



Radio & Television Business Report

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Voice of the Broadcasting Industry

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Interep's thoughts are with the broadcasters and residents affected by Hurricane Katrina

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- *ZALINE SCOTT MCSHAN SCHOLARSHIP*, for outstanding students majoring in communications
- Sponsor of *CENTER FOR COMMUNICATIONS* fall seminar series
- Sponsor of International Radio & Television's annual *IRTS MINORITY CAREER WORKSHOP*



How should HD Radio be numbered?

Lots of people in radio are excited about opportunities for multicasting with HD Radio and a handful of stations are already offering a second HD program channel in addition to the HD channel duplicating their analog programming. Of course, there aren't very many HD receivers out in the marketplace yet—and even fewer second-generation receivers capable of tuning to the second channel. For now, those second channels are being called HD-2, but there's a debate going on inside the radio industry about how HD should be numbered going forward.

Cox Radio kicked off the debate by asking other radio groups for input on focus group research it plans to fund to ask consumers for their opinion on various channel numbering schemes. Cox management prefers an approach which would continue the current FM band numbering system, so the first additional channel for a station on 88.1 would be designated 108.1. With eight HD channels per licensee (once analog signals are phased out), the Cox numbering system would run from 88.1 through 247.9. Zinio users can see the entire chart.

We at RBR would prefer to see radio get away from "point-anything" and move to a new channel numbering system that's more consumer friendly. Our proposal would number AM HD stations from channel 530 through 1709 and FM HD from 2000 through 3009. ☑ Zinio users can also see that entire chart here.

RBR observation: We're not sure our proposal is perfect, but we do think it's a step in the right direction. HD is a great opportunity for radio to rebrand itself, so it's important to get it right. We're all going to live with this for many decades to come. The best suggestion we've heard so far is that the radio industry needs to band together and hire branding experts to research the HD Radio numbering question. More creative thinking is needed, along with some professional research, to make sure radio gets this right.

Jefferson-Pilot sold to Lincoln Financial

While everyone in radio and TV was focused on the auctions of the Emmis TV group and Susquehanna Radio, an unexpected deal flew under everyone's radar—not that media companies had any opportunity to bid anyway. In a move to become a much bigger player in the insurance business, Lincoln Financial announced a deal to acquire Jefferson-Pilot Corporation for \$7.5 billion in cash and stock. That, of course, includes Jefferson-Pilot Communications, the company's radio

and TV subsidiary. Lincoln hadn't been in broadcasting, but Chairman and CEO **Jon Boscia** likes what he sees and says the company will keep the broadcast unit—with a name change expected.

Jefferson-Pilot Communications currently provides about 10% of the operating profits at Jefferson-Pilot Corporation. That will translate to about 4% of the operating profits at the merged company.

RBR observation: The value of the Jeff-Pilot Communications subsidiary wasn't broken out from the main deal. However, Jeff-Pilot supplies considerable financial data about the broadcast operation, although it doesn't separate radio and TV, so we can come up with a ballpark figure. The broadcast division had \$239 million in revenues in 2004, about 6% of the company's total of 4.1 billion. Jeff-Pilot Communications reported broadcast cash flow of \$108 million for 2004. If we apply a blended 12 times multiple, the value of the broadcast stations in this deal is roughly 1.3 billion. After looking at BIA figures, our best guess is that radio accounts for about 63% of revenues and cash flow, so we're calling this deal \$820 million for radio and \$480 million for TV.

When will the indecency shoe drop?

Despite the fact that the FCC email boxes have been relatively quiet all year when it comes to indecency complaints, we've been hearing all summer that the Commission was close to clearing out a large backlog of indecency cases already being processed. FCC officials at the September NAB Radio Show in Philadelphia confirmed this and said cases were almost ready to be made public. As we write this, nearly a month has gone by and still: nothing. One thing is certain, however. This is one issue where it doesn't matter that this is a Commission frequently polarized on party lines and hamstrung by an empty seat which promises a two-two tie vote on many contentious issues. When it comes to indecency, each party has a hawk: Chairman **Kevin Martin** from the Republicans and **Michael Copps** from the Democrats. And it's not like Republican **Kathleen Abernathy** and Democrat **Jonathan Adelstein** are pro-indecency either.

One option looking ahead is to further refine content control devices and better educate parents on how to effectively use them, but that only works for video services. Radio broadcasters have long complained that they have had to bear the brunt of FCC indecency enforcement while TV largely gets off the hook. If TV gets time to pursue its tech options, look for the emphasis on punitive enforcement to continue with its heavy radio tilt.



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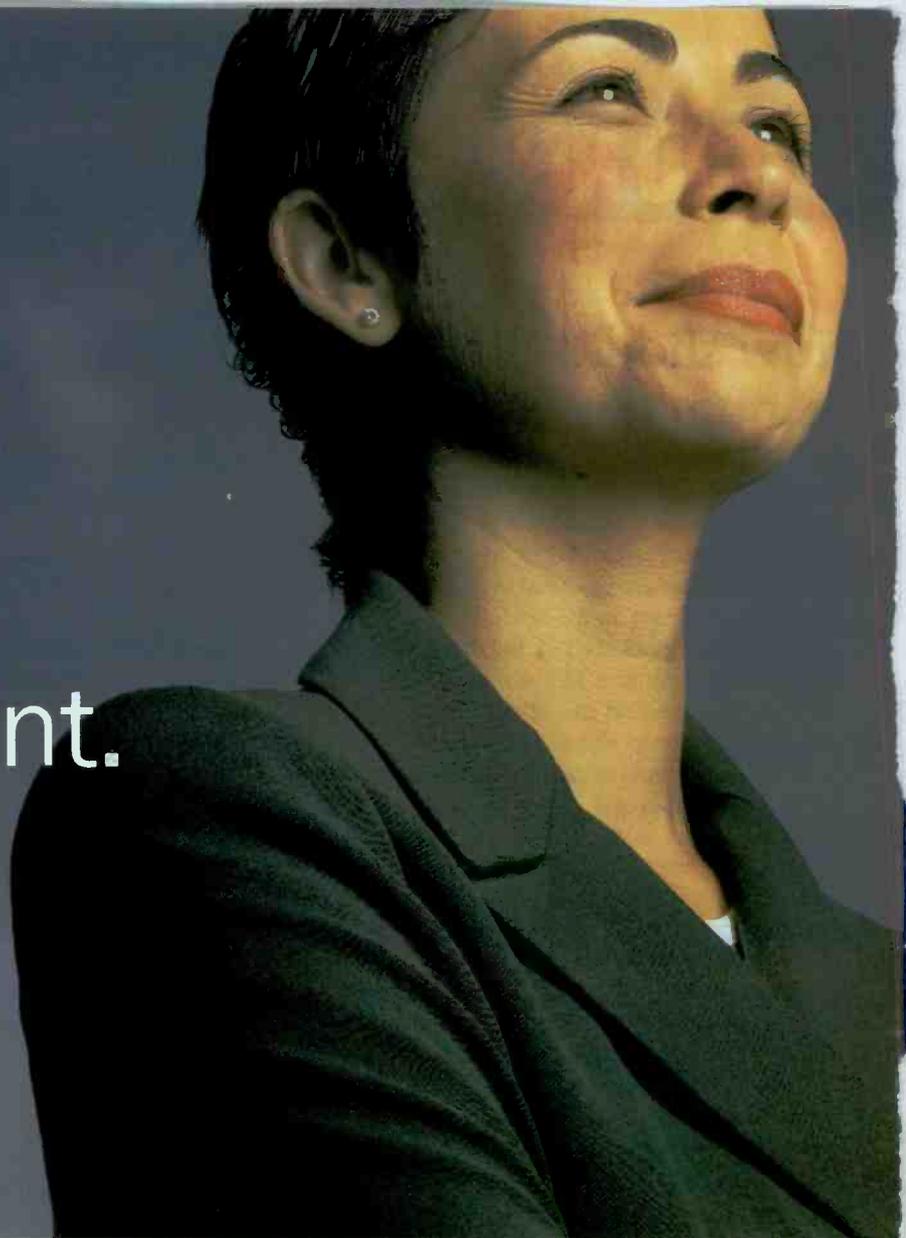
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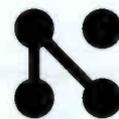
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Apple unveils Video iPod

The radio industry is already seeing the impact of Apple's iPod devices. The hugely popular and extremely portable devices for playing music is making it harder than ever for radio stations to attract listeners in the younger demos. Now it's TV's turn.

Just in time for the Christmas shopping season, Apple has unveiled an iPod capable of playing videos, evolving the ubiquitous music player into a multimedia platform for everything from TV shows to music videos. Videos will now be sold alongside songs on Apple's iTunes Music Store—including ABC-TV and Disney Channel shows. That has some ABC affiliates worrying about whether the move will devalue their local franchises, but Disney CEO **Bob Iger** is gung-ho on keeping up with new technologies. In announcing the new video iPod, Apple CEO **Steve Jobs** said the companies will start with five shows, including ABC's "Desperate Housewives" and "Lost," as well as the new ABC drama "Night Stalker" and the two most popular shows on Disney Channel, "That's So Raven" and "The Suite Life of Zack & Cody." Current season episodes of the ABC series will be available for download from Apple's iTunes Music Store the day after they are broadcast, while the entire first season of "Desperate Housewives" and "Lost" will be available for download immediately.

TVBR observation: The key is to go where the consumers are. Radio companies are still trying to figure out audio iPod plays, with some offering downloads of popular Talk shows and others providing music downloads to make young listeners get accustomed to visiting their websites—and hopefully listen to the radio station as well. But consumers also want portable video. TV companies are now doing deals with telecom companies to supply short video pieces for video cell phones. Video iPods is yet another logical step. Disney is the first to jump into the pool—but it won't be the last.

Musical chairs in the broadcasting biz

If you're updating your Rolodex (or, more likely, some electronic device), there have been some major changes recently in a couple of broadcasting companies.

After several tough quarters at Tribune Broadcasting, **Pat Mullen** submitted his resignation. "It's time for a change for me and I'm sincerely happy and looking forward to the next chapter in my

life. Lot's of possibilities and I'll take time to consider all options," he told RBR/TVBR. No immediate replacement was named and Tribune Company CEO **Dennis FitzSimons** told analysts that Tribune Broadcasting Vice Presidents **John Reardon** and **John Vitanovec** are now reporting directly to him.

At Fisher Communications, **Colleen Brown** has been named President and CEO, nine months after the ouster of **William Krippaehne**. She once headed the TV group at Lee Enterprises and most recently was Sr. VP at Belo, overseeing its TV and cable operations in Texas. Before the job at Lee, she managed Gannett's TV station in Phoenix. With her arrival, acting President and CEO **Ben Tucker** exited to "pursue other interests."

TVBR observation: Who was it who first said "There are 200 management jobs in broadcasting and 250 people playing musical chairs"? We hear that both Tucker and Mullen are working on business plans to return to broadcasting in an ownership role.

DTV-Day on the calendar

By the time you read this, it is as close to a sure thing as there is in Washington that there will be a hard date for broadcast television stations to bring to a close the current side-by-side analog/digital operating regimen and go digital only. It is widely believed that 4/7/09 will be the big day.

The especially active hurricane season served to up the volume of calls to move the date forward, notably from **John McCain** (R-AZ), but these calls have met resistance from McCain's successor at the helm of the Senate Commerce Committee, **Ted Stevens** (R-AK).

The fuel propelling the earlier-date movement is the provision of spectrum to emergency first-responders. A big goal on that front is to gain interoperability between numerous communications systems in use that currently cannot communicate with one another. Stevens has pointed out that you could give first responders the spectrum today, but they wouldn't be able to do anything with it, since they do not have the necessary equipment to take advantage of it.

There are other reasons to go with the later date, including the idea that the rest of the spectrum will fetch a greater price from hungry telecom companies at auction. Also, Stevens reasons that giving consumers more time to upgrade their own home receivers will mean less government outlay for down-converter subsidies.



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By Carl Marcucci / cmarcucci@rbr.com

What plans do you have in effect for potential natural disasters?



Mark Bass, GM, Clear Channel, West Palm Beach, FL

Our plan changes depending on how intensive the storm is that may hit our area. We learned a lot last year when the eye of two Hurricanes came over our market.

1. We are in a constant state of readiness in regards to; Water and food at the station, Generators properly serviced and fueled and backup plans to find more fuel. We work with the other Clear Channel markets in the South FL Region on our plan; Non-essential personnel out of the building 24 hours before the worse would hit.

2. Engineer and myself have a plan to stay at the station if its not a large storm (we stayed here during a cat 3 last year). Or go to a shelter nearby at the last minute, while providing coverage up until then. We would offer live coverage until it got too bad then switch to a feed from another CC market such as Miami (WIOD did coverage for us when we had to abandoned the building last year). We set the bird up and left.

3. We would probably simulcast coverage before and after a serious storm just in case we lost one or more signals. We always plan to split the commercial content irregardless.

4. Personnel would be put on notice long before the storm to come in and work on coverage and logs. We also have someone from the sales dept. standing by. You would be surprised how busy you are during the thick of things. We had two record months last year due to the revenue being pumped into the markets before and after the storms.

5. The information flow is dramatic after a serious storm, we have one person coordinating the coverage and keeping up with the pertinent information.

6. We plan on having someone located in the Emergency Management Shelters just before the storm to report directly back to us.

7. Personnel would be on notice before the storm as to what role they would play. We had our number one talk show host standing by to be one of the first voices on the air after the hurricane. He and I spent 12 hours on the air the first day together giving out important info to the community.

8. We plan to "let the people talk"...many were without power for 4-5 weeks, we were their best friend in the middle of the night and the one that gave them access to vent about anything or just share a story. Also develop a relationship with all the local authorities now, we became close to all of them and our facility was used as a base by many. We still get praises for our coverage last year, it was gave us tremendous credibility with the community.

Owen Weber, Guaranty Broadcasting, Baton Rouge, Houma and Picayune (New Orleans), LA:
As we have seen in the last two years especially, the entire Gulf Coast of the United States can experience repeated major storms such as Katrina

and Rita. It is critical for broadcast operations in this area to be very well prepared with a Hurricane "action plan". That plan is put into effect as soon as the storm appears to have any probability of striking your area. As those of us that have experienced storms have come to appreciate, being on the "dirty" side of the storm, i.e. east of where the eye makes land fall, also increases considerably the risk your community faces.

For example, our city, Baton Rouge, LA, experienced minimal damage from Hurricane Katrina as we were west of where Katrina came ashore in eastern Louisiana, Mississippi and Alabama, all of which were hit extremely hard.

In the era of consolidation, the optimum way to address Hurricanes is to have a written plan to pool or consolidate the resources of the entire cluster or if the ownership has more than one cluster in the affected area, multiple clusters. And once the storm is within 24-48 hours of coming ashore to then move to an "All Hurricane...all the time" informational format on all stations in the cluster irrespective of the stations regular format(s).

Broadcast stations have the opportunity, as was demonstrated repeatedly during the two most recent storms, to step up and provide a huge community service to their cities. Disseminating essential information before, during and after the storm becomes reaches huge importance in helping people survive, whether evacuated or "riding out the storm."



Paul Robinson, CEO Emerald City Radio Partners, Baltimore, MD

In this case I would have to suggest that beyond the presence of standard redundant systems for restoring service to the community as quickly as possible most radio station operators are woefully ill-prepared for natural disasters.

I dare say that the unprecedented size and scope of the damage caused by hurricanes Katrina and Rita should act as a catalyst, for all of us, the radio industry included, to reassess across-the board our level of preparedness in emergency situations. The radio stations in the Gulf Coast that struggled to get back on the air served as a battery-powered lifeline for critical information when the lights went out and the floodwaters came.

Despite the industry's best efforts however, we learned that Radio cannot and should not "voice-track" its way through an emergency of this magnitude. This is simply not in the public interest even in this age of consolidation and "economies of scale".

Unquestionably the cost to station owners and operators of equipping and maintaining a staff at the ready to launch at a moment's notice into "emergency disaster" information and coverage mode is substantial. But 9-11 and the Katrina and Rita experiences demonstrate that the need to do so absolutely essential.

In my view, government could provide an effective investment incentive through the creation of special local state and federal tax incentives (Tax Incentive Funding or TIF) programs that award radio operators who make this substantial commitment required to effectively serve the public interest in emergency situations. Clearly, it will take a whole lot more than a free diesel powered generator from FEMA to get us better prepared for the inevitable crises to come.

Reach: How Radio Builds Business in a PPM World

By Erwin Ephron

In today's marketing, reach trumps frequency. It's easy to see why. Reach is media's gift to marketing. It is fundamental to how mass advertising appears to work.

The key idea is "Recency," which is just common sense. Advertising is most effective when it is reminding people who happen to need the product about a brand they know. Recency is a reminding, not a remembering, model. The difference is critical because reminding is a stimulus that can be controlled; remembering is a response that cannot be.

On the face of it, reminding is a perfect job for radio, but not when used as a frequency medium. Frequency—contacting one consumer three times with a message—is not as good as reach—contacting three consumers once. This is because one consumer is far less likely to need the product than any of the three would be.

Given that someone who is the market for a product is usually more receptive to advertising for that product, fewer messages are needed. Again, reach, not frequency.

These ideas about how advertising works, together with growing media fragmentation, have made frequency a kind of media crabgrass. The planner's challenge is to kill it.

All said, today it is not good to be thought of as a frequency medium.

Radio Is Ignored

Reach and television are where national advertiser dollars go today. Radio is largely ignored because it is thought of as a frequency medium. But that reputation grows more out of how well radio targets than from any inherent reach limitations. Radio's targeting selectivity, especially among younger demos, leads advertisers to use only the few best-targeted stations to keep the costs-per-points low.

This emphasis on target CPP and few best stations artificially restricts the reach of a schedule, creating the familiar radio buy of low to moderate reach and lots of frequency. But when radio is planned differently, especially with the help of the new Arbitron PPM data, it becomes an ideal reach medium.

The new PPM data are especially helpful because they capture the full audience of a station and, on average, roughly double its weekly reach.

Reach Planning

Reach planning for radio increases the number of stations, reduces the number of weekly insertions per station and, if necessary, pays the higher target CPP for the higher reach schedule. This higher CPP is still far lower than for television.

The following table uses Philadelphia PPM data and real station costs to demonstrate radio reach scheduling.

In this example, the demo target is the most common one, Adults 25-54. The schedules compare the one-week and



Pierre C. Bouvard
President,
Portable People Meter

Erwin Ephron is the father of modern media planning and a true advertising guru. He recently wrote about how our Portable People Meter (PPMSM) demonstrates that radio is an ideal reach medium! I wanted to share his insights on how PPM can help grow radio revenues.

The latest PPM data from Houston reveal that Cume doubles for most stations. In fact, when compared to the diary, the weekly net reach of Houston station clusters soars with the PPM:

Group	Weekly Cume	
	Diary	PPM
Clear Channel	52%	78%
Univision	26%	40%
Infinity	20%	35%
Susquehanna	16%	32%
Lieberman	9%	19%
Cumulus	5%	11%

The PPM demonstrates that radio is a powerful reach medium!



<http://ppm.arbitron.com>

four-week reach of a five-station and a 10-station buy (Mon-Fri 6AM-7PM Adults 25-54). Stations are selected to hold costs reasonably constant.

More Stations Mean More Reach Adults 25-54

Stations	Weekly:				1-Week	4-Week
	Spots	TRPs	Cost	CPP	R/F	R/F
5	18	86	\$28,350	\$328	31/2.4	50/6.9
10	10	95	\$28,500	\$300	45/2.1	68/5.7
					45%	36%

Arbitron PPM, Philadelphia, 2002, TAPSCAN®

The five-station buy produces a one-week reach of 31 and a four-week reach of 50. The similar-in-cost 10-station buy increases the one-week reach by 45% to 45, and the four-week reach by 36% to 68.

These are television reach numbers at a fraction of the TV costs. The net is, more stations with lower weekly weight per station turn radio into a highly competitive reach medium.

Reach Trumps Frequency

Advertising doesn't do it alone. Today's media planning focuses us more and more on the consumer's role in making advertising work. Ads work best when the consumer is receptive. That tells planners that reminding many consumers is better than lecturing few.

In today's planning, reach trumps frequency. It is media's gift to advertising and, as this paper has tried to demonstrate, radio with new PPM measurement can deliver it by the carload.

Vigilance in a time of crisis

As New Orleans continues its clean-up and plots a rebuilding from Hurricane Katrina, the city's radio and television stations continue helping locals by providing information, assistance and a place to air their concerns and criticisms. Two stations that were there full-time during and after Katrina were Entercom's WWL-AM and Belo's WWL-TV. We asked **Bud Brown**, GM, WWL-TV and **Phil Hoover**, Entercom's Market Manager, about the invaluable service they and their staff performed for their community. In a time of satellite radio, Internet and iPods, if these "testaments to the trade" don't prove the value of live and local broadcasting, nothing will. Here they tell their stories.



Bud Brown,
GM, WWL-TV:

Tell us a little bit about some of the heroes at WWL Television.

We had people who, even though their homes had been destroyed and they had taken their family and sent them off, continued to come to work and keep the public informed. They felt that was a trust they weren't going to betray and they were needed here—they were the heroes. The thing that continues to amaze me I think about 80% of the people at the station who were functioning in the news and engineering areas, their homes had been either totally destroyed or damaged in some way that made it very difficult for them to live in them. Again, they continued to come to work.

Our News Director **Sandy Breland** I would single her out as probably the player of the game. She demonstrated very clear leadership in addition to having her house destroyed. She did just an admirable job. I would say that the whole group just did an incredible job. There were people that worked innumerable hours, there were people who went in harms' way to get stories, to help people. It was just an incredible effort.

We hear you're the only TV station in the city that continued broadcasting throughout.

How was it possible?

I'll put it down to two things. One, an excellently well-executed plan, which we knew really well, and the other was a very robust transmitter that was built about five or six years ago. It has our 1,000-foot tower on it and it's 14 feet in the air riding on girders and concrete, and it is a fortress. It was built that way at considerable expense, and at the time people wondered whether if this would be justified but the reality was that it certainly was. The Harris transmitter was excellent, plus the fact that we had a huge generator.

As a base, we were able to move from our facilities in the French Quarter to the transmitter which provided uplink, downlink, an air conditioned environment—not built for 40 people to

live in for a while but they could and did. We shut down the digital signal to save power for the most part while we were running on generator. And they did have water in there and it had facilities and so we were able to retreat to one section one time when the civil unrest became so great. That was of concern and also initially the first time we evacuated the transmitter was when the levy broke and we knew the water was coming down Canal Street. Being in the Quarter we were afraid we would be flooded as well.

We made a really good relationship with the Louisiana State's Broadcasting Department and were able to use their facilities as well days until we eventually got to Louisiana Public Television, which has been instrumental in our being able to stay on the air.

How did your station help viewers and how did that help change over time?

One of the things that we found is that there was a lot of loss of communications from what I consider to be kind of light communications—cell phones, Nextel—some things that disturbances of high winds, water etc. can take out. And so people, when they lost communications, were able to observe was the only broadcast television on the air—us. So we provided a means of telling people where the storm initially was, what the damage was, the levy was certainly part of what we were communicating out—get to higher ground. Initially it was just about warning people about the many threats that were coming as a direct result of the storm and the flooding that ensued. Afterwards it was telling people where the need was and what the expectation, or in many cases lack of expectation there was, in terms of federal relief. Where you could go and what you should expect if you had evacuated. Everything from the energy number that you need to call and telling, we go live when the, we open up a county or a parish to say you can come back into this parish for today starting on Thursday to look at your property, you may not stay, then you can leave and then this is how this operates. We tell people what bridges are washed out, what roads are no longer in service. We tell people how to get in, we tell people you've go three inches or four inches of water on the first floor, you have to rip out your floorboards and they have to dry out. You may need tetanus shots.

One of the really interesting things that happened for us was our signal migrated with the evacuees. At one time we carried it

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on the digital spectrum of our stations in Dallas and Houston and eventually on 30 other stations across the country. We had people in Boston watching us. There were TVs within the places where people had evacuated to like the Houston Astrodome and they were able to watch their hometown station there and all across the country. We offered it up as part of an NAB program to television stations and 30 of them took us up on it. The other thing that became incredible was the distribution of our signal was also done by our fairly robust Internet site. We can get 300,000 hits on a typical day. We hit one Tuesday almost 16 million hits.

When did you bring back regular CBS programming?

Well it happened in a wave like the hurricanes came. We were up linking from Baton Rouge with our continuous coverage to our transmitter and the transmitter was able to go to CBS and we couldn't run commercials or anything. Thursday, September 8th was the first time we went back to anything normal. Everybody was emotionally and physically exhausted and the best thing we could offer was something that was funny and light, and **David Letterman** was the exact right thing to do. Following that we periodically would put in more and more programming.

Any local interviews that were really memorable?

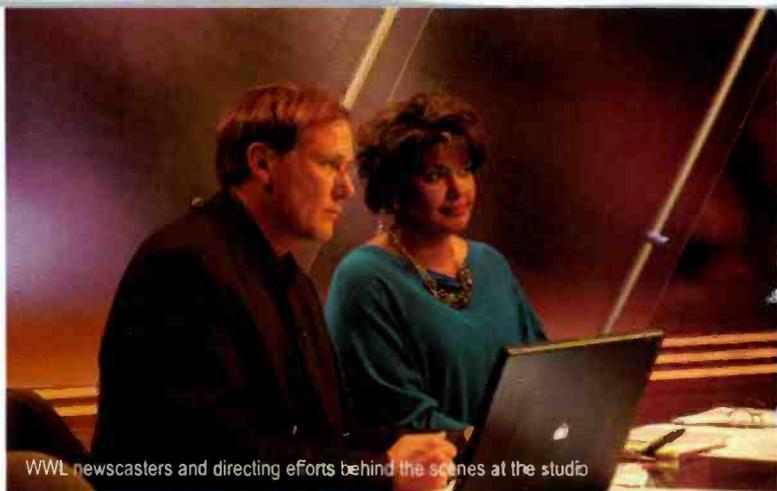
We were out at St. Bernard Parish and there was a woman who said how she had been there with her 90-year old mother. She had a generator and she had water up around her. They had no one around and were there for nine days. The only thing she had at night was when she would turn on the TV to watch us. And she said to see a familiar face was just more than she would ever be able to express to us about how important that was to her. Everyone was pretty exhausted, it was in the middle of the coverage, and we said nobody's going to believe this tape. We put it in and played it for the entire room. Sandy Breland said, "If you ever wondered why it is we do what we do that's it right there."

We gave her information, we told her about what was going on. She knew where the storm was, she knew what the level of damage was and she also knew that help would eventually be coming. But she said the important thing was she saw a familiar face at the middle of the night. That was one of a number we had where people just said, "You're the only ones that were there, the only ones that we could listen to." We got that from city officials as well.

This is really what broadcasting is all about.

There are issues about cable and about satellite, but what it comes down to is to serve the public interest is part of what we do. I was never so proud of any group that I was, with this. I talked to George here and asked how he was doing and he said, "Well some of my family, my wife and my kids are in Indiana so they're fine with my mom and dad." Then I said, "How's your house?" He said, "Well, that got destroyed. Water...had four feet in it. We're going to have to tear it down. It will never be rebuilt there. We don't know what we're going to do." And then he'd say, "But I'm here to do coverage."

We slept on the floor and we had housing issues here in Baton Rouge—people were sleeping six to a room. I will tell you quite honestly—and no lying—not one complaint at all. None. None. And then Belo—everybody at WWL immediately got \$1,000 in their checking account right off the top. They said, "Okay, this is kind of to tide everyone over and don't anyone worry about your jobs, just keep going on. Then they said, "What do you need?" I



WWL newscasters and directing efforts behind the scenes at the studio



The transmitter fortress: outside and inside



said I need more reporters and satellite trucks and I need technicians and operators. So the staff swelled to about 190 and these were Belo people from the Dallas Morning News, The Providence Journal and our 20 TV stations.

They brought in logistics people to handle housing and rental cars and medical. I said we need some shots. They came back in like an hour said "We're bringing over people from a local hospital. We're just going to go with tetanus right now cause that's what the CDC is recommending. Then they would bring in food or ice or machines or whatever. Gasoline was a huge issue. The people at Public Television and Belo brought in logistics people who brought in gasoline in tanks and diesels. They provided us with security officers to accompany people into the city when we thought that was threatening. They guarded our transmitter. They brought in helicopters from our stations in Houston and Dallas. It was huge.

Any advice you can give other GMs?

I don't think people believe in disaster plans, we have to write them because of corporate and we don't believe them. But here at WWL we believe it because we know it's a possibility. Here's the most important someone might actually use—your cell phones will not work. Your Nextel's will come up late. Your Blackberrys will work a little bit. You've got to plan on the idea that you will not have communications. The plan has to be so well communicated to everybody on your staff that they know what people they cannot communicate with are doing. So if I can't communicate with Dallas I know what Dallas is doing. You've got to plan on not being able to communicate very effectively for the first 12 hours. If you cannot work out of your studio or normal base, where will you go? You may need two places.

What's the plan when sales comes back?

We're open already. We've brought both local and national sales back. In fact we had them working before the second hurricane hit. When our salespeople were out then we figured St. Louis, where we have a television station, would be the central gathering point for people who wanted to send us commercials because we had no idea how the mail system would operate or shipping. KMOV St. Louis either uplinked them to us or sent them by a compressed video format on a clip service. Our DOS went to St. Louis. Our NSM went to Houston. She evacuated twice. They had office space there. We had a manager who went to WHAS Louisville and operated out of there where they gave her a phone, computer and workspace. Again, you've got to plan on what are you going to do if you can't go to your station.

Are you finding business getting more robust now?

I think there's going to be good demand and we're experiencing more surprising levels of business than what we'd expected. At least faster than what we'd expected. The potential is great, however I have not idea what it's going to be. We're going to be prepared for it and we think that the relationship that we had with the community—both the business and our viewers—was good before and now we think it's stronger based on our ability. While the chips were down, we were there.



Phil Hoover, WWL/Entercom Market Manager:

Tell us about some of the heroes at your stations.

I would be totally remiss if I didn't say that any one of the staff members that actually stayed through the storm, that they all are considered heroes in my mind. There are certainly those who have distinguished themselves with their heroics and I think we have to put them into two different categories—not necessarily of heroes but the types of actions that they took to certainly make themselves heroes. When I think of our engineering staff, which was separated—one was at the Jefferson Emergency Operations Center which was a studio into and of itself allowing us to keep WWL on the air through their emergency generation. There was an engineer over there by the name of **Dominic Mitchum** where in the height of the storm during the hurricane, WWL's power went off. The auxiliary generator wouldn't kick in so Dominic drove through the storm to the transmitter site and literally waded through alligator and snake infested waters to get to the transmitter site to put the auxiliary generator back online. The other two engineers were with me at the main studios and as glass was breaking and windows were exploding and studios needed to be shifted, they put themselves at peril in order to get into those offices, secure those studios and to maintain connection for our six radio stations.

The other heroes, every single one of the news programmers and our talk show hosts, they were able to provide to the community in terms of a link to freedom and safety. **Dave Cohen** [WWL News Director] certainly has done his share in saving lives. When the waters were starting to flood into the city Dave was the only lifeline to people in their homes. They were calling him and asking him what to do, how to do it? There was a woman we remember who was up to her waist in water and holding two children and she didn't know what to do. She had gone up to the second floor of her home. Dave never thought in his wildest dreams that he would ever be in a position as a news director to be trying to guide her through a safe evacuation of her home. He called and talked to one of our talk show hosts and wanted to know what to do as the waters were rising. We certainly don't know what happened to some of these people, but to have a radio station there and being able to be a lifeline certainly put our folks in a position to provide heroic deeds.

Diane Newman is the Operations Director for WWL and sometimes people want to talk about how radio has become corporate and not local. Here's a radio station that was totally local and Diane is as local as you can get. She is born and bred here. Diane through this, and as did Dave Cohen, and so many of our programmers they worked, they just worked non-stop. I mean they were working 48, 72 hours without sleep, without rest. Diane is so passionate about her product that she agreed to appear before the FCC and talk about the importance of terrestrial radio and the importance of WWL Radio during the storm. I think that

her passion got through to the FCC and helped them to understand we were truly local and that terrestrial radio did everything that it always promised it would do and then some.

Tell us about the most important functions your station served.

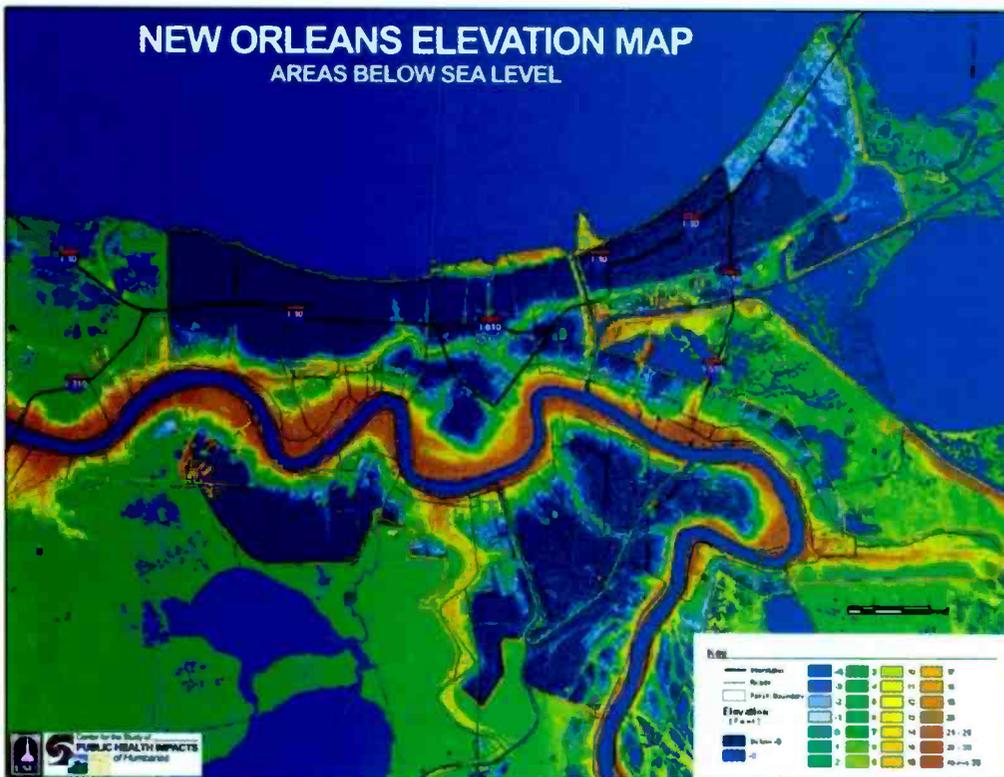
Certainly I think preparatory services prior to the storm, you know information on where to go, how to get there. Everything from storm tracking to special announcements on where refugees can go. The contra-flow information that's necessary to get people evacuated. The different live announcements that we could hook up with community and state and

seeing the response teams and the calvary did start coming to New Orleans.

We have so many instances of governmental officials hearing the pleas of people on our radio station and that enabled them to respond so very quickly. Everything from FEMA to the Red Cross—as soon as our people talk, when some of these listeners are telling their tales they are constantly monitored by the governmental agencies and respective agencies. They call the radio station and they were able to get their messages out. It's one to one communication times a million, word-of-mouth times a million and that's what really made this station shine during this crisis.

The information that we were able to garner by having our people in strategic points throughout the greater New Orleans area actually saved the lives of probably 40-50 of our own staff. On the day of the flooding when the 17th Street levy broke, we still had 35-40 people in our main studios in downtown or in the central business district. A call came through, I saw that there was water rising, and I spoke with Dave Cohen who was at the Jefferson Parish Emergency Operations Center. He got word to me that the levy had broken and advised me that if we ever thought we could get out of that building, we had to be out of that building within 10 minutes. That was his opinion. As I looked out, the water was rising. I called our staff together and I told them they had to listen and listen very closely. They had to follow my directions and they needed to follow them immediately.

That was to evacuate, to get in their cars and take this specific route that Dave had given me from a remote broadcast location. We got everyone out except for 12 of us who were later evacuated. So what's the point in that? The point is not only were we able to provide those kinds of services for hundred of thousands of evacuees, but also for our own staff.



parish officials as to how they wanted to handle the evacuations in their respective parishes or communities. As we got into the hurricane itself then obviously we needed to just detail exactly what to do right now. How to handle your gas. How to handle your electricity. What to do if the water is rising, where to go right now. That evolved then into people telling their stories. We got people to talk about how they were evacuating. When our traffic services were starting to break down, we actually had hundreds of thousands of reporters in the field that were able to talk about where people can find housing, how they can get out of the traffic jam or situation and continue on their evacuation route.

We then became the source and platform for people to talk about what they went through, to vent, to start to go through the healing process. By now everyone has heard [mayor] **Ray Nagin's** famous talk on WWL. So in terms of fulfilling our promise of being the voice of the community, he used WWL as the vehicle to get to the President of the United States. There was no other way for him to get that message out. As soon as that message aired, we started

Any advice to other GMs?

First of all I think a lot of our work was in our preplanning. Probably five years ago we took our key management and his people and we actually did a retreat. In that retreat we prepared a four-phase hurricane and disaster plan. At times we even laughed when we said, "Oh my God we'll never have to do that." But this is such a detailed disaster plan. It's right down to how many nails are we going to put into plywood that will go on the windows. Who is going to pick up food? How much food? How many blankets? How many flashlights? How many batteries? And the storage of every single one of those. Each time we had a hurricane approach,

we followed that disaster plan, and that gave us a lot of practice. It's like a fire drill. Have your disaster plan, work the plan, practice the plan and be prepared to go all-out. And the other is to obviously keep calm. Also, in advance, limit the number of staff that will be involved in the implementation of your disaster plan.

Do you have somebody already lined up to do reconstruction of your studios?

We've already started it. Most of our damage was to the exterior of the building, which are the windows. The interior we're going to be able to take care of ourselves, mostly take care of ourselves. We have a mediation company that's been in and getting that done. The rest of the building, I think because of our efforts and our pre-planning, our studios are basically going to be okay.

DNR, your national rep, says it's getting a little robust down there now.

We had a record month. It's very restrictive. We have been very, very careful and selective on the type of advertising we want to take and what we think is appropriate. It's been a lot of insurance companies, power companies, it's been cable companies. Obviously some automobile dealers who do have units, but right now we're only running 30-second units. We didn't run one 60-second unit in the entire month of September. We had no problems with that. We more or less had a waiting list of people that wanted to be on the air.

We heard you're sticking to your rate card and not gouging anybody.

We felt with so many different stations carrying the WWL and the United Radio Broadcasters of New Orleans, we felt we could have probably charged three times what we did charge. But we felt that it was important that we not send that message, but a message of fairness, that we're there to provide a service.

We hear sales had to do things the old-fashioned way for a while.

We had handwritten logs. And when we talk about heroes, our sales department had to struggle to in order to get these very critical messages on the air they were going back to technology many have never seen. It was the old way of doing it, we all had to sit down and go well how do we do this? It came back very quickly and **DePaul Smith**, one of our Senior Account Executives, was the first one on the scene in Baton Rouge and literally sat here and put logs together by hand then worked with our PDs.



One of the many damaged offices at Entercom's cluster in the Dominion Tower, as well as Entercom's damaged satellite gear.

How did Entercom offer help?

Well I've been doing this for, I'm embarrassed to say but I'm proud to say at the same time for about 40 years. I've never seen a corporate response to anything like I have seen from Entercom. Right as I was trying to evacuate I had no means of communicating with the corporate office. By the time I was able to helivac out and get our people out, Entercom already had five RV's on the way and all of the resources that Entercom could muster—cash, security, whatever we needed—it was on its way within the same day as the hurricane. Everyone from [Entercom CEO] **David Field** who visited our troops here in the

field to those that handle our websites, the total resources of Entercom had been directed to New Orleans. In addition to that, the company quickly established an employee assistance program which now exceeds over half million dollars.

Anything else you'd like to say?

Like anything else that happens that's of this magnitude, it has a tendency to get of the mind's eye of the populace and we cannot allow New Orleans to be forgotten. The reconstruction of this city is going to take a long, long, long, long time. My concern is now is about what still needs to be reported.

Katrina and Rita's effect on business

We've asked agency buyers and reps about what Katrina's (and Rita's) effect has been on national spot business. How did the buys get done? How did the messages change? What are reps doing to help Gulf Coast and New Orleans stations? How has Katrina affected marketing and planning for clients on national/local/regional levels?



David Verklin

"For us, we paid particular attention to it," recalls Carat Americas CEO **David Verklin**. "Because it has affected all parts of the marketing food chain. It has affected the media sellers, our clients both in the retail business and distribution. It has also affected media consumption and delivery, and product marketing. It certainly proved to be the perfect storm for us climactically and it was a perfect storm in the media business as well. We've had some real major problems. Think about

Hyundai and the devastation to the dealer network. Think about Radio Shack and all of its stores. I mean we've really seen a number of clients affected. You're seeing a decrease in magazine and newspaper circulation, TV ratings, etc. It has affected all links in the marketing food chain."



Pat McNew

"At this point we are taking it client by client, particularly on the automotive side of the equation," says **Pat McNew**, PHD EVP/Local Media Network Director of Operations. "Chrysler/Jeep and Dodge cut back on schedules and moved start dates further back into October. Much of the situation depends on how many dealerships are operative, how much inventory is available, and how extensive the damage has been to each location. One of the key client benefits

of spot radio and television is flexibility. Nothing tests this flexibility premise more than a disaster. The level of cooperation from advertisers, stations and rep firms has exceeded expectations."



Rich Russo

"We've had a couple of clients that would have been on right during it, but we pulled it. We had other clients that were looking for lost employees, things like that. We contemplated running some spots, the pricing was crazy, obviously, because a lot of people were trying to do that," said **Rich Russo**, JL Media's SVP/Director of Broadcast Services. "And I don't think it was gouging, I just think it was the fact that there was probably limited inventory and limited stations.

Everybody was running United Radio of New Orleans [the cooperative simulcast between Entercom and Clear Channel]. Houston got real ugly because of it was well."

Changing the message

Once a disaster of Katrina's proportion hits, advertisers still need to reach people. But the message and the people drastically change, of course. One key evolution in that messaging has been to make sure all the right information gets to the right people. "From the fact that we have clients in there, unless the client is going to do a specific message, to run a regular sales spot for a retailer that's a happy, goofy kind of spot, running it in New Orleans at this point is not good," reasons Russo. "We said to a couple of our clients, 'If you want to come up with a special, more solemn spot, go a head, but don't be running your regular thing. It will just come off as insensitive.' And as for network, unless you tell the networks to block out that market, whatever you're running, you're running."



Kathy Crawford

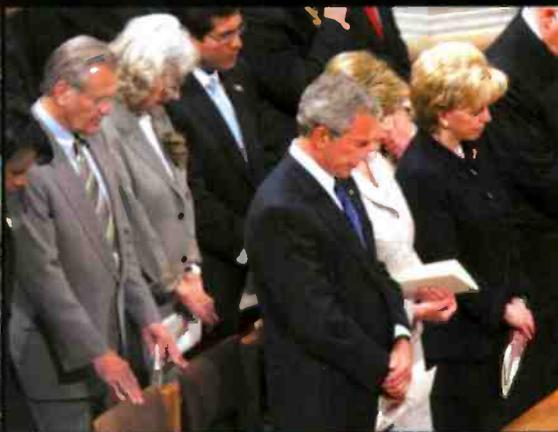
"There are two different situations here," attests **Kathy Crawford**, MindShare President/Local Broadcast. "One is the markets that were completely decimated, which is a tragedy beyond comprehension. But from a marketing standpoint, really and truthfully, what happened to and where are those people? When are they coming back? Against that backdrop, obviously you don't want to advertise until the people are back. I also don't think it's right to advertise something in a light-

hearted manner as usual. These people will be sitting there yelling at the television or the radio saying, 'I don't have the money! I don't have a home, I don't have anything!' It isn't business as usual. So we're talking to all of our clients, we're talking to all of our research people, from just a marketing standpoint of what's going on in the marketplace from the people standpoint."

Interep tells us New Orleans in Q4 is down 50% for national spot radio, which equates to approximately 1 million dollars. **Kevin Cassidy**, Interep's D&R Radio Sales President (reps Entercom stations), says, however, right now from a national spot standpoint the activity has been extremely robust on a lot of different levels, from a wide disparity of advertisers. But, again, the message is much different: "Everyone from Target Stores and other major retailers who are reaching out to employees to find out if they're OK and still alive. I'm in Dallas a lot and I heard spots saying, 'Hey, you've been displaced from the Gulf region and you're currently residing in Dallas. You're eligible for re-hire in a Dallas-area store.' So it's not just the Gulf Coast—it's almost a band surrounding the entire area that has been affected by this."

Cassidy says people that wanted to cancel were allowed to cancel. As well, a lot of people took their schedules and reapplied them to the stations that were still on the air. "Normally I could pull up all the numbers on our system. But so much of what has happened since has

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been done by hand. Because all of the systems that are integrated and computer-based are gone, literally went under water. Computer systems and trafficking and invoicing—all has been done by hand over the last however many weeks we've been into this."

He added, "I think advertisers were also incredibly appreciative that people like Entercom have said, 'Hey, the rate is the rate. We are not in a demand-based pricing situation, because if we were, we could frankly get probably 4 to 5 times what we're asking. This is about an emergency situation and we need to serve the community first and foremost.'"

The big picture

Backing up a bit and looking at the affected areas on a macro scale, in the short term, media agencies have been very understanding of the stations' plight. But business is business and clients' best interests have to be considered as well.



Jon Mandel

Jon Mandel, Chairman/MediaCom US and Chief Global Buying Officer MediaCom Worldwide stressed that everybody tried to do the right thing. "I've got to say the broadcast community stepped up big-time. This is something the broadcast community should be very proud of, and what to show why we need to have a free over-the-air broadcast system in this country. And we tried not to hurt them, but at a certain point,

how much can I translate your pain to my clients' pain? Because it is a business and we are in business after all and have a responsibility to stockholders and so forth. I think everybody tried to make it not as immediate as we probably from a better business sense, not a heart sense, should have done. But you do what you can."

He adds, "I think this has affected things, but in the end it will come back strong, because you're going to have rebuilding, you're going to be pouring money into an economy for workers. And they've got to eat somewhere, they've got to eat something. They've got to go to the movies to get a little relaxation. I mean how many hundreds of thousands of cars were destroyed? So I think it will come back, but I think there's a short-term hit."

Did Mandel learn anything from Katrina and Rita, from a planning and buying perspective? "We've seen this movie before, but there are other things—different categories were affected. The coffee business was affected more than just within New Orleans. Because there's an incredible percentage of coffee that is actually imported into and roasted in New Orleans. So that affected more than just New Orleans—that affected coffee advertising across the country."

Doing things the old fashioned way

As Cassidy said earlier, the aftermath of Katrina and Rita had everyone doing business the old-fashioned way, in terms of literally everything is done verbally: "Obviously you can't send out an order via electronic fax. You can't fax an order. All of that stuff we take for granted has had to go back to being done verbally over the phone—and even the phone communication for a period of time was very difficult to get accomplished. Almost everything went back to the way we used to do things 30 years ago."

"It was definitely old school, attests Russo. "And a lot of them weren't even operating out of their offices. A lot of people didn't have email, etc. But considering the magnitude of the tragedy, it seems the people handled it pretty well."

"We couldn't even get in touch with anybody," **Matt Feinberg**, SVP/National Radio, Zenith Media Services, tells us. "Some of the station



Matt Feinberg

group owners were telling us they were sending people down there to find out what was going on. So we've been actively trying to put out public service-type messages to people in the area."

"WDSU-TV was a virtual sales operation connected by the Internet to each other, Wide Orbit, and our rep firm, Eagle," explained **Pat Doherty**, Traffic Manager, Hearst's WDSU-TV New Orleans. "Traffic, production and promotions were in Florida;

accounting in North Carolina; local AEs were in TX, NJ, GA, FL, NC, AL and LA. We used fax, cell phone and the Internet to communicate. This setup started drawing to an end on 10/17."

Staying informed

When infrastructure is impaired, establishing communication of any kind is paramount. Since 9/11, media shops have some pretty comprehensive plans in place to address natural and unnatural disasters. It starts with establishing communication contingencies. Says McNew: "Obviously it's been difficult but the cooperation has been terrific. Station and sales management have been spread out through out the entire region. We've stayed in contact with all of our key vendors swapping home email addresses, home phones, and cell phone numbers. We also have a system of cc's at the individual stations so we have a back up system in place."

Crawford says Mindshare also has a process in place. "In conjunction with our clients, we keep everybody up to the minute on the condition of the marketplaces. Because it's one thing to have the television and radio stations up and running. It's quite another to have the people you're advertising to be back there. And so we have a full process—we've called it a 'Disaster Recovery Process.' It all got started after 9/11. The process is the minute we know that something like this is going to happen, we advise all of our clients that our recommendation is to do X, Y and Z. Then we work [internally] and with our own buying groups that work with the stations on what's happening in the markets. I get a report every day."

She shared some details from a report shortly after Rita hit: "Lake Charles, LA—The City of Lake Charles was devastated by Hurricane Rita. There is no power, no water and no gas. The only information I have received is from local reps because the phone lines are down. It is safe to say that our [blank] schedule is not running. This is the only schedule we have on the air this week. It is unknown when the stations will be back in operations. New Orleans—Still draining the water. Radio is still running United Radio of New Orleans with all stations running disaster relief spots. Shreveport—All stations are up and running. Only two stations went dark due to failed/damaged microwave dish. They expect to be back on the air Wednesday. There were carried by Time-Warner cable, however."

We asked Crawford if she had any other observations about how disasters such as this affect her job: "Sure, I could tell you that it means we have to drop everything and address flights that we have on the air and all of that. But the most important thing that it makes you realize is that life is so fragile. And we need to cherish the time that we have, and realize that all of us sitting in front of computer screens in New York City are really lucky that we're not facing this kind of devastation. Some of these people have lost their entire cities. An entire culture, an entire way of life. And they had to run to save their lives. It is a nightmare that those of us in front of the computer screens can't even imagine. We just have to thank God that these things don't happen every day to everybody in this country and we just have to do everything we can to help."



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While the radio industry ponders whether to move to Arbitron's Portable People Meters (PPM) for audience measurement, some of you may be wondering whether another industry move could complicate things. Is PPM compatible with HD Radio? Never fear, the Arbitron folks assure us that PPM doesn't care what the source of audio is—just so long as there's audio to encode. Radio, TV, cable, analog, digital, in-store, live, recorded—it doesn't really matter, the audio can be encoded and listening logged by PPM.

Two commercial radio stations are currently broadcasting in HD in Houston—Clear Channel's KKRW-FM and Cumulus' KIOL-FM. Of course, there aren't many receivers out there in the marketplace, but Arbitron Vice President of Communications **Thom Mocarsky** assures us that if any of the PPM panelists encounter one, PPM will record their listening to HD. (Actually, there is a third commercial HD station in Houston, Cox Radio's KLDE-FM. But since Cox is boycotting the PPM test, it isn't encoding in either analog or digital.) At this point, both KKRW and KIOL are using the same encoding for their analog and digital broadcasts. "Should we decide that we want to report separately, we have the option of setting up a separate encoder for the HD signal," Mocarsky noted.

No Houston broadcaster is yet multicasting in HD, so there's no potential for PPM reporting any listening to an HD-2 station. But that day will come and Arbitron says it is ready. "We have verified that we have the ability to encode HD sub-channels based on testing performed earlier this year at iBiquity and at a Clear Channel station in Chicago," Mocarsky said.

On the TV side, digital broadcasting is already widespread, although receiver penetration is still lagging. Several Houston TV stations are encoding their DTV signals with the same encoding used on their analog signals. Thus, Arbitron is not breaking out analog vs. digital viewing, although it could if separate encoders were used.

While the Houston test continues, with data now coming out monthly, Arbitron has begun pressing radio groups to commit to PPM so that the test operation in Houston can become a real ratings currency in Spring of 2006, with Philadelphia (site of the first test, with many decoders still in place at stations) to follow as market #2 around the beginning of 2007. To that end, the Media Rating Council (MRC) has begun the accreditation process for PPM in Houston.

"We are declaring Houston a success," Arbitron President for PPM **Pierre Bouvard** told RBR/TVBR. Specifically, he said, Arbitron met its sample performance indicator (SPI) goals for the Portable People Meter test, with rates in the low 40s for households and high 20s for persons. With the exception of Male 18-24, still a difficult demo for all ratings methodologies,

he said proportionality is "excellent"—within +/- 10% for every age cell. Arbitron officials say the Houston test has proven, among other things, that PPM works just as well in a market with a large Hispanic population and that panelists can be recruited from cell phone only households.

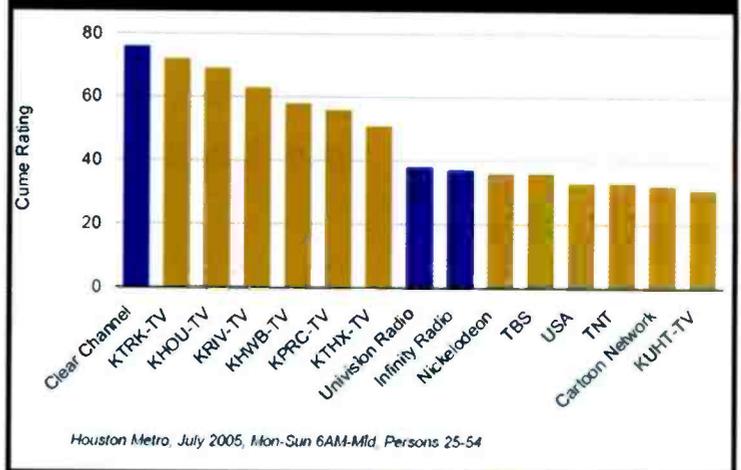
Meanwhile, TV is still a question mark. There's considerable enthusiasm for PPM among TV group executives, particularly some who really hate the data coming out of Nielsen's Local People Meters (LPM), but Nielsen has yet to make a decision on whether to enter into a PPM joint venture with Arbitron to create a single ratings currency for radio, TV and cable.

The first release of station-level data from Houston showed pretty much the same patterns that were seen in Philadelphia. "The majority of the time, the demographic and daypart rankings between PPM and the diary for radio are unchanged," said Bouvard.

Just like in Philadelphia, time spent listening (TSL) is shorter for radio stations. Arbitron says that's because heavy listeners tend to over-report their listening in diaries. But since PPM shows that people listen to more stations, Arbitron says radio should be promoted as a reach medium, based on CUME.

With multi-station clusters, radio groups will be able to demonstrate to advertisers that their reach is on par with local TV stations.

Radio Group Clusters Show Strong Reach vs. TV and Cable



There are gains for TV as well. One that particularly excites many TV executives is PPM's ability to measure out-of-home viewing—something that is completely missed by Nielsen's set-top boxes and in-home diaries. Arbitron officials note that the Houston test is finding that out-of-home viewing isn't just guys watching sports in a bar. There's also significant out-of-home viewing during the work day. Quite a few people have jobs where they are allowed to watch TV or are exposed to TV in their workplace.



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New standards in resolution reveal old flaws

by Gary Adams, Revival Product Manager for da Vinci

Throughout the decades since motion pictures became mainstream entertainment, it's an understatement to say much has changed. While old-film aficionados may argue that the thematic quality of films has decreased, no one is claiming that technical quality has gone anywhere but through the roof. The rapid deployment of HDTVs in U.S. households, with HD DVDs soon to follow suit, is bringing crystal-clear images to the discerning eyes of an increasing number of movie enthusiasts.

What's the problem with that? Well, no film is technically perfect. Many flaws that were once overlooked by post-production houses that knew that these imperfections would be masked by lower resolution TV sets are now becoming evident. The incredible sharpness and color fidelity of HDTVs has made the safety net of low-resolution screens less relevant, placing films under such a microscope that even relatively modern works can look bad.

New restoration tools can deal with many problems that arise in film from age-related chemical breakdown, poor storage conditions, mishandling, and regular wear and tear. While restoration techniques have existed for some time, the process was time-intensive and cost-prohibitive for all but the most in-demand films. In 2001, however, da Vinci Systems launched a set of sophisticated digital restoration tools—packaged as “Revival,” that automates many of the most challenging corrections, making it financially more feasible to restore even niche films.

Dangers of deterioration

Motion picture film is a chemistry marvel, but despite its many capabilities, it is very vulnerable to damage in any number of ways. Environmental conditions are one common culprit. Under high enough levels of heat, humidity, and often both, the color balance of an image will fade as the film actually starts to break down chemically, resulting in an unappealing stained or faded look.

Image instability is also common in older films. It can result from uneven, climate-caused shrinkage or simply from heavy usage. The sprocket hole tolerance of film is tight, and repeated projections—complete with frequent, stress-inducing stops and starts—can cause the film to loosen.

Film is also sensitive to scratches, which can occur during even the most sensitive handling and even by projection machines themselves. Flicker, caused by fading dye layers, can also be a pervasive problem. And dirt and dust are nearly ubiquitous, even with brand-new films. Dirt and dust become particular concerns while authoring HD and SD DVDs. Any dust left at this stage could create compression artifacts, reducing the overall quality of the picture.

Restoring film for video

Recorded at 24 frames per second, a full-length film may contain a couple hundred thousand individual frames. The time it takes to restore films frame by frame is astronomical, and so is the price. As a



result, when restoration options were limited, only films with wide audience appeal — and hence only those guaranteeing a high return on investment — were given the resources necessary to bring them up to a level of quality satisfactory for today's HDTVs. Many others not as in-demand yet still representing an important part of cinematic history were left behind. However, da Vinci, with the development of Revival, has streamlined the tedious tasks involved in restoration by automating many of them, giving those films hope for a new life.

The first step for post houses in restoring a film is to physically remove as much dirt and dust as possible using chemical or optical processes, and then digitize the material. The “ingest” process usually involves film scanners that record the data onto a facility's digital storage, such as a centralized media server.

Once the material is ingested, the data can be processed with Revival. By running automatic processes that can be defined by the user, Revival will stabilize the film and remove flicker as necessary, and then locate and eliminate dirt, dust, scratches, fingerprints, and other similar defects. The automation can correct a stain on one frame, for example, by analyzing the frames immediately preceding and following the damaged frame. Since 24 individual film frames are being displayed every second, with little difference between each one, such an analysis often reveals undamaged areas that can be used to reconstruct missing data.

For intensive restoration projects, post houses can supplement these automated processes with manual corrections. Revival has a full-featured set of interactive tools that can be readily utilized for more fine-tuned repairs.

Outputting to video

Because restoring a film for TV requires a significant investment of time and money — even after Revival's automated processes streamline much of the work — studios often utilize the opportunity to preserve the repaired material in a variety of formats.

The optimal workflow is to scan the film at the highest-possible resolution, 4K. By doing so, ample resolution exists for all the different formats of distribution. The full-resolution 4K version is sufficient for recording back onto film. Video itself has multiple varieties of format resolutions derived from the 4K master: HD for a growing list of channels and new-to-market HD DVDs, and SD for most broadcast channels and regular DVDs. Even within those standards there are different aspect ratios: 1080/letterbox and 720 for HD and 625/525 for SD. And there is PAL mastering for overseas use in addition to NTSC domestically. If a film master is not needed, an HD-resolution scan of the film is enough to cover all these bases.

HOW NOT TO GO GENTLE INTO THAT GOOD NIGHT

Honest Assessments, Promising Ideas, and Raging Leadership in radio's critical phase.

By Franklin Raff

Our job is to make and market a live, creative audio product. David Ogilvy's old mantra - that creative people are the foremost assets of a creative business - is only a profit-unfriendly concept in the very short term. The short term, for us, is over. Our customers - captive listeners, and, in turn, advertisers - wait like babushkas on a bread-line for some semblance of compelling content. The golden eggs are dwindling and it's time to feed the geese. That is to say, in order to improve our manufacturing potentiality, we must reevaluate and optimize the talents and capacities of our *people*. When you have finished reading this article, you will at worst have a few concrete, if unconventional, views and ideas in your mind about how to do this on the cheap. In the process, I aim to provoke and inspire you to action.

What kind of a person were *you* when you first got into radio? I'll bet you wanted to make a difference, you wanted a creative outlet, and you needed money. You became a performer. Perhaps you were initially attracted by life on the air, as I was, but found performing in the production studio, the boardroom, and the client's office just as much fun. As I do. But at some point, you had a choice and you *chose* radio. You chose it, you stuck with it, and now you define it. Do you believe that your successors are as bright as you were, or have the same inherent options, based on their talent, training, upbringing, passion, discipline and drive, that you did? Answer quietly.

"Forget it." That's what the OM of Yale's college radio station said to me during the latest of my annual summer calls for promising graduates. "The kids just aren't interested in radio anymore." Indeed most of the great "old" college FMs, the last tooth-cuttin' torchbearers of the free-form programming revolution of the sixties and seventies, have been NPR'd, PRI'd, PSI'd and LMA'd out of any singular existence. *Medium* - I-pod, broadband wireless - seems a greater fascination for us and for the enterprising souls who once manned our talent-farms than content itself. Is that any surprise, when HAL and the Robojocks have been "entertaining" our heirs for the past decade? A friend at SONY Music told me recently that Seventh Avenue - the fashion trade - is for the first time widely considered a more effective "hitmaker"

and music selling tool than radio itself. People Sell People, you see. Radio stations don't have personalities. People do. And over time, as legions of end-of-quarter, out-of-town consultants touted "stationality", our *people* vanished.

Some high dollar statistics-jockeys say radio is *not* losing national audience share and ad dollars to innumerable media competitors. The RAB, for instance, may tell you everything is hunky-dory. But your daughter has never heard of the RAB. She may *never* have voluntarily tuned in to a terrestrial radio station, and what is more, *you* probably gave her an XM or ipod unit for Christmas. So why aren't you filthy rich? Because the FCC hasn't fought hard enough to control intramural competition? Because radio reps can't get our overextrapolating yes-mens' glossy-print messages across to advertisers? Of course not. It is because our own children don't listen to the radio anymore. Ask them why and they'll tell you. "Get real. Radio sucks."

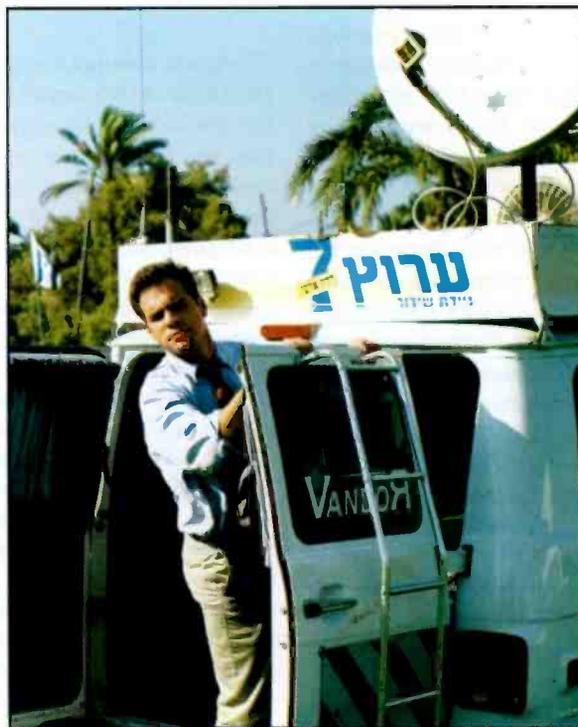
So when you ask yourself where all the bright kids went, remember: This generation will *not* have grown up with radio. No Zeniths under the sheets. Night moves by the dashboard lights are now illuminated by LCD: *Side2-LedZepIV-Mp3*, at best. Radio is "old" to our elseways replacements: our blinking towers are not symbols of excitement, mystery, romance, wealth, and possibility, as they have always been to me. To our successors they are crumbling monuments to a bygone era of oppressive commercial content and limited choice.

It's time to clean up the mess we made when we cookie-cuttered our creatives, de-incentivized our hottest reps, and otherwise robbed our most purposeful people of their very purpose. We have to get people like *us* back. To do that, we must re-instill, in our industry, what attracted us to begin with: Freedom. Creative and journalistic power. Fun. Unpredictability. The good news is that we are perfectly positioned, strategically, to make this transition.

It may not matter to you that net-shocked newspapers, plagued by an expensive and inexcusably slow medium (paper/press),

are laying off future radio employees. It may not matter that outdoor can't win hearts or that the Yellow Pages can't pre-seal a purchasing decision or that radio is the only cost-effective internet and commute-friendly advertising and information-delivery medium on the planet. What matters most, in a time requiring foxhole creativity and dramatic action, is that we have absolutely nothing to lose.

Media fortune-tellers, for whom Negroponte is Nostradamus, hail always-on, full-band, global interactive access as an endgame assimilator- leaving radio in the margins of a postapocalyptic media graveyard shift: the redefinition, distribution, and management of whatever inventory we can scrounge, peddle, and stuff into a hot-clock. Many industry professionals believe we can make lemonade from these rinds. They are dead wrong, and they have forgotten radio's unique selling proposition. The way out of this mess is in our blood. *Everybody* knows



Gush Katif, Gaza. Disengagement: Franklin Raff secures the Arutz Sheva "war wagon" as Kassam rockets fly overhead.

we need to "get local" - to deliver live, exciting, imaginative, unpredictable, target-focused content - in order to win. We have *always* known it. "Local" is the only USP terrestrial radio outfits ever had. The laws of positioning affirm it's the *perfect* USP in an increasingly "global" network media environment - and radio is the most quickly produced, easily delivered media widget in the world! So why are jocks in top-ten markets staring at TV monitors? Why haven't we capitalized on the disenfranchisement of the thousands of newspapermen who would

come over to radio in a heartbeat and for pennies, if only our hot-clocks gave 'em a chance? Why is every cell phone not a Marti: why don't we give out prizes for the best phone-fed / listener submitted audio? Why do we still load PIs into endless spot sets as if we *expected* our listeners to skim, search, and seek themselves out of terrestrial radio listening habits once and for all? Why, at the very least, aren't we making "news" out of our local advertisers' interests? There are *scores* of cost-effective ways to put your finger on the pulse of your market. Radio is immediate. Observe the sunrise. Think of a new way to please your listeners. Implement by sunset.

Radio desperately needs local leadership, our advertisers need improved results, and our best reps, GMs, PDs, and SMs need to stop blaming their paltry incomes on "The Industry" we ourselves control. So:

Get that ridiculous print agency graphics job off

your desk. We paint *our* pictures with words. Remember what all the boneheads wrote in the industry trade journals between planning meetings with syndicators, jock-automators, network-'news'feeders and audio hard-drive backer-uppers? Starts with "get". Ends with "local." *Getting Local* is an exercise in circumstantial relevance, and does not necessarily indicate any sort of geographical area. *Local* isn't always where your best listener lives, but it always encompasses topics and themes he cares about. That's why the newsgathering power of the internet is the best thing that ever happened to local radio. Use the 'net - portals like freerepublic, worldnetdaily, drudgereport - and let your plugged-in listeners help you break local news and national news of local import before your competitors do. By giving them friendly "source" credit and kudos from time to time on the air, you can simultaneously appropriate what draws millions to the blogosphere. Google has an infinite-source "custom news" feature that will blow your socks off: Do you work in coal country? The 'net offers 5 new coal stories of one kind or another every day. (They're making diesel out of in Canada - like the Nazis did). Chicago? New research out of Norway on the

"death-cycles" of large freshwater lakes. Catch my drift? Radio, because of its negligible preproduction time, can vet, produce, and get to air faster and with a broader scope than anyone. And if you can't grasp the mandate, hire a local journalism grad with theater experience and as much history in his head as you can muster. Give him a cellphone, a laptop, and a portable radio. *Give him pride and freedom*, and send him out on the street. His job is to file :30 or :60 stories every few hours, with a backup or two and an evergreen loaded (via VM?) by 0700. Can't find your man? Try this:

LOTS OF FOLKS WILL TELL YOU THAT YOU HAVE TO BE POOR IN ORDER TO ENJOY TOTAL CREATIVE FREEDOM IN YOUR JOB. THEY ARE WRONG. *THIS* JOB INVOLVES NO CUBE-TIME, NO SUCKING-UP, NOT A SINGLE FILE CABINET. WE NEED CULTURAL LITERACY, IMPROVISATIONAL BRILLIANCE, A GOOD ACADEMIC TRACK RECORD, PASSION FOR NEWS, KNOWLEDGE OF THE TOWN, AND FEARLESSNESS. WE'RE WXXX RADIO. THERE ARE NO RULES OR INSTRUCTIONS. THINK OF AN UNUSUAL WAY TO APPLY FOR YOUR NEW CAREER WITH US AS AN ON-AIR JOURNALIST. WE ARE WAITING TO HEAR FROM YOU. EOE. /30

"No time to interrupt the hits", you say? Ask radio legend Bill Drake about The Great CKLW's top-40 news department. And before you scoff, study that station's mind-boggling ratings history over the course of twenty tears and half as many markets. "Too expensive", you say? Bogus. Your new employee's salary, car, gas, and equipment should be a fraction of the sponsorship value. If you can't make that happen, ask Chris Lytle for a refresher course, slither down to a more comfortable market, or tell your dapper little middle manager to buzz off for a quarter while you rescue the industry. Best-case scenario? See if you can blow out the middle manager. Take one-fifth his dough and hire someone twice as talented, right out of college, who doesn't know how to pronounce the letter "W". Get a decent web-stream set up (you need to establish it - no time to explain here) and give the rest to that print agency or some other aspiring charity. Give your new star the speech on pronouncing "W" and "Neeews", pepper some war stories with call letters, drink a bottle of lousy scotch together, pass the torch, and go home.

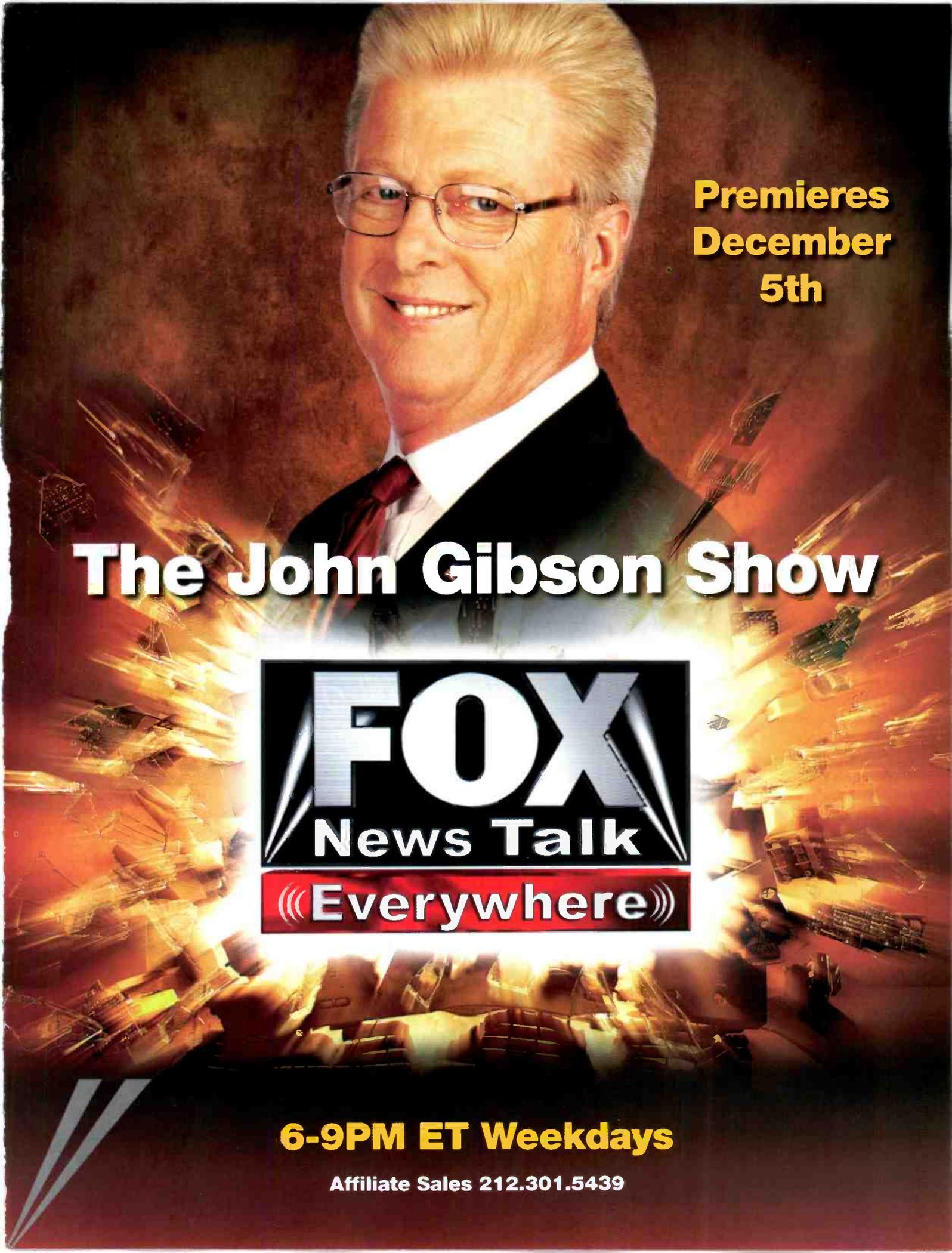
Tomorrow you can ask your daughter if she heard about how trigonometry is basically "out" according to all the top math teachers and professors, and that the "old math" is, you know, like, being trashed and half the math teachers in the country are TOTALLY clueless and still assigning trig homework. Hadn't you heard? It was on the radio.

The bleeding has stopped. You have secured new competitive advantages in a new media environment, you have optimized the unique selling proposition of a terrestrial tower-based audio content provider. You, the maker and seller of an audio widget, have catalyzed a revolution in HR and manufacturing models. Moreover, in an era in which radio stations and groups once alternately screwed and benchmarked - chased - each other like lemmings copulating *en route*, you changed direction *first* in your market. Ries and Trout were right, after all: category leadership, no matter how tumultuous the pole position may be at first, ensures a legacy of commercial success. Your people are both hungry and fulfilled, your ratings and revenue are on the way up, and you can start having fun again.

Phew! That was a close call.

Franklin Raff runs RRMG, a radiocentric creative and consultancy agency in Washington, DC. He is a senior producer at Radio America, and Executive Producer and imager of *The (New!) G. Gordon Liddy Show*. He may be reached directly at (703) 966-9892.

"Media fortune-tellers, for whom Negroponte is Nostradamus, hail always-on, full-band, global interactive access as an endgame assimilator— leaving radio in the margins of a postapocalyptic media graveyard shift: the redefinition, distribution, and management of whatever inventory we can scrounge and stuff into a hot-clock. Many industry professionals believe we can make lemonade from these rinds. They are dead wrong, and they have forgotten radio's Unique Selling Proposition..."



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Gary Kline, Cumulus VP/Engineering, on preparing for big storms

We really had two regions affected. Mobile/Pensacola is one region. The markets are within an hour of each other. Our engineers work together as a team and really any weather that's going to threaten one of the cities generally threatens the other. Mobile and Pensacola were threatened by Katrina, which really hit New Orleans. There was a certain amount of damage in Mobile. It turns out Pensacola really escaped a lot of damage. Then a few weeks later we were hit by Rita in Beaumont and Lake Charles. We basically escaped harming the studio building in Houston, but we did not escape harm to the transmitter sites.

So what we do when we know a storm is coming and we know it's time to get worried about it—we go into emergency planning mode. Our engineers start checking generator fuel levels, oil levels. They start testing the generators. We make sure they're all fueled. We make sure they run. We make sure they run under load when they transfer them to the transmitter site. We put them into a full, complete test. We make sure all station vehicles are gassed. We make sure that all the vehicles are running. We make sure the station vehicles that are not absolutely necessary are moved to a safer point. There's no sense in bundling them all together only to have a storm knock them all out.

We start preparing the studio—testing studio generators, backup systems, UPS's, flashlights, batteries. You test your transmitters, your backup transmitters, your studio gear. We also came up with a game plan before the storm of what we would do under different scenarios. From modest to worst case—what do you do if you lose tower A, B, C and D? If you lose one of your towers, what's the plan to get that station back on the air? What other tower can we move it to? Who's going to prepare the STA? Where are we going to get the antenna and the line? What tower is the most likely tower that we would move station A to? If we lose towers



A and B, how do we them back on the air from another tower? Or can we? Or which one do we put on first? If I lose a generator, or generators in various sites and they go off air, what are our backup plans? Who are we going to call? Do we have spare parts? We think of all the different scenarios. What happens if the studio is down to the point, let's say in Beaumont, where we cannot use it at all? Or it's not really damaged but they won't let us into the area. They force us to leave the building. In Lake Charles we had a few employees that did stay, the police came by and told them they had to leave, they forced them to leave.

Then they came back in a couple of days later when they let them back in. Well what happens if they don't let you back in? And what if it was totally damaged?

So in the scenario of design phase of the modest to worst case, I lose a transmitter site or two and I lose my studio. So what do you do? Do we ISDN it in from another market like Shreveport? Do we get portable satellite uplink and downlink, to go any transfer site? What about if my STL tower to the studio came down and now I can't get

"That's All Right Mama!"

— Elvis Presley in his radio debut on WHBQ Memphis.
July 5, 1954



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a signal to any of my stations—which one is closest? What's my backup plan? And then maybe I put tuners at all my other stations so I can simulcast—pick one up off the air and daisy-chain. We designed and talked about scenarios. What is the complete backup scenario plan? For example I called Harris and made sure they had backup 1-kW and other-sized transmitters to be shipped at a moment's notice over the weekend. I called Dielectric to make sure they had antennas and transmission lines stocked. Even single-bay, broadband antennas—we made sure that they had emergency gear to ship to me so I could do something. I had that on the standby.



The leaning tower of Vidor

There are components here, there are logistics. So I have transmitters on backup and I have antennas on backup. How do you get it in there? How are we going to ship it in there? Which roads are opened and closed? How are you going to airlift it? Some of those things you just don't know until the storm hits. But those are on your mind. You're also thinking where's my nearest drop point? Who do I have and what commercial vehicles do we have and what trucks do we have to at least pick it up from some nearby point and force it in ourselves if we have to. Because UPS still isn't delivering to our studios in Beaumont as of yesterday (10/11). We had some loaner STL equipment shipped in we needed because one was damaged. It was shipped, but it got turned around because UPS wasn't delivering. I can guarantee you some trucking services and whatnot are going to have some trouble. So another thing I did was talked to other broadcasters before the NAB convention from the other major groups that are in Houston and talked about what each of us was doing and who we were bringing in and we all kind of agreed to help each other out if possible. In the terms of Beaumont and Lake Charles, Clear Channel treated me like family. They loaned me a generator from Baton Rouge that they had left over from the New Orleans storm. Of course I would do the same for them. When this came, we all broke down the barriers. Univision stopped



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by one night, **Dave Stewart** loaned me a 1-kW FM transmitter, which we used in Beaumont.

And depending on the seriousness of the storm, we're also preparing for food and for emergency personnel to stay in the radio station. Waiver forms—we start discussing with employees, depending what the local authorities determine is mandatory or voluntary evacuation. We discuss what it means. Because if it's mandatory, everybody must leave. Or I'll let you stay, but you stay knowing that there is some risk and you may not have help of local authorities. So we ask people to sign a waiver if you stay behind under mandatory conditions.

We then discuss with the employees who's going to stay, who's going to go. We also make lists of where people are going if they are taking off from town because they may go to relatives' homes in other states that you have no knowledge of—some second cousin in Iowa. Well we don't know who they are so we would like to know where you are at so we can call you, update you on the situation in the market, tell you when it's safe to come back and distribute the other information you need to know. We make checklists of who is going where and who will be where in addition to who is staying behind at the radio station.

In the case of Houston/Beaumont/Lake Charles, our engineers had to get their families to safety and then come back into town. Because we weren't sure how easy or hard it would be for them to get back into town after they left, we brought engineers in from out of town so that there was backup there.

One of the things that I learned in this particular go around is it's so much easier for an engineer if their family is safe, dry and his home is not in an affected area, to concentrate on the job. My local engineers have trees through their house, they have to make sure their family is okay, make sure their family has enough money to stay in the hotel that they are staying in. It's a different world. So they are a little preoccupied. It makes a lot of sense to bring an extra people from the outside in for a serious storm to lend a hand because they can focus more. We have a lot of great people that were in the affected areas that stayed behind that showed a lot of determination and focus. I don't want to downplay their hard efforts and our engineers did an outstanding job. They got back into town about a day after the storm had left and worked round the clock everyday sleeping on the floor with no air conditioning, not very much food and not very much to drink.

Damage to Cumulus stations

Mobile/Pensacola: Some damage to the AM station. WGOK was off the air for several days without power. WDLT-FM's main site generator had a technical snafu and burned part of the mechanism out when it attempted to run. Switched on the low-power backup at the studio. The satellite dishes on the roof of the studio

building in Mobile where we were knocked out of alignment. Some flooding at the transmitter sites. Their 2,000-foot American Tower has three FM's—WYOK, WJLQ and WBLX. WYOK and WBLX are Mobile stations and WJLQ is Pensacola. They are all 100-kilowatt stations. Some wind damage and a few loose cables on the tower. They all lost power but had big generators, so were never really were off the air. The T1 line never went out so there were very few off-air outages. Both AMs were off because of power loss and no generator.

Beaumont: The Vidor, TX site suffered very extensive damage. A couple of trees fell across the tower or the guy wires to the tower. The tower was leaning a couple of feet. There are two stations on that tower from Cumulus, which owns the tower—KQXY and KAYD. KQXY stayed on the air even though the tower was leaning heavily

and they thought the tower was in danger of coming down. It was then off the air. The wind had ripped the transmission line from the antenna and threw it on the ground.

Lake Charles: Damage to the studio with the roof being pulled off slightly and a leak. The AM site transmitter building was damaged and left leaning. A remote vehicle was brought in to make a temporary transmitter room. KQLK-FM also went down.

Houston: The Winnie and Devers transmitter site runs Cumulus' two Houston FMs, KFNC and KIOL. The stations were running on generators whose

tanks were topped off before the storm but they'll only run two, two and a half days each so they had to get fuel for them or they would die. The first go around Kline spent about \$15,000 in labor, fuel and transportation costs just to get the generators filled the first couple of days. The stations stayed on at full power—100kW.

Said Kline: "The Winnie site, that's a 2,000-foot tower, looked good on the ground, but I had an inkling. I said to my superiors I want to send a crew to climb each of these towers. I just want to make sure up high, because we knew what the wind and the rain was like at ground level, but at 2,000 and 1,500 feet it's vastly different. So I said I just want to have a structural and visual inspection done on these towers. Well the crew called from the Winnie site and told me at about 900 feet some of the hangers that hold a four-inch rigid transmission line (we have two lines, a main and a backup) were ripped off. We just ordered 80 of them and they latched it up with some rope and temporarily fixed it. But it needs to be corrected properly. It's an important thing to note if you do an inspection on the ground and you don't see any damage, make sure that if you've gone through a big storm like that, my advice is that you get somebody to climb or look at that tower. Antennas can be bent, lines can be punctured, small things can happen. All it takes is a little water seeping into the connector to cause you a problem down the road."



Remote vehicle to the rescue

STATION UPGRADES

Do you know what your station is worth? A station "move-in" can make a world of difference

By Ed Seeger

There are dozens—no, hundreds—of station owners in this country who are sitting on property that is much more valuable than they think it is.

How can I say this? Because since we founded American Media Services in 1997, we have worked with 20 properties, just a small sampling of the thousands of stations in America. In those seven years, we have increased the aggregated value of those properties from \$47 million to over \$192 million.

The current projects we have in the pipeline will, upon completion of our work, result in additional increases in valuation of another \$200 million once the proposed rulemakings are approved by the FCC.

That's why, after more than three decades in radio, I'm still bullish about the future for our medium. Over the past several years, we have all watched as the new technologies have been developed and have taken their place in the marketplace. First it was Internet streaming. Next came satellite radio, Ipods and podcasting.

What, the skeptics begin by saying, is going to happen to radio? It's going to disappear, it's going to be replaced, it is a medium that is becoming irrelevant to the American public. And yet, that doesn't seem to be happening.

Sales trends and revenues are stable or increasing, albeit not as much as all of us would like to see. Listenership is up. The industry is taking note of the changes it must make in order to retain current listeners and recruit new ones, changes such as emphasizing localism, re-evaluating ROI measurement, encouraging the 30-second commercial and shortening commercial breaks.

As I talk with station owners, I am finding a renewed excitement about what the future holds for us, a growing recognition that there are new opportunities for all of us to engage and interest our public.

If there is any doubt among you that radio is not addressing these important issues, a quick look at the session topics at the NAB Radio Show in September should give some reassurance that we are headed in the right direction. "How to Stop the Body Blows to Radio's Image," "Future of Radio," "Selling Radio in a Digital Age," and "Profiting from New Technology: Ideas from Around the World" are samplings of the programs held in Philadelphia, and they demonstrate how this industry's leadership is meeting the technology challenges head-on.

As we met with station owners at the Radio Show, I noticed a new assertiveness and a new forward-looking attitude among many of them. They are interested in the new technologies, they are eager to learn more about them, and they are making sound decisions to ensure their stations remain relevant to their markets. As they grapple with these new opportunities, they are going back to the basics to ensure that their stations are positioned as strongly as they can be in their markets.

Central to this thinking, of course, is whether there are opportunities for any particular station to increase its demographic reach, and that is where the "move-in" oftentimes comes into play. Move-ins begin with a developmental engineering consulting company. The engineering part is to figure out how a station can become a bigger player in its market or in a larger nearby market. The development part is making the engineering plan a reality.

These upgrades and move-ins are taking place all across the country, from Asheville, NC to Phoenix. From Boise, Idaho to Philadelphia. Co-founder **Andrew Guest** and I have been in the radio business for more than 60 collective years. Through the years, we developed a growing awareness that there are an unknown, but potentially a very large, number of opportunities to design successful FM station move scenarios. That's why we decided to form AMS, because we knew we had found the successful formula to make our clients' assets more valuable in a stunning way while serving the public interest.

All hype aside about satellite radio, conventional radio stations have a great deal of inherent value – and smart owners can find ways to make their holdings even more valuable.

Take **Jack Russell** of Texas, for instance. We successfully worked with him on a project that ultimately saw his property increase its power from 6,000 watts to 100,000 watts, and that's after we moved his city of license 50 miles closer to Dallas.

In order to get that done, we had to convince 15 other station owners stretching from Oklahoma to San Saba, Texas, that various changes were in their own best interest to allow Jack's station – KEMM – to make the move to Dallas and subsequently increase its power. The KEMM filing, in turn, became part of a larger filing AMS coordinated that involved 42 changes to the FM Table of Allotments and upgraded several other stations. It took almost two years to get all of this done, and by the time we had completed the rulemaking, we learned from the FCC that this was the most complex rearrangement of radio stations that had ever been granted. And it was a win-win for everyone, including the listening public.

Russell purchased the station when it had little revenue. He developed it as best he could, but it was, he told us, essentially a Mom and Pop station until AMS enabled him to broaden his horizon. AMS, on Russell's behalf, negotiated with potential buyers, and ultimately we reached an agreement with ABC Radio to lease the station at 50,000 watts and eventually to buy it. It became the 100,000-watt KESN in Dallas.

Since 1997, we have concluded 19 other transactions that sound a lot like Jack Russell's. In some cases, the station's value increased more or less dramatically than KEMM's. One station grew from an estimated value of \$548,000 to \$3.5 million once we had completed the upgrades. Another deal we coordinated took even our breaths away, as we worked with a Northeastern station owner on a very complex upgrade and move. When it was all over after three and a half years, that station, which had been valued at \$2 million, was successfully sold for \$35.5 million. Imagine if that opportunity to create value had been missed.

(Ed Seeger is President and CEO of Charleston, SC-American Media Services, with offices in Chicago, Dallas and Austin, TX. For more info, click on www.americanmediaservices.com or write to him at eseeger@ams.fm.)

By Jack Messmer / jmessmer@rbr.com

Emmis stations command strong multiples

Some Wall Streeters seemed to believe that Emmis Communications might get as little as \$900 million for its TV group, but we at RBR/TVBR has pegged the price in the \$1.2 billion area right from the get-go. As this issue went to press, the tally was at \$940 million, with three stations left to be sold, including the most valuable of all, WKCF-TV (Ch. 18, WB) Orlando. So, it looks like the final figure will be pushing \$1.3 billion.

Jeff Smulyan sounded vindicated when he spoke about the TV sale in a Q&A posted on the company's website. "Wall Street has been down on TV values for a long time. When we announced our intentions to sell, some analysts estimated the group's value at \$900 million, but it's clear we're likely to exceed that by several hundreds of millions. I wouldn't say I feel vindicated by the agreements we've made so far. We knew there were people out there who want to focus on TV, who would see greater value in it. We're trying to create value for our shareholders and employees, and I've learned that we can't do that unless we move the needle," the CEO said.

As this issue went to press, Emmis had announced four deals to sell 13 TV stations for \$940 million. Of the three stations remaining, Smulyan recently told analysts that negotiations for the sale of WVUE-TV (Ch. 8, Fox) New Orleans have been complicated by Hurricane Katrina. The station has been operating out of the studios of WALA-TV (Ch. 10, Fox) Mobile, AL (which is due to be sold to LIN) since the storm flooded New Orleans.

Bear Stearns analyst **Victor Miller** has been crunching the numbers on the four deals announced by Emmis and found that they commanded healthy cash flow multiples—a multiple of 12.6 overall on an estimated \$74.5 million in 2005 broadcast cash flow (BCF).

He assigned the highest multiple to the purchase of three stations by Journal Communications for \$235 million—a 14 times mul-

tiples of the estimated \$16.8 million in 2005 BCF. Two of those stations are in especially hot growth markets, Ft. Myers-Naples, FL and Tucson, AZ. Journal also has radio properties in two of the markets, Tucson and Omaha, NE.

George Lilly's SJL Broadcast Group, with backing from Blackstone Group, is estimated to have paid 13.3 times 2005 BCF of \$19.5 million in its \$259 million deal to buy four stations, including Emmis' #2 biller, KOIN-TV (Ch. 6, CBS) Portland, OR. LIN Television is buying the most stations from Emmis—five in all for \$260 million. Miller figures that to be a 12.7 multiple of \$20.5 million in projected 2005 BCF.

Gray Television is buying only one station, WSAZ-TV (Ch. 3, NBC) Charleston-Huntington, WV, which fits right in with its regional strategy. The analyst pegs the \$186 million price tag as a 10.5 times multiple of projected 2005 BCF.

What's left? The big kahuna. Miller predicts that WKCF-TV (Ch. 18, WB) Orlando—the top biller in the Emmis group—will have BCF of 18.5 million this year. He looks for the buyer to pay a multiple of 13-14.5 times, which would mean a price of \$240.5-268.3 million. The analyst sees \$10.7 million in BCF at the other two stations, with a likely multiple of 10-11 times, or \$107-117.7 million. That works out to a total price tag of \$347.5-386 million for the remaining stations, boosting the total overall to a range of \$1,287,500,000 to \$1,326,000,000—or roughly \$1.3 billion.

RBR/TVBR observation: Why is it taking so long to sell the "crown jewel," WKCF? We hear there are doubts by some potential buyers that there's much upside left in the property. Ratings for the WB network have not been impressive in the past year and Emmis runs the Orlando station so well that the next owner isn't likely to do any better

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than keep pace with the market. Also, it's the originating station for the "Daily Buzz" young-demo-oriented daily news/entertainment show that Emmis co-produces with ACME Television and Emmis is also looking to sell its share of the show as it exits the TV biz. In filing its latest quarterly report with the SEC, Emmis said it might take three months to a year to complete the sale of the remaining three stations.

Emmis Communications TV sale scoreboard

CALLS	Channel	Affiliation	Market Name (Buyer)	Market Rank	Revenue-Station 2004
Yet to be sold					
WKCF-TV	18	WB	Orlando-Daytona Beach, FL	20	44,000,000
WVUE-TV	8	FOX	New Orleans, LA	43	19,500,000
KGMB-TV	9	CBS	Honolulu, HI	71	13,500,000
Sold to Blackstone/SJL for \$259M					
KOIN-TV	6	CBS	Portland, OR	24	36,000,000
KSNW-TV	3	NBC	Wichita - Hutchinson, KS	66	15,500,000
KGMB-TV	9	CBS	Honolulu, HI	71	13,500,000
KSNT-TV	27	NBC	Topeka, KS	137	6,700,000
Sold to LIN for \$260M					
KRQE-TV	13	CBS	Albuquerque-Santa Fe, NM	47	24,000,000
WBPG-TV	55	WB	Mobile, AL-Pensacola, FL	63	2,050,000
WALA-TV	10	FOX	Mobile, AL-Pensacola, FL	63	18,000,000
WLUK-TV	11	FOX	Green Bay-Appleton, WI	69	16,000,000
WTHI-TV	10	CBS	Terre Haute, IN	149	10,100,000
Sold to Journal for \$235M					
WFTX-TV	36	FOX	Ft. Myers-Naples, FL	68	18,500,000
KGUN-TV	9	ABC	Tucson, AZ	72	16,500,000
KMTV-TV	3	CBS	Omaha, NE	76	13,950,000
Sold to Gray for \$186M					
WSAZ-TV	3	NBC	Charleston-Huntington, WV	62	33,000,000

Source: BIAfn Media Access Pro

The Liberty Corp. TV group heading to Raycom

CALLS	Channel	Affiliation	Market Name	Market Rank	Revenue-Station 2004
WAVE	3	NBC	Louisville, KY	50	24500
WTOL	11	CBS	Toledo, OH	70	23900
WIS	10	NBC	Columbia, SC	83	19700
WLBT	3	NBC	Jackson, MS	91	17700
KGBT-TV	4	CBS	Harlingen-Weslaco, TX	93	8000
WFIE	14	NBC	Evansville, IN	99	15300
KLTV	7	ABC	Tyler-Longview, TX	111	20000
WSFA	12	NBC	Montgomery, AL	113	15800
WWAY	3	ABC	Wilmington, NC	140	6100
KCBD	11	NBC	Lubbock, TX	145	11900
WALB	10	NBC	Albany, GA	147	11850
WLOX	13	ABC	Biloxi-Gulfport, MS	156	17000
KPLC	7	NBC	Lake Charles, LA	177	8500
KAIT	8	ABC	Jonesboro, AR	179	8900

Source: BIAfn Media Access Pro



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Raycom buys Liberty Corp. in Southeast mega-merger

While the entire industry was anxiously watching the Emmis sell-off, another mega-deal was being put together under most folks' radar screen. The surprise announcement has privately owned Raycom Media buying publicly traded Liberty Corporation for \$987 million. Under the buyout agreement, Liberty Corp. shareholders will be paid 47.35 per share and Raycom will assume \$110 million in debt.

Liberty's largest shareholder, **Mario Gabelli** and the investment funds he manages, quickly made it clear that he thought the price was too low and began pressing for a competing bid or for Raycom to up the ante. But that appears to have come to naught and the deal as announced is moving forward.

With eight of its 14 stations in markets 100+ (only one of the Emmis stations sold so far was 100+), Liberty Corporation brought a lower multiple. The company's SEC filings indicate that it had \$91.9 million in cash flow for 2004 (on \$219M in revenues, including nearly \$15M from its cable ad sales operation), working out to a 10.7 times multiple, which likely would be more like 12 in this non-election year.

The acquisition will increase the Raycom group to 52 stations, pretty much all within its regional focus of the Southeast US. Raycom, based in Montgomery, AL, is employee-owned, with financial backing from the Retirement Systems of Alabama and Wachovia Bank. It is headed by CEO **Paul McTear**.

RBR/TVBR observation: One possible hold-up to closing the transfer of the 14 Liberty stations to Raycom could be the FCC's current disposition toward temporary waivers of its ownership limits. This deal would create duopolies in Columbia SC (with WACH-TV, Ch. 57, Fox); Toledo, OH (with WNWO-TV, Ch. 24, NBC); Albany, GA (with WFXL-TV, Ch. 31, Fox); and Wilmington NC (with WECT-TV, Ch. 6, NBC). Raycom has requested temporary waivers to sell stations in each market to come into compliance with ownership caps. Since we're talking markets #70 to #147, it's unlikely that either the FCC or Congress would act in the foreseeable future to allow duopolies of big four network affiliates in those markets.



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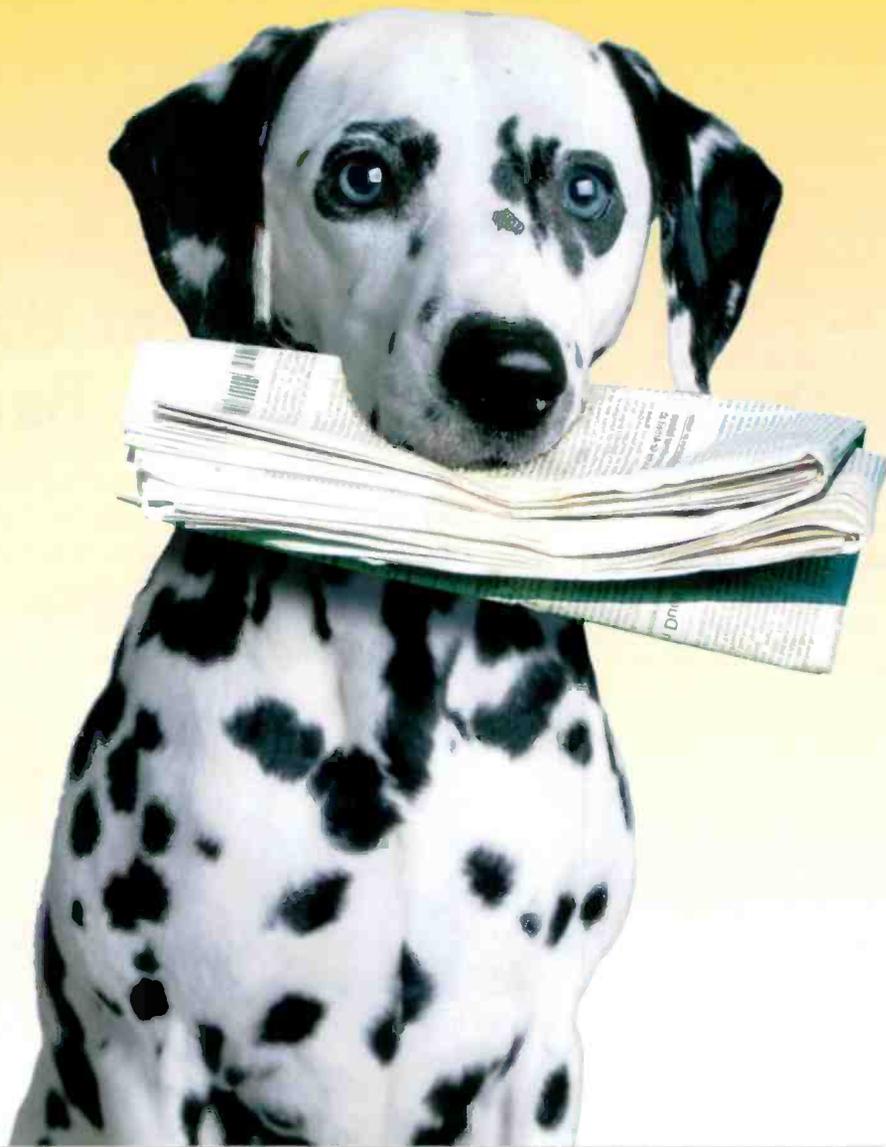


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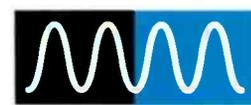


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