstein and First Union Securities as co-managers.

## Radio One's projections for 2001

Like Clear Channel (*RBR* 2/5, p. 12) and Entercom (*RBR* 2/12, p. 12), Radio One (O:ROIA & ROIAK) has given Wall Street detailed, quarter-by-quarter guidance on what to expect for 2001. In this case, the guidance was already out of date when it was issued, since Radio One's figures don't include its pending acquisitions of Blue Chip Broadcasting and WTLC-AM & FM (intellectual property only for the FM) Indianapolis. *RBR* has included for comparison Radio One's actual results for Q1-4 and the full year of 2000. The final column has an estimate of pro forma numbers for 2000 from Banc of America Securities analyst **Tim Wallace**, which were calculated before Radio One had announced its Q4 results.—JM

### Radio One (O:ROIA & ROIAK) 2001 vs. 2000 (all \$ in millions except after-tax cash flow per share)

Category	Year	Q1	Q2	Q3	Q4	Full Year	Pro forma
Net revenues	2001	\$49.5	\$67.4	\$71.0	\$70.4	\$258.1	—
	2000	\$22.1	\$32.6	\$42.9	\$58.0	\$155.7	\$231.7
Cash flow	2001	\$21.5	\$36.4	\$39.7	\$39.5	\$137.0	—
	2000	\$9.6	\$16.5	\$22.1	\$30.0	\$78.4	\$119.3
After-tax cash flow	2001	\$1.2	\$16.6	\$19.3	\$19.3	\$56.4	—
	2000	\$7.4	\$12.2	\$16.7	\$11.9	\$48.7	\$36.6
Net income/(loss)	2001	(\$17.7)	(\$7.0)	(\$4.7)	(\$4.6)	(\$34.0)	—
	2000	\$2.1	\$5.5	(\$8.5)	(\$12.9)	(\$13.5)	(\$77.8)
ATCF per share	2001	\$0.01	\$0.19	\$0.22	\$0.22	\$0.65	—
	2000	\$0.10	\$0.14	\$0.20	\$0.14	\$0.58	\$0.42

Source: Radio One Inc. news release 2/8/01; "Broadcasting Monthly," Banc of America Securities, 1/22/01

**Closed**  
**McCoy Broadcasting**  
**\$35,500,000**

**Jorgenson**  
Broadcast  Brokerage

Mark Jorgenson  
(813) 926-9260  
Tampa

Peter Mieuli  
(408) 996-0496  
San Jose

**HAMMETT & EDISON, INC.**  
CONSULTING ENGINEERS  
RADIO AND TELEVISION

*Serving the broadcast industry since 1952...*  
Box 280068 • San Francisco • 94128



707/996-5200  
202/396-5200  
engr@h-e.com  
www.h-e.com

**Mullaney Engineering, Inc.**

Consulting Telecommunications Engineers

9049 Shady Grove Court  
Gaithersburg, MD 20877

phone//301-921-0115 fax//301-590-9757  
Member AFCCE mullener@aol.com

**dataworld®**

- **Market Analysis**
- **Custom Mapping**
- **Ethnic/Demographic Data**
- **Sales Marketing Packages**
- **Pinpoint Target Audience**

[www.dataworld.com](http://www.dataworld.com)  
800-368-5754

**Read about these transactions and  
more at our website  
[rbr.com](http://rbr.com)**

# Transaction Digest®

by Dave Seyler & Jack Messmer

**The deals listed below were taken from recent FCC filings.**

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

**\$53,000,000 WEOK-AM, WKNY-AM, WPDH-FM, WRRB-FM & WCZX-FM Poughkeepsie NY** (Poughkeepsie-Arlington-Hyde Park NY), **WALL-AM, WRRV-FM & WZAD-FM Middletown NY** (Middletown-Wurtsboro NY) and **WPDA-FM Jeffersonville NY** from WEOK Broadcasting Corp., Beehive Entertainment Corp., Crystal Communications Corp. and Bambi Broadcasting (Robert Dyson, Michael Harris) to Aurora II LC (Frank Osborn). \$2.65M letter of credit as escrow, \$53M in cash at closing. Existing **superduopolies**, plus overlap of WPDH-FM with WAXB-FM & WRKI-FM in the adjacent Danbury CT market. **Broker:** Blackburn & Co.

**\$1,650,000 WEBK-FM Killington VT** from Killington Broadcasting Ltd. (Daniel Ewald) to Pamal Broadcasting Ltd. (James Morrell). \$82.5K escrow, balance in cash at closing. **Superduopoly** with WJJR-FM & WJEN-FM Rutland VT. **Broker:** Frank Boyle, Frank Boyle & Co.

**\$697,000 WMDI-FM Bar Harbor ME** from Bridge Broadcast Corp. (R. Scott Hogg) to Mariner Broadcasting LP (Louis Vitali, Alexander & Howard Tanger). \$73.2K escrow, balance in cash at closing.

**\$675,000 WRBP-AM Youngstown OH** (Warren OH) from Star Communications Inc. (Philip Levine) to SCA License Corp. (Ed Atsinger, Stuart Epperson), a subsidiary of Salem Communications (O:SALM). \$33.75K escrow, balance in cash at closing. **Duopoly** with WHLO-AM Akron OH. LMA since 11/20/00.

**\$500,000 WJOK-AM Appleton-Oshkosh WI** (Kaukauna WI) from Fox Cities License Corp. (Lyle Evans) to Christ the King Communications Inc. (John Cavil, Robert Atwell, Mark Follett, Dennis Davey). \$25K escrow, additional \$125K in cash at closing, \$350K note. LMA since 10/20/00.

**\$380,000 WETZ-AM & FM & WNMF-FM CP** (99.5 MHz) New Martinsville WV from HBN Communications (Nelson & Sandra Hachem) and Nelson Hachem to Dailey Corp. (Calvin Dailey Jr.). \$10K escrow, additional \$100K in cash at closing, \$270K note. **Broker:** Ray Rosenblum

**\$275,000 KEJJ-FM Gunnison CO** from Gunnison Broadcasting Co. LLC (J. Stephen Glasmann) to John Harvey Rees. \$27.5K escrow, balance in cash at closing. Combo with KPKE-AM Gunnison CO. **Broker:** McCoy Broadcast Brokerage

**\$155,000 WSGI-AM Springfield TN** from F&M Enterprises Inc. (Fred Harron) to Lightning Broadcasting LLC (Neil & Jo Petersen). \$10K escrow, balance in cash at closing.

**\$100,000 WQBC-AM Vicksburg MS** from WQBC Radio Inc. (William Stanford) to Corley Rushing Communications LLC (Michael Corley, Jerry Rushing). \$35K in cash at closing, \$65K note.

**\$100,000 WALQ-AM Wilson NC** from The Taylor Group Inc. (James Taylor) to Kingdom Expansion Corp. (M.K. Smith, Shirley Coley, Phyllis Newton, Deborah Harris, Karen Lewis-Smith). \$15K escrow, balance in cash at closing.

**\$70,000 KSPY-FM Quincy CA** from Ukiah Broadcasting Corp. (Keith Bussman) to Keily Miller. \$5K downpayment, balance in cash at closing.

**\$60,000 WRRL-AM Rainelle WV** from Faith Broadcasting Corp. (Tommy Holbrook) to Faith Mountain Communications Inc. (Nancy Whitt). \$3K downpayment, \$57K note.

**N/A KSDG-AM CP** (890 kHz) Julian CA from Edward L. Berkowitz d/b/a Mountain Communities Radio to Jeffrey N. Eustis. Transfer of unbuilt CP for reimbursement of out-of-pocket expenses.

PHOENIX  
SANTA FE  
MILLION DOLLARS  
DENVER  
ALBANY, NY  
PORTLAND, ME  
CHARLESTON  
IN OUR ST  
LUBBOCK, TX  
FULL YEAR  
WASHINGTON  
CHARLOTTE  
ATLANTA

*And we're grateful to everyone who helped us achieve that goal. But that's just the beginning.*

*We're MOVING media properties.  
We know what's happening, and who's making it happen.  
And we'll make it happen for you.*

*We'd like to discuss your needs, or offer an expert appraisal.  
Call John Pierce or Lisa Bierman.*

859 647-0101  
FAX 859 647-2616

JOHN  
**PIERCE**  
&  
COMPANY<sup>LLC</sup>

11 SPIRAL DRIVE SUITE 3  
FLORENCE KY 41042  
WWW.JOHNPIERCECO.COM

# Never Go Off the Air! Get Scott Studios'

# INVINCIBLE

## Fail-Proof Digital Audio System

### Scott Studios Delivers Radio's Only Self-Healing Redundant Digital System

Major stations in major markets choose Scott Studios' *Invincible*. It's a *mirrored* pair of top-of-the-line SS32 digital audio systems, plus Scott's *exclusive* diagnostic watchdog that double-checks everything several times every second by fast USB. At any *hint* of trouble, the backup automatically starts playing where the problem unit left off! *Invincible* switches so fast that most listeners hardly hear a glitch. In fact, one touchscreen controls both systems seamlessly so some announcers don't notice a switch.

Hands-free redundancy is one of many reasons why major stations in New York, Chicago, Los Angeles, Houston, Dallas, Philadelphia, San Francisco, DC, San Antonio, Phoenix and Toronto installed Scott Studios' SS32 recently. 3,500 stations in the U.S. have Scott systems and those of our sister company, Computer Concepts Corp. More stations use our systems than the second and third largest digital vendors combined! Our customers benefit from the biggest and best service and support staff in radio's digital audio industry, with 105 people at your service.

Scott's *Invincible* SS32 is the most robust digital system of all! SS32 delivers more streams of perfect uncompressed and MPEG audio than any other system. You get industrial rack computers, the fastest CPUs, mega-memory, hot swap redundant power supplies, ultra-fast RAID mirrored hard drives, extra cooling, NT networking, two premium four-output stereo audio cards per system, the best flat panel touchscreens and up to a 5-year exchange warranty! Nothing else gives so much peace of mind as Scott's *Invincible*.

Scott Studios SS32's user-friendly intuitive touchscreen is the simplest for announcers to use and gives all the features that creative major market air talent demands.

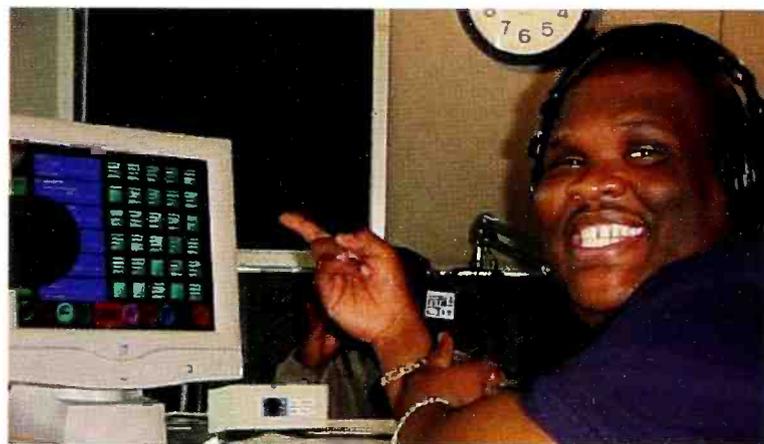
(972) 620-2211 FAX: (972) 620-8811

1-888-GET-SCOTT

For example, SS32 delivers:

- 30 sets of 30 hot keys for instant play of jingles and effects.
- Cart walls that play song requests within 1 to 3 seconds.
- Display of last play and next scheduled play dates/times.
- Ripper puts CD music on hard disk digitally in 18 to 28 seconds!
- Easy voice tracking in context in air or production studios.
- Fast "no-dub" production uploads from Sound Forge.
- Phone recorder with audible scrub and waveform editing.
- SS Enterprise supervises 24 stations over the Internet!

For details about SS32 *Invincible*, go to [ss32.com](http://ss32.com) or call toll-free at 1-888-GET-SCOTT.



Shown above is the top-rated "Big Boy" morning drive personality pointing to the SS32 touchscreen at KPWR, Power 106 FM in Los Angeles. For details, visit [ss32.com](http://ss32.com) or call 1 888 GET SCOTT.

## Scott Studios Corp.

13375 Stemmons Freeway, Suite 400

Dallas, Texas 75234 USA

Internet: [scottstudios.com](http://scottstudios.com)