



Radio & Television Business Report

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Voice of the Broadcasting Industry

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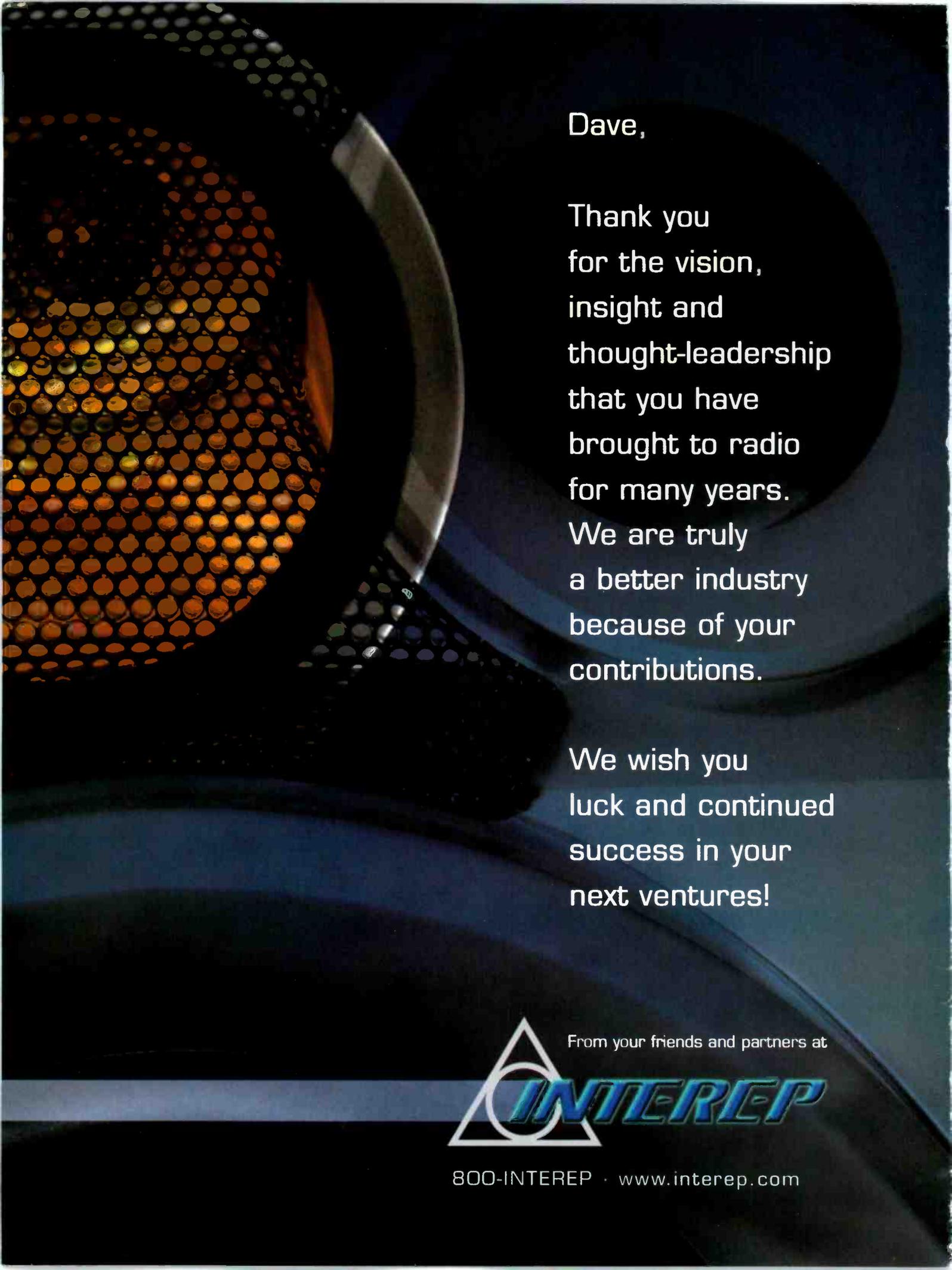


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Coen slashes radio forecast, raises TV

We said **Bob Coen's** forecast of 4% growth at both the national and local level for radio seemed pretty optimistic when he made his 2006 forecast last December. Indeed, the market has been much, much softer and the Universal McCann Sr. VP and Director of Forecasting dramatically reduced the radio numbers in his summer revision. He now expects national (network & spot) to grow 1% and for local radio to show no growth at all.

But while Coen cut his numbers for radio, newspapers and cable, TV is having a better year than he expected. With political ad spending already pushing up the rates that stations are able to command, Coen has boosted his 2006 growth forecast for both local and national spot TV, while hanging firm on his network prediction.

While the picture is generally bright for broadcast TV, the shining star in Coen's forecast is the Internet, where ad growth has been even more robust than his original projection of 10% growth. He's now raised that to 25%.

Bob Coen's advertising forecast for 2006

Media	Dec. '05 Forecast	June '06 Revision	Ad spend (millions)
Four TV networks	6.5%	6.5%	\$17,175
National spot TV	8.5%	10.0%	\$11,045
Cable TV	7.0%	4.5%	\$19,120
Syndication TV	4.5%	5.5%	\$4,080
National radio (net & spot)	4.0%	1.0%	\$4,325
Magazines	5.5%	4.5%	\$13,425
National newspaper	3.5%	0.0%	\$7,465
Direct mail	7.5%	8.0%	\$59,635
National yellow pages	3.0%	2.0%	\$2,205
Internet	10.0%	25.0%	\$9,705
Other national media	6.4%	6.3%	\$36,925
TOTAL NATIONAL	6.8%	7.1%	\$185,105
Local newspaper	3.0%	2.0%	\$40,665
Local TV	4.5%	7.0%	\$15,400
Local radio	4.0%	0.0%	\$15,355
Local yellow pages	3.0%	1.0%	\$12,185
Other local media	6.8%	5.8%	\$17,695
TOTAL LOCAL	4.0%	3.1%	\$101,300
GRAND TOTAL	5.8%	5.6%	\$286,405

Source: Universal McCann

Boardroom drama in Univision sale

The auction of Univision didn't bring the \$40 per share price tag that **Jerry Prenechio** had hoped for, but it did conclude with some excitement. After a \$35.50 bid from an investment group that included "Mighty Morphin' Power Rangers" mogul **Haim Saban** was turned down, Televisa CEO **Emilio Azcarraga Jean** thought his group, which included the personal investment fund of **Bill Gates**, had the inside track to negotiate from its bid of \$35.75. So Azcarraga got a shock when directors of Univision were called to vote on acceptance of a new \$36.25 bid from the Saban group. Directors representing Televisa and Venevision were said to have voted no, but the deal passed anyway. Azcarraga swears that he is not out of it yet, but his options are limited. Unless he can find a lot more cash, Univision shareholders are likely to give the 60% approval needed and collect their \$12.3 billion from Saban, whose group is also assuming \$1.4 billion in debt.

RBR observation: Closing is still about nine months off, even if everything stays on track, so there could yet be more drama. The most logical solution, for Televisa to become a partner to Saban, is the least likely to happen, given the egos involved.

Record company drags Univision into court

Regional Mexican recording specialist Disa Records sold half of its company to Univision back in 2001, and says that Univision agreed at that time to buy the rest. The second half of the deal has hit a snag, however, so the record company, owned by the **Chavez** family, who are Mexican citizens, is taking Univision to court to enforce the arrangement. The venue will be the US District Court, Central District of California. In a court filing, Disa said, "Univision's inexplicable and irrational avoidance of its obligations to complete the sale of Disa LLC has left **Empresas Chavez II B.V.** and the Chavez family members no choice but to file this action." Disa says for some reason, Univision wants to change a non-compete associated with the transaction, making it subject to New York law and venue, rather than California.



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CBS Evening News branches out

When the CBS Evening News with **Katie Couric** debuts this month, viewers will get related programming on television, radio, Internet and wireless platforms. The offerings include radio and cross-platform coverage. The first segment of the CBS Evening News will be simulcast by CBS Radio News and made available to its 500 affiliates. Already committed are biggies like WCBS-AM New York, WTOP Washington, D.C. and WBZ Boston.

Additionally, "Katie Couric Reports," a one-minute look into a top story or issue by Couric, will be available via radio, Internet and wireless. The report will be available as an audio podcast for their local websites. It also will be featured as an on-demand video clip on CBSNews.com and will be available on Verizon VCast phones and as a video podcast. Couric will also anchor CBS Radio News' 5:00 PM newscast.

A daily, on-demand web-exclusive feature will also provide extended interviews with the day's newsmakers hosted by Couric and conducted by her or a CBS News correspondent.

The segment will be posted on CBSNews.com by mid-afternoon and will run three or four minutes. This report will be available for video podcast and will be sent to all CBS Radio News affiliates around the country for broadcast and/or podcast.

In addition, early each weekday afternoon, Couric will offer a web-exclusive rundown on-camera from the newsroom — a first look at the stories being considered for coverage on that night's news and some perspective on what is going on in the world that day.

An interactive daily blog will explore the day's developments through links to exclusive, free video, as well as contributions from CBS News correspondents around the world, and will be updated frequently throughout the day.

On the interactive and wireless side, all of this will be ad-supported. None will be subscription-based. Ad packages are currently being put together.

Regarding her debut, Couric was quoted as saying "Obviously, we can't sugar-coat what's going on, but there are cases where we can be more solution-oriented." Indeed, the CBS Evening News is looking to become a whole new kind of animal. A great idea as well would be to encourage viewers/listeners to email solution ideas to breaking news issues and have Couric read some of them. Talk about interactivity!

The CW unwraps "Content Wraps"

In an effort to keep viewers from skipping ads The CW network is introducing a new ad option called "Content Wraps." They'll replace national advertising on an occasional basis on CW and will play at the beginning, middle and end of a program. At the Summer Television Critics Association tour, The CW Entertainment President **Dawn Ostroff** described the wraps as mini-shows with a beginning, middle and end that will run during breaks in series instead of commercials. She said an example would be a blind date: Part one, running at 8 p.m., could introduce a young lady and show her receiving a makeover. Part two, at 8:30 p.m., would introduce a young man and show him being made over, as well. And at 9 p.m., part three would show the two of them enjoying their first date.

These stories will be told for one night, with sponsorship.

The wraps also would have online and wireless tie-ins. The network has had a great response from advertisers, Ostroff said, with several already signing up.

Harry Keeshan, EVP/National Broadcast, PHD, tells TVBR he "absolutely" applauds them for looking for innovative ways to retain viewers during commercial pods. "They're promoting their programs, as well as highlighting our clients' products. I'm always interested in something like this—something that's new and different. These guys went out of their way to try and look for something different."



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By Carl Marcucci

Hispanic media managers: Tell us about your ratings and audience trends.



Randy Nonberg, *Una Vez Nas* COO: Spanish-language summer ratings are in flux due largely to Univision's coverage of the World Cup Soccer games and, to a lesser extent, summer reruns airing on all television networks. Typically HUT [Households Using television] levels drop and then will rebound after Labor Day in September. We are looking forward to the fall. Our stations are gearing up for the November book

with heavy market promotions scheduled for our novellas, Mexican First Division soccer and La Academia, the number one Spanish-language reality show. Our promotions will include outdoor, radio and print.

Azteca America is still a relative newcomer to the U.S. As a network, we are adding markets and improving distribution every month. We see continued branding as one of the keys to our ratings growth. It's important to remember that the U.S. Spanish-language television market is no longer a monopoly and that we expect that both the size of the pie and our share of it will grow markedly.

Luis Diaz-Albertini, *Vice President/GM/DOS CBS Radio Tampa:* WYUU 92.5 FM in Tampa switched format on August 7, 2005 from Young Country to Spanish Hot AC. Ever since the change, the station has experienced dramatic growth in ratings as reported by Arbitron and in advertising sales.

With only two Spanish AM stations in the market to serve the nearly 300,000 Bay Area Hispanics we saw a clear opportunity to launch Tampa's only Spanish FM station. Tampa is the 18th largest Hispanic market in the country and WYUU super serves the Puerto Rican, Cuban and Central and South American population with a musical format of Salsa, Merengue, Bachata and limited Reggaeton. The station does play a mix of Mexican Regional music, but only in the Romantic genre and only by proven Mexican superstars.

WYUU is a high energy, promotionally active, personality driven radio station whose main focus is on the music and servicing the community as the leading source for news and information. The station is already achieving Top 8 status in the two key selling demographics of Adults 25-54 and Adults 18-34. Ratings and revenues have grown every month since WYUU's inception and currently realizes a Cume audience of some 90,000 listeners and a market leading TSL of 14:30 hours. Revenue has also increased along with the ratings making this one of the best moves for the overall health and future success of the station.



Juan Gonzalez, *VP of Programming & Promotions, Bustos Media, LLC:* Our stations ratings in the last two books have been extremely good. Every single market we have a station in, we have secured the number 1 spot in Spanish radio and in markets where we own multiple stations we have secured the number 1 and 2 spots in Spanish radio. Some of the markets that we have opened up to Spanish radio, almost

immediately showed a huge response from the listeners. Our Milwaukee station (WDDW-FM) is getting huge numbers and competing effectively with general market stations. Even our more established Hispanic markets like Sacramento and Modesto have shown an increase in share. Our audience is very loyal to their music, stations and personalities giving us a huge boost in TSL. Where in situations our CUME is not as strong, the TSL gives us the boost we need.



Michael Hughes, *Senior Vice-President/General Manager, "El Zol" WLZL-FM Washington, D.C.:*

Since the debut of El Zol in January of 2005, in the key target demo cell of A18-49, AQH rating is up 100% and AQH share is up 71%. We've increased our A18-34 share 88% and maintained an average rank of 5th since our second book on the air.

El Zol has been built on a foundation of three priorities: Music, Personalities, Community. There is a tremendous

appetite for contemporary music presented by personalities who know and love the music, but also who make an emotional connection with our audience by relating the issues, challenges, and celebrations of the day. Perhaps most importantly, is a staff wide connection to serving the community. Rarely a day goes by where we are not engaged in some event, program or presentation that addresses the many issues facing the Latino community. Of late, the most significant, were the rallies in support of Immigration reform. Three El Zol personalities were invited to address the crowd in excess of 500,000 people on the National Mall and discussion dominated the airwaves for weeks regarding the necessary reform. In a few weeks, the Latin American Youth Center will be opening a third home for disadvantaged Latin youth so they can work, learn, and live with pride and hope. In recognition of our service to the LAYC, it will be named "Casa Zol."

With focused tropical music, personalities that connect and relate to our audience, a commitment to serving the Latino community, and promotions that excite and engage, El Zol is building a growing, loyal audience and we work hard to earn their support every day.



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By Carl Marcucci

The explosion of Hispanic formats and networks

Spanish-language radio in the US used to mean a full time AM that was akin to the old full service station with a little talk, news, music, sports and community service—or in many cases, a few brokered hours a day or week. It has since evolved from that very thin basic radio model into a plethora of different formats that are hyper-targeted based on age, ethnicity, political, informational, sports and current events interests. The amount of new immigration continues to fuel the growth of Spanish language media in general. According to Arbitron's Hispanic Radio Today 2006 study, there has been a 34% increase in Spanish-language radio stations in the past seven years alone.

Spanish-language stations have not only migrated on AM but heavily on the FM side as well. The full-service Spanish-speaking stations are now called Spanish Variety. In some markets AM still features music of a variety of sorts—mainly oldies, such as La Preciosa, Recuerdos, Salsa Classica, Oldies Mariachi or traditional Regional Mexican (still the most popular format). Like general market, Spanish News/Talk now dominates the AM dial, especially in major markets. Spanish Religious is quite popular on AM as well.

On the FM side, Spanish AC formats abound, with monikers like Amor and Suavé. Some include Rock en Espanol bands such as Shakira and Mana. Classic Hits is also starting to see its place on the FM dial for Hispanic radio. Then you have the young stations with a music mix of Reggaeton, Spanish Hip-Hop, Rap and R&B; sometimes in English, sometimes in Spanish. Traditional Hispanic formats like Salsa, Spanish Tropical and Bachata are still thriving, with much of the audience from Caribbean/coastal Central America. SBS's Mega 97.9 (WSKQ-FM) NY is one very successful example. Tejano, which has kind of faded a little bit, is still of interest, especially in Texas and the middle southwest.

Programming to the assimilated

Hispanic listeners in the U.S. are at different levels of cultural assimilation, and those levels vary by market. In a market with higher levels of Spanish-dominant, with less-assimilated listeners, formats that mirror the music tastes from their country of origin are the logical choice. "This has forced broadcasters to fine-tune formats that will reach specific target audiences rather than trying to be formats for all ages and nationalities," observes **Alfredo Alonso**, former CEO of Mega Communications and current resident Hispanic guru at Clear Channel Radio. "Successful programmers know the composition of their local communities and program accordingly."

Says **Don Davis**, Principal, Davis Research, which specializes in Hispanic radio: "In markets with more English-dominant or U.S.-born Latinos, formats that connect to their dual American-Latin heritage can be very successful. If a broadcaster owns enough signals in a market, they may try several of these strategies in the same cluster, if available audience is present."

"The proliferation of formats in Spanish language is due to the growth of that audience, but it is also an effort on the part of the broadcaster to reach the more assimilated Hispanic or those returning to their "roots" via Spanish music," concluded **Amador Bustos**, a successful entrepreneur who built Z-Spanish Radio Networks (sold to Entravision) and is now calling their latest flagship format "La Grand," which addresses first and second-generation individuals of Mexican origin with a blend of Rancheras, Norteñas, Banda, Grupos, plus a dash of Tejano and Cumbia.

One hot topic right now in Spanish-language radio is whether broadcasters are instructing their air talent to market in English or Spanglish or to be purist about Spanish. Says a Univision Radio source: "An 18-34 format in first generation could be all Spanish, regional Mexican or Spanish AC. It's second generation where we've had this big burst of Reggaeton. That's a bi-lingual format, just as the listener speaks both English and Spanish. Then we have stations like The Beat in San Antonio that are Hip-Hop—all English with maybe 10% Spanish thrown in."

However, the language issue can be a bit of a problem on the agency side. Most of the Spanglish stations are an 18-34 buy, Spanish, but it's bi-lingual. "So it's kind of hard to tell an advertiser who asks, 'Wait a minute—are you English or are you Spanish?'," recalled a Univision Radio PD. "That niche is very different because if you go to a Spanish shop and they'll say, 'No it's too English.' If you go to an English shop they'll say, 'No it's too Spanish.' So it's really hard to get people to understand what that audience is all about."

Keeping listeners listening

What are Spanish-language stations doing to keep listeners from migrating over to the pure Urban or Pop Rock stations where the young focus? Bustos claims the young Hispanic listeners are already listening in huge numbers to those general market formats. "What we try to do is simply bring them back for a few quarter hours. Younger listeners have a greater tendency for 'hopping' from one station to another. Each format fills and satisfies a portion of the young consumers' personality."

The goal for many is to take listeners away from general market stations. For example, Urban "The Box" in Houston pretty much had every Urban CHR listener in the market—double-digit 18-34 numbers. "Hispanics were listening to The Box because there really wasn't anything else for them in the way of a rhythmic format," explained a Univision Radio source. "So we saw an opportunity and signed on The Party in Houston [Latin Urban]. We specifically targeted those Hispanics that were listening to The Box and found out that there were truly different tastes that they had in the way of Urban music and CHR. We're hoping it keeps them away from the Urban formats because they include the real heavy, syrupy R&B, which doesn't work for Hispanics."

As well, in the CHR world there has been a ton of Hispanic artists busting onto the scene—Baby Bash and Frankie J. "These artists that



David Haymore



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have broken out of Texas have broken at our stations," he said. "Those artists really don't do well on Urban stations. They are basically more CHR mainstream and/or Hispanic-focused."

Says **David Haymore**, currently running Latino 96.3 (Reggaeton/Urban Latino) in LA for SBS: "In May of last year, we launched Latino 96.3 as a station targeting the youth of LA with a bilingual format and presentation. It rocketed to the number two most listened to radio station after only three months on the air. Interestingly, the popularity of the station was a likely catalyst to another local station dropping their Hip-Hop format in favor of R&B."

Serving Hispanic viewers

On the Television side, a proliferation of Hispanic television stations in the last 15 years have brought on new networks to provide content. Univision has launched Galavision, Telefuturo and TuTV; NBC Universal's Telemundo has launched mun2, a cable network that celebrates the lifestyle of all U.S. Latino youth and Telemundo Puerto Rico. Si TV has also launched, targeting younger English-speaking Latino demos. Azteca America and Hispanic Television Network have all launched, as have numerous Hispanic versions of popular cable nets, i.e. "Discovery en Español."

Cable-only penetration is common for many Hispanic audiences, as the over-the-air signals for many Spanish-language stations is on UHF, often with lower power signals. Therefore, the must carry issue is important to Spanish-language broadcasters to reach their audiences. All of affiliate group Una Vez Mas' stations (the largest affiliate group for Azteca America), for example, are low power and therefore not subject to must carry status. Says Una Vez Mas CEO **Robert Hyland**: "We have to buy our way on to the cable systems even though we are over the air stations licensed to that particular market—same as the full power station receiving 'must carry.' Because we have to pay for cable carriage it slows us down in being able to target our audience with local programming such as news. We will be launching local news in January, but we could have started earlier if we had must carry rights."

Language and targeting younger generations

Until recently, the only game in town was Univision and Telemundo, but now with multicast digital platforms many non-Spanish language broadcasters are also looking to place Hispanic programming in place. Most of the content comes from Latin and South America, from providers like Televisa and Venevision. Telemundo's bid to win market share away from Univision (and they're having some measure of success) is to create original US-generated Spanish language programming content specifically for US Spanish-speaking viewership. Says **Mike Castello**, VP of television syndicator AIM Tell-A-Vision Group (AIM TV): "And it is written to be relevant to their lives to include things that the challenges, circumstances, backdrops, etc. that are recognizable for them and that they can relate to."

"Hispanics' experiences change dramatically once they migrate to this country. The best way to serve this growing audience is by offering programming that is relevant to their lives while it entertains and gives them an inspirational outlook for the future," said **Ramón Escobar**, Senior EVP/Network Entertainment, Telemundo.

Some of Telemundo's most successful programs include programs and novelas like "El Cuerpo del Deseo," "Tierra de Pasiones," and the

weekday series "Decisiones."

With added bandwidth provided by digital cable and satellite, networks are now programming the full spectrum, from pure Spanish to pure English. All Azteca America programming, for example, is pure Spanish-language with no mix of bilingual programming and 100% Mexican produced in Mexico City.

On the other side of the spectrum, cable net SiTV CEO **Michael Schwimmer** explains his network targets young Latinos in English with all production done in the US. The younger they are the more likely they are to be speaking English because they're often second and third generation Hispanics. "Some are what are called 'one and a half,' meaning Latinos that arrived but arrived here young," he explains. "They're bi-lingual of course but that doesn't mean they want to watch their moms' Novellas. If you look at the Hispanic audience, 50% are bilingual and another 25% are English-dominant. Young Latinos are watching American Idol, MTV and the baseball game but no one is programming to them. There was no place they could go where they can see themselves playing strong roles as opposed to being the dishwasher, the gardener or speaking Spanish in a Novella."

And the dollars are rolling in for English-speaking Hispanic programming. **Julio Rumbaut**, President, Rumbaut & Co., a Hispanic media advisory firm, says while the vast bulk of the dollars are being spent against Spanish in television, "because of the perception there is an untapped target against young English dominants or bilinguals, there appears to be a willingness on the part of advertisers to pay fairly decent rates for the new entities that are trying to serve this audience, even in the absence of ratings data."

AIM TV is one of the top programming producers in the US for Hispanic audiences. Ironically, much of their programming ends up on the major general market networks. Like SiTV (which runs some of AIM's programming), the content is also in English. AIM TV CEO and Executive Producer **Robert Rose** says the two weekly shows—American Latino TV and Lationation—has grown from clearing 27 markets five years ago to over 100 markets today. "We actually have more full power, over the air broadcast

clearances than Univision, Telemundo and all the Spanish language networks. We're on ABC, NBC and CBS affiliates because we target US-born Hispanics—really the majority of Latinos in the US."

La Familia Cosmovision, from The Inspiration Networks, is filling the void for "family friendly" television by providing programs that speak to the Latin way of life. The array of programming—a blend of Spanish and English-language content—is now available in 8 of the top 10 Hispanic markets and is carried by 11 MSOs in 24 states.

Says **Tom Hohman**, SVP/Affiliate Relations, The Inspiration Networks: "Second generation Latinos favor bilingual programs. In response to this shift, LFC has adjusted the percentage of its pure Spanish-language programming from 85% to 70% to accommodate second and third generation Latinos."

Bottom line—on both the television and radio side of the coin, targeting US-born Latinos seems to be the ticket right now. Says Rose: "Very few US-born Latinos watch any Spanish-language TV, but they're very Latino, they're very into their culture. So what we try to do is fill that void between this lily-white network programming and this hardcore, Spanish language TV stuff that came from Mexico. There's a whole big audience in the middle."



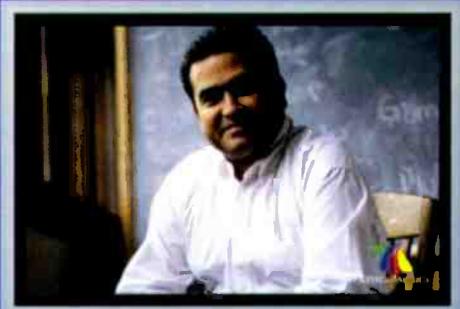
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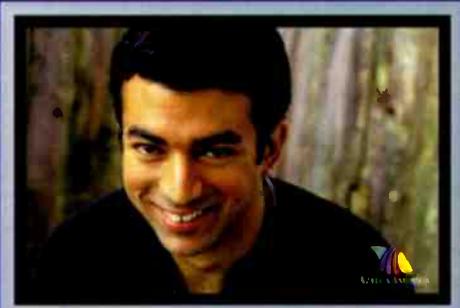
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Rashid Tobaccowala, chief innovation officer of Publicis Groupe Media (PGM) and Denuo CEO.

Publicis Groupe's Denuo unit is a new strategic initiative designed to anticipate and exploit the rapidly changing digital, interactive and mobile communication environment. Denuo is a standalone business but not based on any pre-existing industry model. Denuo functions as a strategic consultant, an inventor of solutions and as an investor in partnerships. The company is also venturing with a variety of startups including Brightcove, an open Internet TV service, and Shadow TV, a streaming video service that provides access to live and archived television content via the web. Denuo meaning "afresh," "anew" in Latin, is led by Rishad and has offices in Chicago and NYC.

How is Denuo unique?

It's basically a unit of the Publicis Groupe which is dedicated to helping its clients get to the future first by making tomorrow tangible today. We do so by combining skills of strategy with skills of identifying and honing new opportunities and partners, with creating great products and ideas that can be taken to market.

The way we brought our company together is we brought in skill sets that I had incubated previously. We had a gaming unit called Play and a word-of-mouth unit which used to be called Reverb. We're working with lots of different companies that span from the world of traditional companies like the Kellogg's and the GM's of the world, to new start up companies like Brightcove. We're talking to about two-dozen companies right now to help them identify and hone their products, and at the same time finding how they can solve some of the needs that our clients have.

What future do you see for ROI measurement?

The science will be increasingly return on objective because that's what we say—ROO rather than ROI. What's your return of objective? Return on investment basically makes it sound like a cost-cutting exercise. Return on objective is what are you trying to achieve? I think the big challenge is how do we measure outcomes vs. inputs? How do we measure holistically and integrate across different contact points?

In 2009, analog TV spectrum will be surrendered. How might this change things?

Increasingly what we're finding is that in the past, distribution used to be a choke hold. If you thought about it companies basically got born because of location or distribution advantages. What has begun to happen, because of a combination of broadband and wireless and the Internet, the advantages of distribution have basically fallen a lot. You needed distribution to get audiences. Now you can get audiences without distribution. So you would have space and space there would be local there would be national, even space all the way to the 30-second ad and the print ad. Now what is increasingly happening in the new world, space

and time is not following the rules of space and time. Where all of a sudden time is being shifted and space is being shifted. What's happening is either you can shift not only your programming from one time of day to another, but you can basically shift them from device to device with things like Sling Box and Akimbo and Orb Networks. You can also shift them from country to country. So the whole idea of the boundaries of geography, the boundaries of distribution, the boundaries of time are collapsing so 2009 is just another indicator of what probably began 10-12 years ago and which has now reached sort of a rather large emphasis.



In our March interview with Jack Klues, he mentioned a project of yours that was like MRI reverse engineering. Tell us more.

If you think about MRI they basically say the people who use your product what media do they use? So you use product behavior as an important way of doing things. The insight we basically had was that somebody either in an on demand world (because of the way you utilize media when everything becomes itemized—you can pick programs, websites, streaming channels). Then in effect if I could know your media behavior down to the program level, it tells me more about your interests and passions then even your product behavior. So in effect what basically happens is the best way to target media will be through media behavior.

What areas are you concentrating the most effort right now for your clients?

I think there are three areas. The first is providing products and services and ideas so that people can say we make tangible solutions that can go to market. Word of mouth, gaming are a couple of areas. The other is we are spending a lot of our time identifying new opportunities and new companies and new types of technologies, which allow our clients to begin to engage in this new world of what we call people rather than consumers. Then the third area is we're trying to simplify the world because what we found is that clients are being often left with huge books and decks and plots and plans but no one says, "Okay here's the two or three things you should focus on and here's what needs to get done let's go do it."

The overall theme it's about people not consumers. When you think about consumers you think about two problems. One is you think about it from a brand perspective. A person is much broader than a consumer of a brand. The other is by consumer you're thinking of people in the old way that we would just consume content or consume media. Today many of us consume as well as we retransmit. We say people are gods or people are goddesses because it's about people, which is broader in all the power that you and I have with all the new technologies. We almost have goddess or god-like power.

The logo features the text "DIAL GLOBAL" in a bold, white, sans-serif font. "DIAL" is positioned to the left of "GLOBAL", with a blue swoosh underline that starts under "DIAL" and extends under "GLOBAL". Below "GLOBAL" is the tagline "DIGITAL 24/7 FORMATS" in a smaller, white, sans-serif font.

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A large, glowing yellow digital-style text "24/7" is superimposed over a view of the Earth from space. The Earth shows blue oceans and brown/green continents. The background is a dark starry space.

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Beth Comstock, President, Digital Media and Market Development, NBC Universal

Beth was named president of Digital Media and Market Development in December 2005. She's accountable for driving NBC Universal's digital strategy and leading the company's content and distribution efforts to capitalize on new and emerging digital platforms. Her responsibilities also include strategic marketing, research, communications, and advertising and promotion. She reports directly to Bob Wright, vice chairman of GE and chairman and CEO of NBC Universal.

Comstock had served since 2003 as corporate VP and chief marketing officer of General Electric. Comstock has been a GE company officer since 1998, at which time she was named GE's VP/Corporate Communications. Previously, Comstock served as senior vice president of Communications at NBC (1996-98), and as VP/NBC News Communications (1993-96).

Before that, she held a succession of communications and publicity positions at NBC, Turner Broadcasting and CBS Entertainment, beginning in 1986. She started her career for a television news service and in local cable programming in Virginia.

Tell us about your role at NBC Uni.

My role is to help the company define the future, to get our digital businesses up and running to go from the experimental to the money making. Part of what the digital media groups' responsibility is to help find new opportunities that digital brings in, to incubate businesses and to grow them. A good example of that is iVillage. We were attracted to iVillage for many reasons. Obviously it is an Internet survivor, but we also liked their profitability and really liked the strong base of community that they have built up over a decade. We see a multitude of opportunities with to connect our TV and film content with their users. Especially on the TV side, we want to create that connection point where maybe TV gets the conversation started and iVillage keeps the conversation going within its community. We also see the thriving iVillage communities as a launching pad for other new digital consumer offerings that we hope to introduce within the next year or so.

How will you integrate iVillage with your digital strategy?

We talk about our strategy revolving around three key things – content, context and community. Clearly we have great content, but we are also focused on context, and by that I mean understanding how you take that great content and put it in a form and in a method that consumers want to use it. So that gets into a lot of distribution platforms. So you may say "I'm not going to watch a two-inch TV screen," but you're commuting home on your train at night and all of a sudden you love having that two-inch TV screen. The third leg the stool is community. iVillage, specifically, helps us get our skills in and get the capabilities around community. Today, it's not yet where it needs to be and that's where we plan to invest time, energy and technology into upgrading the tools that can make that community more robust.

You were the keynoter at the last TVB. Tell us about your speech and what you just touched on—The Three C's.

The fact is you have to have those Three C's, the content, the context and the community. It's not just taking television programming and repurposing it for the web or for wireless. It's a real pull from the consumer. It's understanding that sometimes it means creating new content exclusively for that platform or that application. For example,

we have NBC Universal Digital Studios, which produces programming exclusively for wireless, exclusively for broadband applications. In some cases the programming has to be shorter. You have to understand how to match the content with the experience.

Another important tenet to this is building a strong sense of community. It's not like, "Hey let's just form a community just because we said so and just because we're NBC, we're going to have a natural community." That's not it. It's understanding how you engage people. How do you create more interactivity? How do you allow people to use your content and tools to create something different? That's what we mean by community.

When you do those things, when you engage your users and you find new ways to bring/deliver your content to users, you'll be able to drive commerce. Increasingly, advertisers are looking for new ways to engage consumers around their brand. The other thing I talked about was the fact that, especially from a local station perspective, the arrival of digital technology should be great news to local TV stations because local is all about community. Community is local, it's what local television stands for and so that ability to deploy technology to make those local communities come alive is very exciting.

What about the content arrangement with Telemundo and Yahoo?

Yahoo is looking for quality content to make its destination richer. We're looking for more eyeballs and it was a perfect marriage from that perspective. We're combining together to create Yahoo Telemundo and taking some of the best content from Telemundo with the applications and the tools that Yahoo has to offer and combining them to come up with new content and new ways for a community to be rallied around what they can find there.

Who are your other partners in the digital space?

Well probably one of the more visible we've had has been Apple with iTunes, which has been a very good partnership. It's really helped us understand the whole consumer experience around downloading television programs. On the film side we work with Toshiba in HD/DVD, so understanding that technology has been critical. I would say in the wireless space we work with a host of partners—Verizon, Cingular, Sprint, T-Mobile, Amp'd, there is a whole host of them. Our partnership with Verizon is very strong. We're learning a lot from each other.

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Do you agree that the networks should acquire as much digital media infrastructure as possible to keep future ad dollars in-house?

I think for us the game isn't just making acquisitions for the sake of acquisitions. You have to ask: what's your strategy? How does it make sense? iVillage for us was really a great way to extend our core—it's women focused, which is a big section of the viewing audience, and a space we know well. It's one that made great sense for us. I don't think you'll see us acquire pieces just to have digital assets unless they are part of our strategy or unless they can extend who we are. One of the things you're always confronted with in this space is you go through the make vs. buy analysis. Acquisitions give you scale quickly. With iVillage we were able to very quickly get a user base of 16 million users. Which would have taken us a lot longer to grow on our own and to get that capability and ability to monetize it. The connection that iVillage has with their advertisers is incredible. It would have taken us much, much longer and frankly we might not have had all those skills. The acquisition got us scale, it got us impact very quickly and it made sense in that respect.

What predictions do you have about traditional media and new media?

I think you're going to have a hard time telling them apart. Traditional and new media are heading to the same place if this industry is going to stay successful. There will be more choices. It will be a much more holistic experience. We're already seeing that. One of the things we're very proud of is an initiative we launched this year around Content 360, which is to take our programming and from the beginning figure out how we create a holistic experience for the consumer and for the advertiser? We literally wrapped the content around the brand and the consumer so they can have totally different storylines online. They can also have a very different game experience, let's say in the office on their mobile phone. That is happening now and I think you're going to see much more of that. A very interactive, immersive experience around content—that's the future.

How is digital marketing different than traditional television?

Television has incredible power. There is nothing like television to drive awareness, to launch

product, to build emotion about your brand. Television does that like no other medium. From a digital perspective, you can engage consumers with your brand in a different way. As a marketer, I'm a firm believer that you need TV as a starting point and you need the digital touch points in order to make that brand interact with your consumers.

How are you integrating with Keith Turner and Randy Falco on marketing digital media in the television upfront?

We were all part of a process with the TV 360 offerings that we teed up at our upfront. It was a great collaboration between the sales, marketing and digital media teams. We were able to get together, we had fun which was great, but it was a really excellent process to bring these groups together, rally around the market need, the advertiser and the consumer need. We came up with 100 ideas that we took to the marketplace...and I can tell you that that pipeline is filled with many more.

What can traditional media do more with content to capitalize on digital?

I think digital can't be an afterthought so I think from a traditional point of view you start right from the beginning saying "how rich can we make this?" This has got to be such an exciting time to be a creative person in this industry because you can come up with an idea, and think about the different avenues you have to bring this to life. What digital really does, I believe passionately, is unleash creativity. It gives us more outlets to work with. I think that's what traditional media can do—really unleash itself. Think about how digital can extend the life, the viability of the creative idea and can take you places that you never thought possible. Again, a great proof point is the way "Lost" from ABC has been able to live and thrive and exist long beyond the television show. For us it's been things like "The Office." It's been programs like "Deal or No Deal," where we're able to create different kinds of experiences. It's very exciting from a creative perspective.

How do you work with NBC affiliates to not cannibalize their traditional viewership?

I think we work together on that. One of the best proof points is what's happened with our affiliate futures committee, which is a sub-group of the affiliate body. We've come together and launched a couple of great collaborative efforts in the space, for example, "Weather Plus," which is a digital weather offering. The one we're very excited about came out of the affiliate meeting back in April or May. For now, we're calling it by its working title "The National Broadband Company," and it is basically an affiliate video syndication service where we will be able to offer affiliate videos to different websites across the Internet. That's a very exciting endeavor for us.

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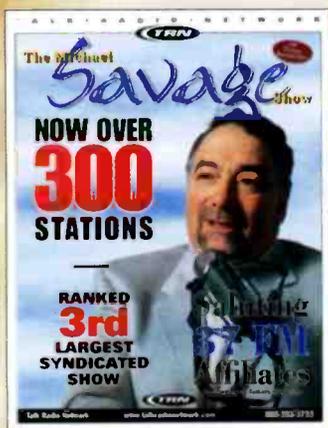
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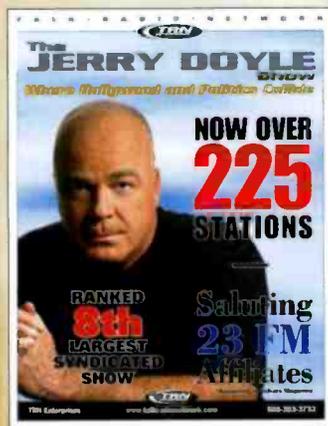
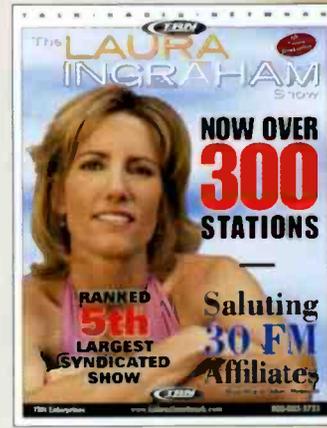
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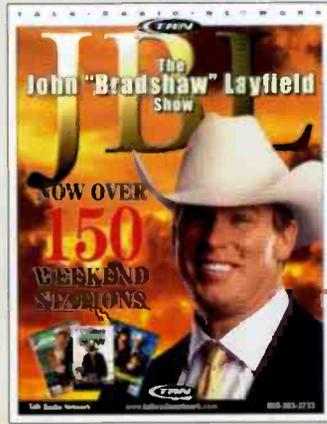
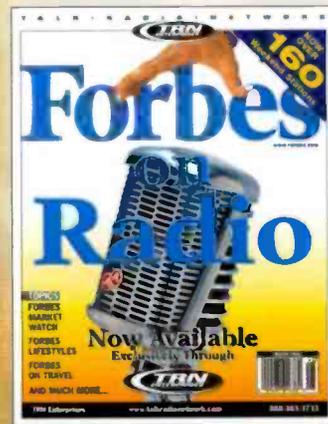
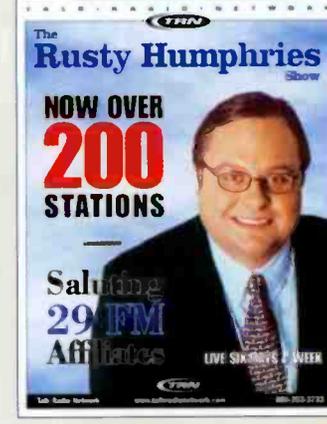
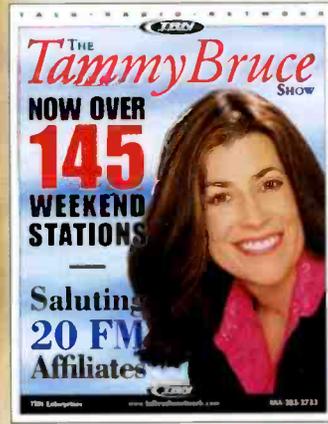
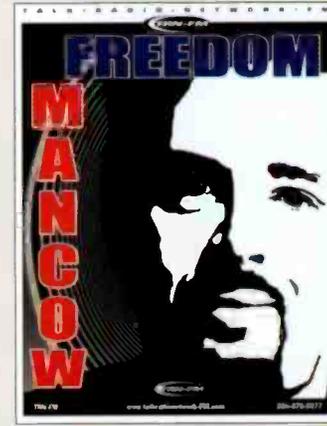
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One on One

By Jack Messmer



David Kennedy

When it comes to radio, **David Kennedy** has pretty much done it all, from DJ to CEO. But his most recent task was the most unusual—selling off the company he headed and helped to build, Susquehanna Media, after the founding family decided it wanted to cash out. So now after 35 years in the business, Kennedy is pursuing a new path in his life, following the sale of Susquehanna Radio to Cumulus Media Partners and Susquehanna Communications, the cable TV systems business, to Comcast.

Having joined Susquehanna Radio in 1973 at WLQR-FM Toledo, Kennedy moved up the ladder from DJ to PD to Operations Manager, then became corporate Director of Research, added VP stripes and moved to company headquarters in York, PA. As Sr. VP he was put in charge of Susquehanna's stations in Indianapolis and Cincinnati and in 1995 became President and COO of the entire radio group. He moved up a final notch in 2004 to become President and CEO of the parent company, Susquehanna Media, overseeing both the radio and cable TV operations, not to mention dealing with Wall Street bondholders—for while Susquehanna was privately owned, it had public bonds.

Along the way Kennedy was active in just about every broadcasting organization you can name and headed some of them. He has served as NAB Radio Board and Joint Board Chairman and still serves on the NAB Education Foundation Board. He is the immediate past Chairman of the RAB and, as such, currently serves on its Executive Committee. So, even without a job, he is still keeping busy.

What attracted you to radio?

I guess you could say my interest in radio came about the old fashioned way. I discovered it as a kid. I wasn't born into a radio or a media family—in fact, nobody in my family ever had anything to do with the business. For my eighth birthday, an uncle gave me a miniature transistor radio. I was hooked. I could listen to all kinds of programs, all kinds of music from all over the country. I grew up in Toledo and I could listen at night to Chicago and Boston and New York and St. Louis and there was many a night when I would fall asleep listening to a baseball game or a top 40 show from far away. But I really didn't stop there. I took that radio apart and I tried to learn how it worked, and that got me interested in electronics. I got my General Class Amateur Radio License, which I still have today. I also built and operated from my basement a small AM station, which I would sign on the air after school and sign off at dinnertime. Like others in this business, I began to hang around radio stations and attend station remotes and appearances. I was one of those pests who eventually got to help out, for no pay of course, but I didn't care. Then I went on to get a couple of degrees in communications in college while also working full time in the business, and that exposed me to new and different facets of radio that I found very interesting. I've really been very fortunate to make a career out of it all.

You've spent almost all of your career at Susquehanna, but you didn't actually start there.

That's right. My first radio job was as a part time announcer in Toledo at a station named after the owner, WMHE, which stood for William Hillebrand Electronics. I had that job for a couple of years and then also picked up another job at the same time on another station in town, WLQR, and that happened to be the Susquehanna station.

How did you get from spinning records in Toledo to running the entire company?

I joined Susquehanna's WLQR as a part time weekend overnight announcer. I had developed a good working relationship with the program director there, **Rick McDonald**, who, incidentally, stayed with the company until last year, when he retired. A few years after I was hired, I was doing a Sunday night shift and Rick was due in to do the Monday morning show—and he never showed up! I had to do the show myself and about halfway through the show the studio phone rang and it

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was his wife. She told me that Rick had been in an accident on his way to work and was in the hospital. He was fine, but he wouldn't be able to come in for at least a week, if not longer. He had asked me if I would work with the other announcers to try and reschedule people to do different shows. As it turned out, no one could do the morning show. I could, I was in college at the time and didn't have any early morning classes, so I ended up doing the show. When he returned to work, Rick met with me and told me that he listened while he was in the hospital and he liked what he had heard, and asked me if I'd be willing to do the morning show from that time on. Thus, I ended up in morning drive working with him for a while and then with other people. That's how I ended up going from all nights into mornings. It was because the PD was in an accident with a milk truck!

So do you have a DJ name that we're all going to laugh at now?

Not at all, I never did. It was always Dave Kennedy. I suppose I should have changed that, but I never did. After a while I started to do other things at the station, eventually becoming Assistant PD and then PD and then Operations Manager. At about that time, I had finished my undergraduate degree at the University of Toledo and had begun work on a master's at Bowling Green. For my thesis, I conducted a research project on a couple of the Susquehanna stations and sent that report to **Art Carlson**, who was President of the company at the time and, like Rick, became one of my mentors. Art read it, came to Toledo several months later, and asked if I could do similar work for other stations in the company. Shortly thereafter, I pulled myself away from my station responsibilities and set up a separate office in Toledo and became Director of Research for Susquehanna. I stayed at Bowling Green to complete a doctorate, and within two years, Art asked me to move to company headquarters in

York, PA. At the time I moved, I was Vice President of Planning & Research, overseeing all research and strategic planning throughout the company. After a few years, I was given responsibility for our Cincinnati and Indianapolis radio stations, and then in 1994, Art made the decision to retire. I was then appointed by **Louis Appell** to become President of the company.

How much did the company grow over those years?

It seems to me we had 14 stations at the time that I joined the company, and when we just sold it, we had 33.

So looking at the entire radio industry, what strikes you as how it's changed over those years? What's good about the changes and what do you miss about the old days?

First of all, there's no doubt that it has changed. As for whether it's changed for the better or for the worse, I can remember when I was young in this business reading interviews with people who talked about how much things had changed. Some of them would complain that the business wasn't what it was when they first entered it and that the changes were bad. I took issue with that because I was excited about where I was and what I was doing and I saw opportunity, even though I understood what those people were saying. So I try to remember those feelings when people ask me about the changes in the business now. I do think the industry is going through a rough spot right now. It's one that we can't necessarily blame all on outside forces. I think we've brought on some of our current pain ourselves. Still, I have unquestioned belief in the fundamentals of the business and in our collective ability to overcome these obstacles that we're facing and demonstrate our strengths, once again, to both our listeners and our advertisers. As long as we continue to attract bright minds with energetic attitudes we will have access to the ideas—and I believe radio is first and foremost a business of ideas—that will propel us to further growth.

Where do you see it going now? Is there still a lot of opportunity in this business?

I believe that we have an undeniable lead over any and all other forms of audio entertain-

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ment in terms of time spent listening. I believe we have increasingly rich and varied content that is improving each day. I believe we have technology and an overall delivery platform that is evolving to digital state of the art and remains remarkable for its reliability, its ubiquity and its quality. And I believe we have the intelligence within our industry leaders to recognize these strengths, to work together and to harness them for the good of the business. So I continue to remain excited and very optimistic about radio.

Now you've just gone through a very unusual period where you had to sell the company that you'd worked for for so long. Was that kind of a shock when the owners came in and told you, Dave we want you to sell the company?

Considering that while I was helping to sell it, I was also trying to run it and buy it, yes. For me, perhaps the toughest part was the sense I had of letting down so many people who were so supportive of our effort to purchase the company. I know today that they don't feel let down, but after 33 years of growth and success, it was difficult to fail, nonetheless.

Okay, so what is next for Dave Kennedy?

You may have seen the line that Dan Rather used when he announced his departure from CBS—he said something like, “It just isn't in me to sit around doing nothing.” I identify with that. I've been blessed to have had a pretty good run so far and I really don't see it coming to an end. I continue to have a great deal of interest in our business and I see many opportunities in a number of areas. To that end, I intend to explore those that look interesting and try to further develop ideas that excite me. That may be a long-winded way of saying I don't know yet, but I hope it's also a way of saying that I really have no desire to retire. I love a challenge and I know that I can always count on this business to provide one for me.

What are you most proud of about the time that you had at Susquehanna?

When I think back on my career, the first highlight for me was getting my first job, that weekend air shift. I couldn't believe I was getting paid for doing something that I liked so much. I think it was all of \$1.85 an hour at that time, but to me

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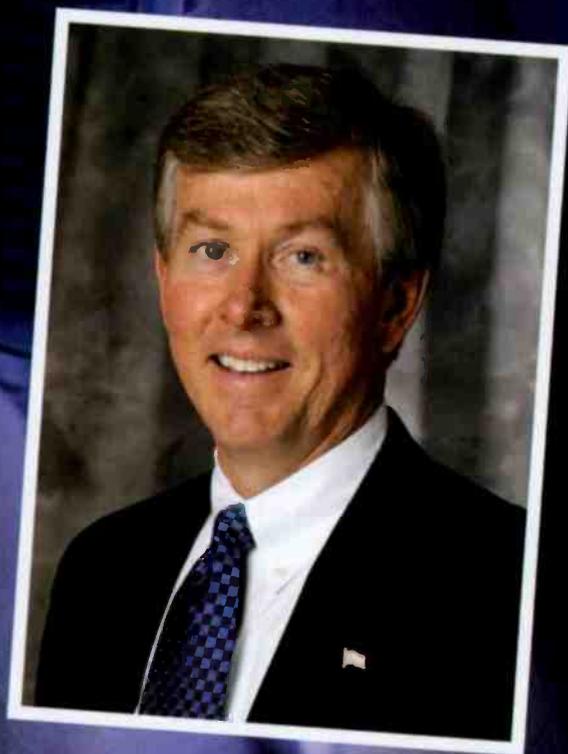
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that was a big highlight I'll never forget. Getting hired by Rick McDonald at WLQR in Toledo was a highlight and, as you know, I ended up staying with Susquehanna for 33 years. Being permitted to contribute to the growth of the company in increasingly responsible positions over the years, from the station level to the corporate level. Each of those promotions was a highlight. But it really wasn't just the promotion, it was realizing that the people that you worked with were actually supportive of you at all levels of the company and happy to continue to be a part of what you were doing. For me, that was the real highlight of those promotions. Others, as I think back, have included seeing various stations that I've been involved with go on to win ratings battles and become successes in their markets; also, some acquisitions and sign-ons that were successful. In addition, I've really been very privileged to serve the industry at various positions in both the NAB and the RAB. But most of all, I think it's been the pleasure and the honor of working with so many exceptional people over the years. When I think back on the past, I think more about the people than the events or the accomplishments themselves. It's the people who've really made the difference.

Fast facts about David Kennedy

We all should really call him Dr. Kennedy. Somehow while working in radio in Toledo, Ohio, his home town, David completed a BS at the University of Toledo, a Master's at Bowling Green State University and a Ph.D., also from BGSU.

The National Radio Award he's receiving next month from the NAB won't be his first honor. His trophy case already contains the following:
2000 Radio Broadcaster of the Year, Pennsylvania Association of Broadcasters
2000 Leadership York, Distinguished Alumnus Award
2004 NAB/Broadcast Education association, H.M. Beville Award
2005 Avatar Award, Broadcast Cable Financial Management Association

In addition to chairing both the NAB and RAB at various times, he also found time to serve as local chairman of the York County Community Foundation, American Red Cross York County Chapter and the United Way of York County.

His wife is Beverly and their children are Rebecca, Nathan and Neil.

If you forgot to send him a birthday card last month, mark July 8, 2007 on your calendar to wish David a happy 55th!



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Tell us about your local sales days at WXYZ.

I was hired to work at WXYZ when I was working for a small rep firm. I met with **Lee Gannon**, who was the General Sales Manager at the time. **Phil Sweeney** was National Sales Manager and I reported to **Keith McClellan**, the Local Sales Manager. The General Manager was **Jim Osborne**. Lee Gannon went to school with one of my uncles. My future wife and I drove out to Detroit in her Datsun 240Z. My wife had landed a job at WB Doner. We got there in February of '79.

People can get very New York-centric. We left New York never having lived anywhere else. We went to Detroit and spent two years in this wonderful environment at WXYZ. **Bill Bonds** was the late news anchor and "Kelly and Company" was the morning show. The late news was a real powerhouse in the market and was delivering about a 27/28 share.

At that time ABC spot expected its managers to go through "The System." You would work in a local station first to get to know that market and learn how a station works. You then moved to different markets around the country, building relationships which would eventually help solve problems when you became a manager in their various markets. I saw how Chicago spot and New York spot worked, and then became eligible for management.

WXYZ was a great local television experience. The station was on 80 acres and on Friday afternoons we'd have croquet matches with our clients.

It was a family-oriented environment. We still have many friends in Detroit to this day. WXYZ was also an ABC Owned and Operated station, so the morning show, Kelly and Company, had a lot of talent stop by. You'd see Hollywood celebrities in the station all the time, which was fun. The market was not robust—in '79 the automotive industry got hit a little bit, but WXYZ was still a juggernaut. I think it was one of the highest rated stations that ABC owned.

I'll never forget this as long as I live—I was on the job a short time and was in my sales cubicle when I heard this pounding in the hallway. It sounded kind of distant and then all of a sudden it got closer and closer, and it was booming. I look up and see from my little cubicle the Michigan State Marching Band coming down the hallway to wish Jim Osborne Happy Birthday. He was a Michigan State graduate. His office rug was bright green. The horn on his car played the Michigan State Fight Song. It was amazing. The experience of Ann Arbor and Michigan and East Lansing and Michigan State was incredible. I'm actually still a college football fan.

What's different about local and national television sales today?

Today there's so much pressure on local and national sales people to deliver the numbers. It removes part of the personal touch of what

sales is all about—engaging with buyers and clients. Spending time entertaining, getting them to feel comfortable with you and developing credibility. That still happens but there's not as much quality time spent with clients. Today, the reality is that sales departments have to deliver on a lot of different platforms. There are smaller staffs, which means more work and less time to get out and get under a client's skin and learn what their company is all about.

How about your move to ABC network sales?

It took me three months to get the job at ABC Sports Network from ABC Spot Sales. There has always been a cultural difference between Spot and Network sales personalities. There were some senior managers at the network who had been in spot. They knew my work ethic and supported me, and of course helped me in my career.

What made you leave the sales side at ABC for the other side of the desk?

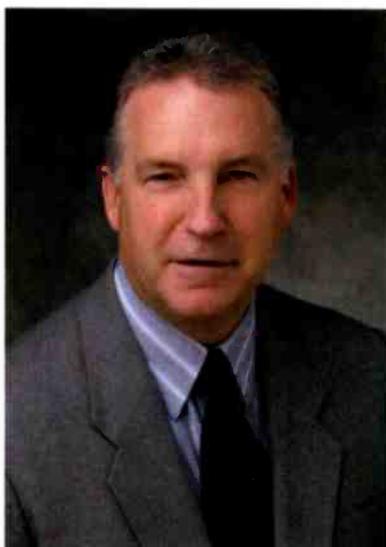
I went from 19 years on the sales side (15 at ABC) to a buying position at Universal McCann because I was looking for a change. In late 1993/early 1994, when I headed up ABC Sports Sales, we had put together Rights fee Pro-Forma's for all the major sports leagues that were up for renewal. Every-

thing was locked and loaded for between four and seven years, so the question I asked myself was, "what's next?"

So along comes **John Dooner**, who was president of McCann Worldgroup at the time and a life long friend. He says "How about coming onto the agency side?" Four months after we started talking, I was running the Coca-Cola account and learning fast how the agency side worked. Needless to say, my world exploded and I was able to represent the number one Brand in the world, whose marketing machine was a graduate degree in itself. I've been fortunate in having worked for a lot of good people wherever I've been, but the experiences at WXYZ-TV provided me with a strong foundation upon which to build my career.

What advice can you give sales folks today, being now on both sides of the desk?

They should study and fully understand clients' businesses. Be aware of the competitive nature of their business and know what their competitors are offering. Then put together a presentation that addresses their expertise with their product. Sit down in front of the client and the agency and say, "We've looked at your businesses we think we can take it to the next level. Here's how we can grow your brand." That is what clients want to hear – new ideas and how they can connect different media points with their various campaigns.



Maximizing HD Radio Signals: Antenna Options

by Henry Downs, Technical Director of RF Components and Subsystems Development for Dielectric Communications

As HD Radio is becoming a reality for a growing number of radio stations nationwide, so also are the logistical challenges of integrating digital transmissions into an existing infrastructure. As with analog, the goal of any station is to ensure that the maximum amount of power produced by the digital transmitter is radiated from a suitable antenna into free space, where it can be picked up by the listening audience. There are two components involved in the maximization process, namely insertion loss and digital to analog isolation.

The insertion loss of any system is well understood and there are many proven techniques to minimize it, leaving broadcasters with the main challenge of isolating the analog and digital signals.

This challenge is compounded by the fact that the analog radiated power level is 100 times greater than that for the digital. In the case of insufficient isolation, not only is the digital power loss greatly increased, but the analog power which feeds back towards the digital transmitter will inevitably be sufficient to cause the digital transmitter to fold back.

The search for the most efficient antenna for simulcasting analog and HD radio has spanned the last decade and produced a number of options for broadcasters to pursue.

IBOC Combining Methods

The original proof of concept for IBOC radio utilized a 10-dB combiner

on the ground that caused over 10% of the analog signal power and 90% of the digital to be dumped into a load. Conceptually a success, this method was extremely inefficient and not feasible as a long-term solution for most stations. Since that time, a number of manufacturers have invested resources in developing different combining methods and, to date, the most efficient method found is to combine the signals in free space by way of the antenna. The critical parameter for the antenna is to provide sufficient isolation to ensure a strong digital signal.

Separate Antenna Systems

Many stations have looked to work around the issue of poor isolation by utilizing separate antennas (or even separate towers) for their analog and digital broadcasts. By optimizing an antenna specifically to the low-power requirements of digital, the station minimizes the potential impact of an analog antenna's power loss from poor isolation.

Of course, this approach does have some drawbacks. In addition to the added equipment, this method also requires additional aperture on the tower. Since most stations do not own their own towers, this quickly translates into higher operating costs. Additionally, because the digital and analog antennas will be mounted to the tower at slightly different elevations, a station's coverage for its analog and digital transmissions will likely vary. Next Month Part II.

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By Jack Messmer

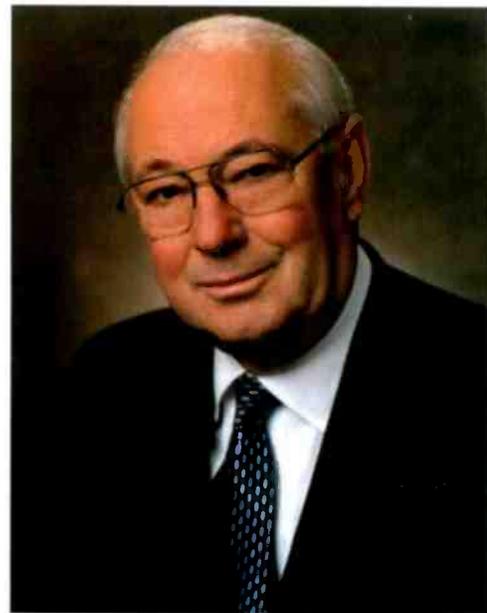
Yager is out to do it all again

After so many decades in the television business, no one would have thought it strange if after handling the transition from selling the Benedek Broadcasting group to Gray Communications (now Gray Television), **Jim Yager** had decided to devote his time to the golf course. But that idea didn't appeal to him, so he jumped right back in to start a new TV group. Thus was born Barrington Broadcasting.

Why does he keep working instead of taking it easy?

"You know, before my wife passed away she kept asking me the same question, 'Why don't you just stay home,' and today I am delighted I did not do that. She was healthy as could be on the Friday before Labor Day in 2003; had a little pain in her side, we took her to the doctor the next week and she was diagnosed with pancreatic cancer and passed away in 13 weeks," Yager said. Even before that emotional upheaval, Yager had been talking with some of his key Benedek associates about starting a new company. After losing his wife, he went full-bore on the project. "I've got great kids, but they're all grown and live in different parts of the world, so I was really saying, boy I think it's time I really get engaged and build a company with a strong foundation, so that's what I did," he explained.

And, yes, he does have a golf course condo in Arizona—not that he's been there even a single day this year. Yager has been too busy with the biggest deal yet to grow his new company, the \$262 million acquisition of 12 stations in nine markets from Raycom, tripling the size of the Barrington group.



That big acquisition came after Yager had been building Barrington slowly, in part because there was so little inventory available. The company acquired two former Benedek stations from Chelsey Broadcasting in early 2004, along with one from LIN, and added one from Mel Wheeler Inc. later in the year. 2005 brought two more acquisitions from New Vision Group and Diversified Communications. So the portfolio stood at six stations when the Raycom spin-offs became available. Once the Raycom deal closes, Barrington will have 18 stations in 13 markets ranging in size from #65 to #199. We asked Yager how big do you want to get and what size of markets are you interested in being in?

"Number one, I love the size markets we're in. Television is still the most effective way to advertise in a market 60-plus. We're not selling the commodity in these markets. We are actually working with advertisers on how to move their products or their service to clients. It's not an 18 to 49, it's not 25 to 54, which is what you get when you get into the larger or more major markets. It is really, does television work? Can we make it work for an advertiser? For 45 years now I've been making it work for advertisers and it's still the most effective way for somebody with a service or a product that they want to sell to the consumer to reach the consumer. I love the business. I love that aspect of the business," Yager

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replied. "As to how big we want to get—that's a hard question to answer today because we just acquired nine stations and after spending a weekend of worrying about Tax ID numbers and a bunch of other things that have to be done, we want to take this a little more gradually. We certainly reached critical mass with the Raycom acquisition and we certainly have got our work cut out for us with the Raycom stations," he said.

Even so, Yager is still ready if another desirable acquisition becomes available. "I'm always looking. You never stop looking because you don't know where the next opportunity might be," he said.

That is the voice of experience, since Jim Yager broke into the TV business four and a half decades ago, first helping to build up the cable assets of The Broadcasting Company of The South, which soon changed its name to Cosmos Broadcasting. He became GM of WIS-TV Columbia, SC, and Cosmos transferred him to New Orleans when it bought WDSU-TV. "Then there was a change in upper management at Cosmos and I thought the direction of the company was not the same direction that I wanted to go in, so I joined what was then called Spartan Radiocasting Company," Yager recalled. It became Spartan Communications and he rose to COO.

"I guess I was there about six years and I was approached by a fellow by the name of **Richard Benedek** who said, look I'm building a group of mid-size and smaller market television stations across the country, I'm pretty well financed. Spartan at that point was not in acquisition mode because Mr. Brown, who was the owner, was very afraid of debt. Now I went from the frying pan into the fire, I went from somebody who was leery of borrowing money to somebody who could borrow any dime that he ever saw, that was Richard Benedek. It was kind of a real wakeup call to realize how somebody could use debt working with Richard. So I spent 16 years working with Richard," Yager said.

That extreme leverage caught up with Benedek, but even as the company was being sold to Gray, Yager was assembling a new company. Three top managers from Benedek joined him in creating Barrington: **Chris Cornelius**, COO, **Mary Flodin**, Sr. VP of Finance & Administration, and **Keith Bland**, Sr. VP of Acquisitions & Development.

Of course, someone had to supply the money and that turned out to be Pilot Group. "Oh yeah, we talked to a number of venture capital firms. Pilot seemed to have a better understanding—because of their vast experience in media—about what we

Barrington Broadcasting Company Stations

CALLS	Ch.	Affil.	Market Name	Market Rank
WBSF	46	WB	Flint-Saginaw-Bay City, MI	65
WEYI-TV	25	NBC	Flint-Saginaw-Bay City, MI	65
WNWO-TV	24	NBC	Toledo, OH	70
WSTQ-LP	14	UPN	Syracuse, NY	76
WSTM-TV	3	NBC	Syracuse, NY	76
WACH	57	FOX	Columbia, SC	83
KGBT-TV	4	CBS	Harlingen-McAllen-Brownsville, TX	92
KXRM-TV	21	FOX	Colorado Springs-Pueblo, CO	93
K28GE	28		Colorado Springs-Pueblo, CO	93
KXTU-LP	57	UPN	Colorado Springs-Pueblo, CO	93
WPDE-TV	15	ABC	Myrtle Beach-Florence, SC	107
WPBN-TV	7	NBC	Traverse City-Cadillac, MI	113
WTOM-TV	4	NBC	Traverse City-Cadillac, MI	113
WHOI	19	ABC	Peoria-Bloomington, IL	117
KVII-TV	7	ABC	Amarillo, TX	131
WFXL	31	FOX	Albany, GA	147
WLUC-TV	6	NBC	Marquette, MI	180
KTVO	3	ABC	Ottumwa, IA-Kirksville, MO	199

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CLOSED SOLD

WIXO-FM, WVLE-FM, WPIA-FM Peoria, IL - \$2.8 M

WIKL-FM Greencastle, IN - \$2 M

WCVG-AM Cincinnati, OH - \$1.9 M

WBTK-AM Richmond, VA - \$1.5 M

WHAP-AM Hopewell, VA - \$200K

KXEG-AM & KXXT-AM Phoenix, AZ - \$10 M

Traded WBOB-AM & WTSJ-AM Cincinnati, OH
for WLQV-AM Detroit, MI + \$6.7 M

Traded KNIT-AM Dallas, TX
for WORL-AM Orlando, FL + \$6 M

WOCN-AM Miami, FL - \$6 M

WJMM-FM, WCGW-AM, WWFT-AM
Lexington, KY - \$4.5 M

KOKF-FM Oklahoma City, OK - \$4 M

KYLA-FM Shreveport, LA - \$2.85 M

WSRC-AM Durham, NC - \$1.2 M

KTFX-AM Tulsa, OK - \$1.025 M

KBID-AM Bakersfield, CA - \$925 K

KITA-AM Little Rock, AR - \$600 K

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were trying to do in our smaller market stations than anybody else we talked to. They, I think, also realized there are very few opportunities available at under 10 times cash flow even in the smallest of markets, but that if you have the right operators you could take a station that you might have to pay 11, 11 1/2 to 12, not over 12 probably, but in that range, and within a year to 18 months bring it in at an under 10 multiple and as you develop the news and you develop the programming side of the station, as well as the sales side of the station, you can have a very fine growing investment. Pilot subscribes to that theory and we've had a very, very good relationship," Yager said of his backers. Among the Pilot Group members are **Robert W. Pittman, Howard Lipson, Mayo Stuntz, and Robert B. Sherman.**

So, while Barrington is in medium and smaller markets, it has jumped on the digital bandwagon just like its peers in bigger markets.

"We are starting, we are multicasting, we have been multicasting the WB in Flint-Saginaw. We were able to pick up the Pistons and the Red Wings games there. We've been multicasting them, but we're actually putting a station on the air there so we will stop the multicasting and we will be CW there after September 1st. We like what NBC is doing with the weather. We think there are an awful lot of opportunities for us to reposition our own newscast in our markets. We, I don't believe that Moses brought down early news being at 6 o'clock at night. I think we've got to play with different times for our newscasts. In the Eastern Time zone I wonder about 7 o'clock and experiment with different times and do different things. We can do that with the digital multicast. We can re-purpose some of our stuff to see how it works. I'm pretty excited about the opportunities that will be available to us just to expand the content or the uses of the content we currently have," Yager explained.

With that enthusiasm for a changing industry with new challenges, Yager talks like someone who just got into the TV businesses and is looking decades ahead. So, we had to ask, will Jim Yager ever retire?

"I don't know. I have told all the young people that work for me—I'm so far older, much older—I said, look, when you see me missing a step or loosing a beat, come tell me because this is a business where you've got to be young at heart anyway. Maybe not young in chronological years, but you've got to be young at heart and we have pretty frank discussions with the young people that work with me and they are not the least bit intimidated by me, so if I get to that point the answer is I would be happy to step aside and hope there would be some kind of senior role they would allow me to occupy," Yager said.

Don't look for that to happen anytime soon.

New owners taking the broadcasting plunge

by Dave Seyler

The Federal Communications Commission is getting ready to take up the issue of local and national broadcast ownership caps, as well as the issue of broadcast and newspaper cross-ownership. New rules which we passed on partisan lines at the Commission 6/2/03 were not struck down by the Third Circuit Court of Appeals, as you read various places from time to time. They were not even labeled as being bad rules. They were instead said to be poorly justified. They were sent back to the Commission to either be rewritten or better explained.



It is well known that **Kevin Martin** is particularly in favor of easing restrictions on newspaper/broadcast combinations. As we've noted many times, that concept was almost endorsed by the Third Circuit, which

noted that in many markets where such combinations exist, they are demonstrably the finest news operation in town. Still, the Court had a problem with how the Commission arrived at the local media counts that would be permitted for markets of varying sizes.

In addition to cross-ownership, the 6/2/03 rulemaking focused on television issues, proposing to raise the national audience potential cap from 35% to 45% (it's now 39% following some back-room legislative maneuvering on Capitol Hill), easing the rules to allow far more local TV duopolies and making possible triopolies in the largest markets. Broadcasters were disappointed that the rules did little to help operators in the smallest market where the financial need for increased efficiency of operation were the most acute.

All of this was attacked with great ferocity, sparked in part by Democratic Commissioner **Michael Copps**, who managed to get the public involved in matters usually reserved for inside-the-Beltway policy wonks.



Back in February, coming as somewhat of a surprise out of the clear blue sky, key House member **Fred Upton** (R-MI), Chairman of the pertinent House Subcommittee on Telecommunications and the Internet, came out with a pro-

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posal to up the local radio cap from eight to 10 stations, and up to 12 stations in the largest market, a request rarely voiced by any radio companies we know of other than occasional remarks to that effect from Clear Channel and from CBS/Infinity back when **Mel Karmazin** was there.

Despite the possibility that another attempt at deregulation may be in the offing, some observers have noted that there has not seemed to be much clamor for dereg any more. Perhaps TV/newspaper combos produce great news. Multimedia companies seem to have had difficulty figuring out how to make them pay off on the balance sheet. Broadcast earnings have been sluggish in general, and in a reversal from the norm, the greatest punishment has been inflicted on operators in the largest markets.

We're seeing large companies actually divest stations, rather than invest in new additions to their portfolios. ABC packed up its radio group and sent it to Citadel; CBS Radio is looking to follow suit in many of its current markets. Raycom made a major investment in television stations acquired from Liberty, but took the opportunity to execute a number of spin-offs, including many stations which it had prior to the Liberty deal. Many established groups are not putting anything on the block, but neither are they making much effort to add to their portfolios.

Despite all this, new companies are getting into the business.

Perhaps the greatest leap of faith is coming from an outfit called MM Broadcasting LLC, headed by **Edward Mule** and **Robert O'Shea**. It is picking up seven full-powered television stations and several more low power sticks from troubled Pegasus Satellite Communications. It'll get two stations in the far-flung Wilkes Barre-Scranton PA DMA, two more in far-flung Portland ME DMA, and one each in Tallahassee FL-Thomasville GA, Gainesville-Ocala FL and Chattanooga TN. There's a Fox affiliate in Wilkes Barre, and most of the others will cast their lot with either CW or My Network TV. All this for less than \$42.5M.

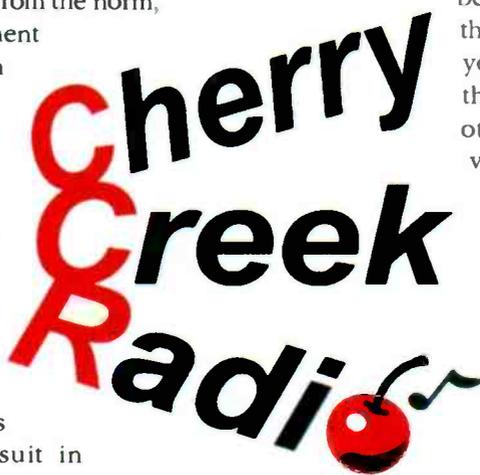
One more TV owner is actually achieving

grouphood, also thanks to Pegasus (partly). **Stephen C. Brissette's** Bluenose Television is getting digital-only WTLH-DT Tallahassee and WSWB-TV Scranton PA from **Daniel Duman's** Mystic Television for just over \$3M. Duman himself just agreed to pick up the Tallahassee station from Pegasus. Brissette is already operating in Savannah GA with WTGS-TV.

There's been even more activity on the radio side. One of the biggest buyers in recent times has been **Peter Davidson**, who, if our internal search engine did not fail us, filed his first contract with the FCC 1/8/04 and has been accumulating frequent buyer miles ever since. Davidson Media Group has been content to buy mostly on the AM side, and although it has yet to make a move further west than Iowa and Oklahoma, it's otherwise geographically diverse. A big part of the Davidson m.o. is to get into the Hispanic radio business in markets that have not yet hit the radar screen at the bigger Hispanic broadcast companies. They're doing that throughout the Carolinas, in Virginia's two biggest markets, in Indianapolis, Des Moines, Louisville, Kansas City, Providence and Springfield MA, among other places. And its using various Religious formats in places like Detroit, Raleigh, Nashville, Louisville, Richmond, Greenville SC and the NC-SC shore.

However, the biggest recent buy from a newer radio group came from **Joe Schwartz** and his Cherry Creek Radio. It recently paid \$33.4M to take the small-market radio stations off the hands of Fisher Broadcasting, adding mostly Montana and Washington stations to a group scattered throughout the small-market west (not to mention an outpost just about as far east as one can get, on Long Island NY).

One of the more intriguing new groups on the scene is Armada Media Corp. How many new entrants into the broadcasting business can boast the former governor of Wisconsin as their nominal head? **Tommy Thompson** is the ex-gov in the lineup, along with **Jim Coursolle**, **Chris Bernier**, **John R. Larson**, **John Lynch** and **Terry Shockley**, has announced a \$9.25M acquisition of a six-station cluster in Aberdeen SD and an \$8.5M deal to get seven more stations in two markets along the Wisconsin-Upper Peninsula Michigan bor-



der. It has also had some unusual press, for a new small-market group. We can't remember the last time a broadcaster was getting ink for staying out of a race for the US Senate, but that's exactly what happened with Thompson. He decided not to headline the Republican electoral ticket as the candidate to take on **Herb Kohl** (D-WI). The group has also gotten some bad ink because of one final name on the ownership roster. **Nicholas Hurtgen** is under indictment in an influence-peddling scheme involving the construction of an Illinois hospital. Before the group can get around to closing its pending acquisitions, it'll have to get around from watchdog groups which are trying to block the deals.

Another group has just made a move which will take it into a fourth market, and when you take as a given that is based in the eastern half of the country, it's quite geographically diverse. The company is Archway Broadcasting Group, headed by **Gordon Herzog** and **Kathy Stinehour**.

It just announced an \$8.15M deal to acquire an intact five station superduopoly (three AMs, two FMs) in the Decatur IL Arbitron market. The seller is NextMedia, which has been trimming its portfolio of late. That will fit in alongside its three FMs in the Little Rock area, a five-FM cluster in the sprawling Greenville-New Bern-Jacksonville NC market, and a one-AM, three-FM cluster in the Columbus GA area.

Todd P. Robinson has been on the move as well, building a very interesting collection of stations. He has KZID-FM Orofino

ID, in unrated territory east of Lewiston and Clarkston WA. There are a pair of California FMs: KTKE-FM Truckee, just north of Lake Tahoe and west of Reno NV, and KHRN-FM Huron, west of the Visalia-Tulare Arbitron market. He has a 50% stake in the latter. In the midwest, he has WUSP-FM Nekoosa WI, just south of Stevens Point, which is the southern extremity of the Wausau-Stevens Point market.

Add to that KZLZ-FM, coming in a \$4.75M deal with Hispanic specialist Entravision Communications. This will mark Robinson's largest market. The station is licensed to Kearny AZ and serves Tucson.

Robinson has also been very active in the mountainous area just off the eastern seaboard. Last year, he spent 1.3M to get an AM-FM combo in Covington VA and another just to the west in White Sulphur Springs/Lewisburg WV. Now, for another 400K, he's making Covington the centerpiece of a triple combo daisy chain, betting another AM-FM combo in Clifton Forge VA.

RBR/TVBR observation: What's interesting about the four radio groups we've looked at is any one of them is capable of striking anywhere. But it is not surprising that they are finding opportunity in smaller rather than large markets. After Telecom 1996 passed, the buying and selling spree that followed began at the top and worked its way down. In the large markets, the inventory of stations is pretty much picked through. Expanding radio groups are succeeding by thinking small.



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