

# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

January 15, 2001

Volume 18, Issue 3

## AMERICAN URBAN RADIO NETWORKS

# #1

### THE URBAN RADIO LEADER



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### Bye-Bye Kennard

At the 1/11/01 FCC Open Agenda Meeting, all of the Commissioners as well as the Bureau Chiefs bade their farewell to Chairman **William Kennard**. Since this is the last meeting that he will



preside over, (since a Republican will be the acting chairman by the next meeting) it seemed fitting that this was the one to say goodbye in front of the cameras. Beginning by thanking the Commission workers behind the scenes, Kennard said "the strength of an organization is only as strong as the strength of the people in the organization." He also added that he was proud to serve the public interest because "serving the public interest is the highest calling  
*continued on page 2*

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that anyone can answer." He ended his remarks choked-up, by saying that more than anything he'll miss his friends. Kennard has not set an actual date for departure and could stay on as a Commissioner until 6/30.

Each Commissioner then said goodbye in his/her own way. Commissioner **Susan Ness** said that Kennard's hallmark is work with "a sweet tone and demeanor." Commissioner **Harold Furchtgott-Roth** likened Kennard's work to performing on a stage saying that "I am a great student of a great actor." Adding that even though he didn't always agree with Kennard's ideas, he "always thinks of him with a smile." Commissioner **Michael Powell** said that the one word to describe Kennard was "champion." Appropriately, he ended with the military statement "It's been an honor and a pleasure to serve with you." Commissioner **Gloria Tristani** spoke of quotes to say thank you, but ended by saying "I will miss you and don't know if I'll survive."—ED

### SMR buyout team in place

Troubled Strategic Media Research (SMR) has secured an eleventh-hour buyout offer from a group of industry investors. The group includes Ultimate Inc. CEO **Jimmy de Castro**, former AMFM Radio Networks President **David Kantor**, Radio One CEO **Alfred Liggins**, record promotions exec. **Jeff McCluskey**, radio entrepreneur **Jeff Trumper** and Standard Radio (Canada) CEO **Gary Slaight**. All will become board members. Each investor will get a 10% stake in the firm. There is no word yet if any will join the

company on a day-to-day basis.

The management buyout offer (pending SMR's Chapter 11 filing completion) was led by SMR SVP **Amy Vokes**. Debt was rumored to be \$8M. Chairman and founder **Kurt Hanson** will remain an executive there, but is no longer a shareholder. SMR managers **David Becker**, **Kristen Ozenbaugh-Dale**, **Phoebe Pierson** and **Paul Kaiser** are among those participating in the buyout.

"I think it's great for two reasons. One, clearly they're the premier research company in the industry and it would be horrible to see them not continue. Kurt and Amy have really led and had the vision of that company, so we're glad to see them both at the helm," Kantor tells *RBR*. "The second aspect is being able to work with other significant current and ex-radio broadcasters to try to put this together, which offers some opportunities, of which this is the first."—CM

### Tauzin becomes chairman

We reported that Rep. **Billy Tauzin** (R-LA) was the likely heir to the newly named House Energy and Commerce Committee. It's now official. Tauzin's long-time rival for the seat was Rep. **Mike Oxley** (R-OH) who now heads the new House Financial Services Committee. Tauzin has been very outspoken about the failures of the **Kennard**-era FCC and will more than likely band together with Senate Commerce Committee Chairman **John McCain** (R-AZ) to bring about some sort of FCC reform. Although no subcommittee chairs have been announced, it still looks like Rep. **Cliff Stearns** (R-FL) has the Telecommunications subcommittee chair in the bag.

Seven new names were added to the roster of the Senate Com-

merce Committee. The three Democrats are **Barbara Boxer**-CA, **John Edwards**-NC and **Jean Carnahan**-MO. The four republicans are **Gordon Smith**-OR, **Peter Fitzgerald**-IL, **John Ensign**-NV and **George Allen**-VA. Subcommittees and chairmen are expected shortly.—ED

### FCC extends comment period

FCC Mass Media Bureau Chief **Roy Stewart** has extended the comment and reply deadlines on the FCC's Notice of Proposed Rulemaking to change the way local radio markets are defined. The proposal would substitute Arbitron market definitions for the current contour overlap methodology.

The Commission had put the NPRM on an unusually fast track (60 days instead of the usual 90) which would have required the initial round of comments to be filed by 1/26 and reply comments by 2/12 (*RBR* 12/8/00, p. 1). The NAB and two state broadcasters associations had asked for each deadline to be extended by 60 days because of the complexity of the issue. Stewart didn't go that far, but did extend the cycle by a total of 45 days. The deadline for initial comments on Mass Media Docket No. 00-244 is now 2/26 and reply comments are due 3/13.

**RBR observation:** It's nice to see reason prevail at the FCC. As we noted (*RBR* 12/25/00, p. 3), Chairman **Bill Kennard's** effort to ram his poorly researched and politically motivated plan through before President-elect **George W. Bush** can get a new FCC in place would only serve to antagonize Congress (yet again) and set the Commission up for another court defeat. While

the current market definition doesn't make sense, using Arbitron's definition doesn't either. Perhaps someone will be able to come up with a workable solution which the FCC can recommend to the body which actually has the authority to change this law—the United States Congress.—JM

### **iBiquity delivers additional test data to FCC**

Sole IBOC proponent iBiquity Digital has submitted additional test data to the FCC from its test station, KWNR-FM Las Vegas. The announcement was made at CES 1/5. Test data from Las Vegas is particularly relevant because of the city's well-known problems with multipath. With the city's two antenna farms well outside of downtown on top of mountain ranges, the main target area of listeners is often obscured by the rows of towering casinos and signage. Conversely, in cities like NYC, sometimes multipath is reduced by the fact the transmit antennas are just overhead, mounted on the World Trade Center or the Empire State Building. Nevertheless, multipath has always been a problem for analog FM and probably the biggest reason behind the drive to digital.

The field test data from KWNR-FM Las Vegas demonstrates that the digital signals are "extremely robust" in the presence of high levels of multipath, showing the superior digital audio quality. Field test results also confirm comparable coverage to the city's analog signals. Additional test data submitted on analog subcarrier test compatibility with digital signals shows digital AM and FM does not harm the reception. "Our demonstration of compatibility with subcarriers was well received by the board of directors for the International Association of Audio Information Services (IAAIS). The IAAIS promotes information access services for blindness or any

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other visual, physical or learning disability," noted **Glynn Walden**, iBiquity VP Broadcast Engineering.

iBiquity Digital was created from the recent merger of Lucent Digital Radio and USA Digital Radio and is partly owned by 14 of the top 20 US broadcasters.—CM

### **Bell is back: Monday, Feb. 5**

Premiere Radio Networks will once again bring **Art Bell** back to the reins of "Coast to Coast AM" February 5 to 430 affiliates. Bell had twice quit the 1A-6A ET program due to a variety of

personal dramas (*RBR* 4/10/00, p.3) that included a sexual assault on his son by an HIV-infected school teacher, and accusations of child molestation and arrests for pornography (*RBR* 6/7/99, p. 6) by radio host **Ted Gunderson** and others. Now that Bell cleared his name, winning multiple libel suits (a confidential settlement) against his accusers, he has been able to put it all behind him and return to the airwaves a new man.

"I'm very excited—of course I'm excited—to get back. I'm looking forward to building the show back up again. It's still on 430 affiliates, but I've got some work to do," Bell

tells *RBR*. "I know that radio is a bottom line business and ratings equal money and money equals where you're going to be. However, and this is really important, when Premiere came to me, I opted to not take any more money, and instead, cut down the number of commercials on the show. I took the show back from four to five hours. So, what I'm trying to do is get the show back to its basics. That's what's important for me."

Current "Coast to Coast AM" host **Mike Siegel**, who had filled in for Bell numerous times during his troubles, has settled with Premiere.—CM

## **CLEAR CHANNEL**

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## Ceridian's stock down

Ceridian (N:CEN) fell \$2.313 Wednesday (1/10) to close at \$17.875 after warning of no better than flat earnings. Excluding Arbitron, which is due to be spun off, Ceridian CEO **Ron Turner** said 2001 earnings per share should be 65-70 cents per share—compared to a pro forma 70 cents for 2000 and a dime below what Ceridian had previously told The Street to expect in 2001. Ceridian also announced that it has received a letter ruling from the IRS that the Arbitron spin-off will be tax-free. The company is now working with its bankers to refinance its debt in conjunction with the split into two public companies. Arbitron, by the way, is expecting 2001 pro forma earnings around 23 cents per share.—JM

## Stocks gain on upbeat report

Radio stocks were up sharply as *RBR* went to press 1/11, following a favorable outlook report from First Union Securities. Analyst **Jim Boyle** advised clients that pacings had suddenly improved dramatically in large markets. Boyle reaffirmed his buy ratings on big market groups as those most likely to benefit first-Clear Channel (N:CCU), Emmis (O:EMMS) and Radio One (O:ROIA).

"We know it's still tough comps, but the immediate future suddenly looks brighter than we and most others had been looking for," Boyle told *RBR*. For 1/11, CCU rose \$3.563 to \$58.625, EMMS \$3.438 to \$30.313 and ROIA \$0.938 to \$14.50.—JM

## Names you know helping Bush

A trio of people familiar to broadcasters have been appointed to the advisory committee helping the **Bush-Cheney** transition team study communications issues and pick potential FCC nominees. One committee mem-

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ber is a former FCC Chairman himself, **Dick Wiley**, who now heads the communications law firm of Wiley, Rein & Fielding. The others are Salem Communications (O:SALM) CEO **Ed Atsinger** and **Adam Lindemann**, Chairman of Mega Communications, a fast-growing Spanish radio group, and a New York investor.

"Issues relating to broadcasters are foremost in my mind, but I'm also aware of the other challenges of the FCC," Lindemann told *RBR*, noting that he'd been in the cellular phone business prior to Mega.—JM

## StreamAudio signs Cox Radio/Cox Interactive Radio

StreamAudio, now the world's largest streaming provider for radio, has upped its affiliate count to 740 with the signing of Cox Interactive Radio (CXRI) 1/10. The deal will provide streaming and ad insertion for all 83 Cox radio station websites. CXRI is a unit of Cox Radio (N:CXR), separate from Cox Interactive Media, responsible for its new media strategy. 58 of Cox radio stations are currently with Yahoo! Broadcast, the total stations streaming is close to 64. The deal with StreamAudio is effective 2/18, the day the Yahoo! Broadcast contract runs out.

The Cox deal will boost StreamAudio's monthly streams over the 3 million mark. StreamAudio CEO **Bob Case** tells *RBR*. "So when we fully deploy with ad insertion, now playing software, and every trick, every piece of software that's available, we will be able to go to advertisers with the critical mass of every Cox Radio station in all of their markets and really have something significant to sell, instead of piece

mealing it one radio station at a time, one market at a time."—CM

## Court remands LPTV case to FCC

The US Court of Appeals for the District of Columbia has ruled that the record of the NAB's suit against the FCC over LPTV be turned over to the FCC so that they can make the changes in the order as per Sen. **Rod Grams'** (R-MN) Radio Preservation Act of 2000 (*RBR* 1/1 p.2). This bill requires third adjacent channel protection and further testing of LPTV stations. With respect to the consolidated case of **Greg Ruggiero**, who sought to eliminate character qualifications, the court set a schedule for further briefs to discuss the constitutionality of the policies: Ruggiero must file within 21 days of any action by the FCC to implement character qualifications per the Act, the FCC must reply within 14 days of Ruggiero's brief and Ruggiero may file a reply to the FCC within 7 days of the FCC's brief.—ED

## Court orders BroadcastAmerica to turn over contracts

Despite its attorney **Roger Clement's** efforts, a US Bankruptcy court judge ordered BroadcastAmerica (BA) to turn over copies of station contracts to SurferNetwork, via its funding company. Surfer had invested \$1M in the company and was set to take managerial control, pending BA's Chapter 11 filing completion. SurferNetwork's funding entity now wants the judge to foreclose on BA's assets; BA wants the judge to allow the webcasting aggregator to be

auctioned as a whole. The answer is likely to come on 1/19, the next date in court.—CM

## XM launch rescheduled; signs Sears

XM Satellite Radio (O:XMSR) and Sea Launch have rescheduled the launch of XM's first of two satellites, "Roll," to Wednesday, February 28. The original 1/8 launch countdown was halted when a minor out-of-specification condition was detected on the satellite. As a consequence of the rescheduling, the new schedule for the launch of XM's second satellite, "Rock," is now mid-April. The revised timetable should have no impact on XM's satellite program and will still allow XM to rollout its planned service this summer.

XM signed an agreement with Sears to carry its receivers in more than 2,200 Sears (N:S) retail outlets across the country. Beginning with XM's launch this summer, Sears will offer XM-ready radios in its full-line stores that carry auto sound electronics. XM has also signed similar agreements with Circuit City and Best Buy. XM unveiled 24 different XM prototype receivers 1/5 from Pioneer, Alpine and Sony at the 2001 Consumer Electronics Show (CES). Unlike competitor Sirius Satellite Radio, XM will offer in-home stereos and boomboxes.—CM

## You read it here first

Seattle media outlets woke up last week to the month-old news that Ackerley (N:AK) is about to sell the NBA Seattle SuperSonics (*RBR* 12/4/00, p. 4).

As predicted, Ackerley 1/11 sold the NBA franchise to Starbucks (O:SBUX) coffee magnate **Howard Shultz** for \$200M.—JM



## Emmis reports record results

Emmis Communications (O:EMMS) reported 1/10 that same-station radio revenues increased 4% for its fiscal Q3, which ended 11/30/00, with broadcast cash flow from radio up 8%. That was better than TV, although it was also positive. Overall, including acquisitions, Emmis said net revenues grew 57% to a record \$143.6M and after-tax cash flow grew 51% to \$29.4M. The company also announced that it had refinanced its bank debt, entering into a \$1.4B senior credit facility with its lenders—that's in addition to the company's \$300M in public bonds outstanding.

Never mind the past. What

most analysts wanted to know in Emmis' conference call was how are things going now?

"Overall, we feel very good. This is a company that prides itself on operating and operating in any environment," said CEO **Jeff Smulyan**. "Obviously this is an economy that no one knows where it's headed, but we've been there before and we're comfortable that whatever the economy gives us, we'll make the most of it."

Getting down to specifics was Emmis Radio President **Doyle**

**Rose**: "Forward pacing for our fourth quarter—December, January and February—looks like flat to low single digits. December was a tough comp month, as you know because, there was some very heavy Internet spending and some year-end spending by dot-com companies last year that we had to compare to, but as Jeff noted earlier in the call, we did a great job of replacing a lot of that business. If I were to characterize the next two or three months, as I said, December looks like it will be in the flat

area. January will be better than December and February will be better than January—not by a lot, but we're seeing some very encouraging signs in the last few weeks that paces have increased quite dramatically for January and February. You never know with paces, the way they come in, but they're looking pretty good right now."

Emmis is sticking with a projection that after-tax cash flow should be up about 20% when its fiscal year wraps up the end of February.—JM

# Radio AdBiz

## The MeasureCast Weekly Top 25™ (Monday, Jan. 1 - Sunday, Jan. 7, 2000)

Rank	Station	Format	Network	URL	Total TSL <sup>1</sup>	Cume Persons <sup>2</sup> (in hours)
1	WABC-AM (New York)	Talk Radio	ABC Radio	<a href="http://www.wabcradio.com">www.wabcradio.com</a>	51,677	10,672
2	MEDIAmazing (Internet-only)	Listener Formatted	MEDIAmazing	<a href="http://www.mediamazing.com">www.mediamazing.com</a>	49,705	15,966
3	Radio Margaritaville (Internet-only)	Classic Rock	Radio Margaritaville	<a href="http://www.radiomargaritaville.com">www.radiomargaritaville.com</a>	24,690	4,823
4	WPLJ-F (New York)	CHR / Top 40	ABC Radio	<a href="http://www.wplj.com">www.wplj.com</a>	24,479	2,532
5	KSFO-AM (San Francisco)	Talk Radio	ABC Radio	<a href="http://www.ksfo.com">www.ksfo.com</a>	23,990	5,086
6	WLS-AM (Chicago)	News / Talk	ABC Radio	<a href="http://www.wlsam.com">www.wlsam.com</a>	21,593	6,246
7	KQRS-FM (Minneapolis)	Classic Rock	ABC Radio	<a href="http://www.kqrs.com">www.kqrs.com</a>	20,459	2,649
8	KGO-AM (San Francisco)	News / Talk	ABC Radio	<a href="http://www.kgoam810.com">www.kgoam810.com</a>	19,110	4,474
9	WBAP-AM (Dallas/Ft. Worth)	News / Talk	ABC Radio	<a href="http://www.wbap.com">www.wbap.com</a>	7,761	3,238
10	WJZW-FM (Washington DC)	Jazz	ABC Radio	<a href="http://www.smoothjazz1059.com">www.smoothjazz1059.com</a>	15,153	1,574
11	KLOS-FM (Los Angeles)	Classic Rock	ABC Radio	<a href="http://www.955klos.com">www.955klos.com</a>	14,930	2,974
12	HardRadio (Internet-only)	Album-oriented Rock	HardRadio.com	<a href="http://www.hardradio.com">www.hardradio.com</a>	14,598	2,506
13	3WK Undergroundradio (Internet-only)	Alternative Rock	3WK	<a href="http://www.3wk.com">www.3wk.com</a>	14,327	2,804
14	WRQX-FM (Washington DC)	CHR / Top 40	ABC Radio	<a href="http://www.mix1073fm.com">www.mix1073fm.com</a>	14,259	1,198
15	The Beat LA (Los Angeles)	Urban R&B	CyberAxis	<a href="http://www.thebeatla.com">www.thebeatla.com</a>	11,149	2,158
16	Black Gospel Network (Internet-only)	Gospel	Oneplace	<a href="http://www.blackgospelnetwork.com">www.blackgospelnetwork.com</a>	10,492	2,499
17	WBLS-FM (New York)	Urban R&B	GlobalMedia.com	<a href="http://www.wbbs.com">www.wbbs.com</a>	10,422	1,059
18	Star 98. (Burbank CA)	Adult Contemporary	CyberAxis	<a href="http://www.star987.com">www.star987.com</a>	10,380	1,726
19	BluesBoyMusic.com (Internet-only)	Blues	The Broadcast Web.com	<a href="http://www.bluesboymusic.com">www.bluesboymusic.com</a>	9,183	3,193
20	KABC-AM (Los Angeles)	Talk Radio	ABC Radio	<a href="http://www.kabc.com">www.kabc.com</a>	9,160	2,940
21	Christian Pirate Radio (Internet-only)	Contemporary Christian	Christian Pirate Radio	<a href="http://www.mycpr.com">www.mycpr.com</a>	8,941	1,820
22	KBLX-FM (San Francisco)	Adult Contemporary	GlobalMedia.com	<a href="http://www.kblx.com">www.kblx.com</a>	8,784	802
23	WMAL-AM (Washington DC)	News / Talk	ABC Radio	<a href="http://www.wmal.com">www.wmal.com</a>	8,554	1,836
24	KXXR-FM (Minneapolis)	Rock	ABC Radio	<a href="http://www.93x.com">www.93x.com</a>	7,957	1,238
25	WPOW-FM (Miami)	CHR / Top 40	GlobalMedia.com	<a href="http://www.power96.com">www.power96.com</a>	7,007	1,955



## CMR sees modest ad growth

In its first attempt to project future ad growth, CMR estimates that total US ad spending will rise 3.8% to \$106.6B in 2001. CMR (which is no longer calling itself Competitive Media Reporting) says 2000 ad spending rose 14.5% to \$102.7B. The ad-tracking company, which was recently acquired by Taylor Nelson Sofres, told *RBR* it doesn't have figures available breaking out its forecast by individual media sectors, but hopes to do so in future forecasts.—JM

## First People Meters placed

Arbitron has placed its first 50 Personal People Meters with consumers in Wilmington, DE. The Wilmington test, which will grow to 300 people within the next six to eight weeks, is the first phase of Arbitron's initial US field test of the pager-sized PPMs, which will expand to cover the entire Philadelphia metro later this year. As of last week, Arbitron said 54 radio, TV and cable stations were encoding their broadcasts to be recognized by the PPMs. The goal is to have at least 70 broadcast stations and cable channels participating in the Philly test.—JM

## Mercury Awards deadline 3/9

The call for entries went out today for the 10<sup>th</sup> Annual Radio-Mercury Awards. Entries to compete for 12 cash prizes totaling over \$150K are due 3/9. The entry fee is \$100 for commercials and \$30 for PSAs. Last year's \$100K Grand Prize went to DDB Chicago for a Bud Light spot honoring the fictional inventor of the foot-long hot dog. This year's prizes will be presented 6/6 at the Waldorf-Astoria Hotel in NYC. Entry forms and details are available from **Wendy Frech** at 212-681-7216 or mercury@rab.com.—JM

# Radio AdBiz

## Managing Choices

By Matthew Warnecke



As I begin this column, I'm sitting in LAX waiting for a flight to Las Vegas in order to tour the Consumer Electronics Show. It is *the* Expo for folks in the business of electronics and communications. My role as Director, Network Radio Services at MediaCom puts me firmly in the communications group. But these days, it's the electronics (frankly, toys for grown-ups) that spark a great deal of interest. So here I am—an ex-Spot TV and Radio guy turned Network Radio guru—about to tour the 21<sup>st</sup> century's cutting edge technology that you and I will be strapping to our waists in the coming years. It is the multitude of advertising options and technology that prompts the subject of this column: "How do we sift

through all of these new media choices?"

Salespeople schlepping a "new and better" way to reach the consumer regularly besiege those of us whose job it is to find an audience for our clients' messages. This onslaught comes not only from traditional radio networks, but it also comes from what could be called e-media outlets. Internet and satellite radio—just to name two—are increasingly part of the regular conversation we have about how to deliver an audience. It is both gratifying and appropriate that these cutting edge media delivery systems are being presented to buyers of one of the oldest the media delivery systems there is . . . network radio. The fact that the media type which brought President Roosevelt's fireside chats to America is going to bring us all kinds of on demand audio is both exciting and daunting.

And just like the amazement I felt viewing the gargantuan convention floor and was slack-jawed at the variety, I thought, how do we navigate the multitude of alternative offerings which cross our desks on an increasingly regular basis?

The answer doesn't need to be difficult. Don't rush, use your experience, use your common sense, and take manageable risks. If you're as lucky as I am to work for a company that empowers you to make reasoned decisions, you're golden. Faith in your staff is one of the best motivators there is. Also, stay connected to your salespeople and media companies. As scary as it is sometimes to answer my

phone—wondering who might be on the other end—I try to keep everyone appropriately informed about my clients' media objectives. After all, any info or insight we can obtain from savvy suppliers is welcome. They are a great resource for marketplace information and research. Generating and maintaining internal support from the account group and media planning is invaluable. Negotiate. Crunch the numbers. After your analysis is complete, give it a shot. Don't bet the farm, but get your feet wet. You won't hit a home run; in fact, you shouldn't try. That's what I mean by manageable risks. Much of this new media is in its infancy, so a properly scaled trial is certainly appropriate. It may not end up being everything you hoped for, but you'll be in a better position to recommend a new media option the next time. Any kind of performance will help fine tune your selection criteria. It's what a tough former client of mine called "lessons learned".

Innovation is here to stay. With brains, experience, and the willingness to communicate, we can lead the curve and provide our clients with the best guidance and insight for their business, now and in the future.

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## Carson Daly signs deal with Premiere for two shows

**Carson Daly**, host and executive producer of MTV's "Total Request Live," has signed a deal with Premiere Radio Networks to host two shows

launching 4/5. One is an hour-long weeknight CHR request show and the other is an Alternative music show for weekends, "Alternative World."

The CHR show will feature requested music from listeners and is customized for key stations that include WHTZ-

FM NY and KIIS-FM LA. "Alternative World" features in-studio interviews with bands, talk tours, festivals, online entertainment and music reviews. Before his work at MTV, Daly did afternoon drive for heritage Alternative KROQ-FM LA.—CM



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## Leading the digital facility transition: Klotz's Ramon Esparolini

by Carl Marcucci

**Ramon Esparolini**, Managing Director of Klotz Digital Radio, became interested in the pro audio business as a user at the ripe old age of 13, recording bands in 70s. He then did production work in radio, producing ads for bands and operating a sound reinforcement business. Ramon spent years in pro audio sales with dealers such as Island Audio and CMG Sound in Rockville, MD. He then spent three years with a concert events company, Jack Link and Associates, which happened to use AudioArts Engineering equipment. That association led to the title of AudioArts SM in 1985, where he helped move AudioArts and the then newly-incorporated Wheatstone to Syracuse in 1986. He then took a few years' detour at the USO World HQ as Production Manager, working under now Sen. **Charles Hagel** (R-NE) doing simulcasts and multimedia for major performances. He returned to Wheatstone in the early 90s as SM.

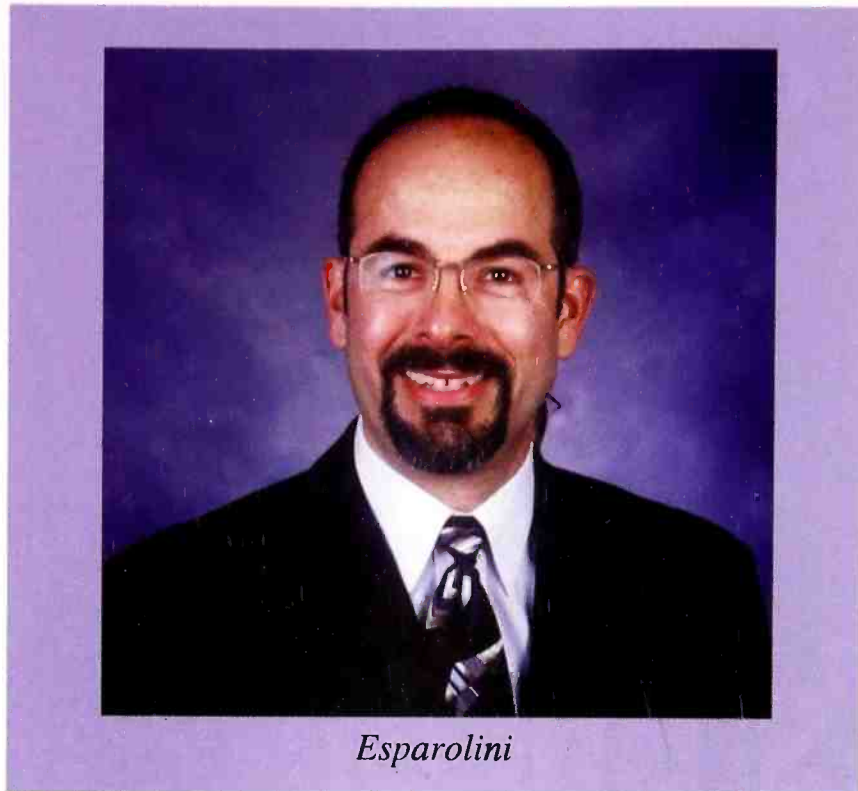
In March 1998, **Thomas Klotz**, founder of Munich-based Klotz Digital, tracked Ramon down and offered him a position as VP Sales and Marketing. A year and a half later, Ramon was upped to Managing Director, where he oversees Klotz's new Atlanta facility.

Klotz Digital offers a new way of thinking in facility wiring. Along with group radio clients across the globe who have made the Klotz Vadis platform transition, XM Satellite Radio (O:XMSR) and a number of webcasters are relying on it to launch operations altogether. Here, Ramon talks about the industry and where Klotz is taking it.

**Tell us about the deal you did with RBR—providing the Klotz Paradigm Producer. What can the Paradigm do, not only for our RBR.com, but for other webcasters and broadcasters?**

The Paradigm itself is a completely self-contained and very straightforward radio mixing

# Engineered For Profit



console. It has buses in it that allow you to do mix-minusing. This particular feature is good for doing Talk shows where people are calling in—you can have multiple callers on the air. Also, of course, it's completely digital inside and has digital audio inputs and outputs. A lot of flexibility and capability, in that even though there are just a small number of faders—eight or so—you have the ability to connect as many as 24 audio sources. So you can have everything in your facility or control room connected and easily use it and deliver digital audio right to the codecs for webcasting.

**We did a story about transforming radio facilities with the use of a digital backbone. You mentioned that people need to "think outside of the box" when transitioning to Klotz. What's the "technical psychology" there?**

Typically, what has happened in the past is people build radio facilities or broadcast plants—whether it's Internet broadcasting or traditional—and they just build standalone controls with the console and so forth. Some places in the plant there might

be a router and lots of cabling going in all directions for control and audio and so forth. And basically, just a bunch of rooms that are connected together that do nothing more than what a single room could do.

We have actually developed and provide a platform, an audio media platform, which is fiber-optically based. That platform is hardware and firmware, the system is called Vadis. And this platform eliminates about 90% of the entire plant wiring for any broadcast facility, netcasting or whatever the application might be. It allows all rooms to have a control device that looks like an audio mixing console, but in fact is just one ethernet connection to the console that works on a LAN or a control layer, typically ethernet LAN. However, on the platform layer of the Vadis system, you actually have fiber optic, networked mainframes that are all connected together that are available to every single room, in any sort of way—whether it's mixing or sending out signals or control, in almost any application that a broadcaster could dream of, really.

**We did a feature on the Vadis Install project at Clear Channel Denver—the largest consolidation project in history. Tell us a little bit about some of your current radio install projects.**

Here in the states, a number of people have realized that moving outside of the traditional method of doing construction and design and moving instead to this platform technology makes a lot of sense to them. And of course, that's exactly what happened to Clear Channel out in Denver where they put in eight radio stations worth of facility and a news command center. The radio station itself had 24 control rooms. There were 20 digital sports and news workstation areas, a transmission penthouse, a number of engineering rackroom areas, all connected on a single platform.

These kinds of things are being realized by others, such as we just finished a project at WCBS in New York City. That project was very similar in that they have producers and news work centers and on-air and production rooms all working on one platform that allows all the rooms to share data, allows them to share audio, send whatever they need to the air and so forth. So, just the whole platform idea—when people understand thinking outside that box, when they see that ability, flexibility and power that this kind of system allows, it just opens everything up, totally, to allow any room to do anything.

**Have you ever done any discussions or studies as to how much money and time can be saved in the long run after installing a Vadis platform?**

Well, from a short-term standpoint, what ends up happening is that the cost of the system, the bottom line, for installation and purchase of the equipment and



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"When faced with moving seven major radio stations into one consolidated facility, we suddenly realized the limitations of using a conventional analog approach," says Jan Chadwell, AM Chief Engineer, Clear Channel Denver. "Klotz provided the solution with their digital consoles and VADIS platform. We were able to consolidate the majority of the sources and destinations in one large master rack room."

"Klotz allowed us to achieve in eight months what would have taken us two years had we gone analog. Performance has been beyond anything we could have anticipated. The flexibility, ease of use, low maintenance, and great factory support have reinforced our decision. Thank you Klotz!"



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so forth, is very similar to doing a traditional high-quality analog facility. However, there is, in the end, a tremendous savings in installation time. Of course, you can't really calculate how much money that would save, because what you're really doing when you're wiring a plant is you're just running two wires to each room. One is a control wire that is a CAT-5, RJ-45-type connector, very much like a LAN or a network connection you'd have to a computer. And the other one is a fiber-optic network that's also very straightforward. So these two wires wire the plant. You end up with a similar type of expenditure, except hardly any of that is invested in wire, connectors and installation labor.

Instead, your installation ends up being an investment in technology. And when it comes to things like capability, flexibility, future growth of the system, that is all completely unlimited.

## Where would you say the whole business of traditional audio boards and traditional thinking is going?

The transition is taking place, as traditional broadcasters are consolidating, and more importantly, as the Internet ones are becoming more and more online, they are realizing that they get to start with a brand new infrastructure. The Internet broadcaster already sees outside the box, so they are already thinking in our direction as a platform technology. As more requirements come on to the management of these facilities

for program-associated data, new revenue streams, new services, they all realize that the traditional console—whether digital or analog—if it's designed in the traditional way, or the traditional router, those things will not deliver. This is really the key.

## Tell us about Klotz's global business.

We are basically all around the world. Most recently, we've opened our facility in Technology Park in Atlanta and we have a team down there. We have a similar operation, actually larger, in Kuala Lumpur, Asia which operates for all of the Pacific Rim countries, mainly the Far East. We also have offices in Sydney, Australia and Paris. We are, of course, headquartered in Munich and our European and North Africa operations are also in Europe. So we're pretty evenly spread around the world. The newest market for us, really, is the United States.

## Describe Klotz's customer base.

There are many, many projects in Europe, ranging from Deutsche Welle, Classic FM in London and the Finnish Broadcast Group. We've been doing a tremendous number of things in Australia—we did the Olympics there. We provided the platform for all the live audio as well as all of the live audio feeding the broadcast center for the entire project. But also in Australia, we're doing the entire continent for the ABC, city by city. We're probably in our third or fourth city there now doing facilities. There are many other national broadcaster clients like this—Korea—just all around the world.

In the United States, we've done the project in Denver, WCBS, Mercury Radio in Buffalo, AMFM in Tucson and just closed on a project just sold in

Los Angeles for Liberman Broadcasting; First Broadcasting in Dallas.

## Tell us about your work with XM Satellite Radio.

That's a very interesting project we're involved in, right here in Washington, DC. We're providing the entire platform for all the audio and media, as well as all of the control surfaces and various other controls, ranging from things that look like consoles all the way over to things that look like a PC. So XM's entire plant is all fiber optic, audio media and digital audio sync. And then an entire LAN that does all the control. That facility is like 82 control rooms, quite a large facility, but perfect for the kind of sharing and applications that the Vadis platform can provide them.

## What changes have you seen at the stations in the way of IT professionals? Do you have any observations as to the caliber of CEs moving from RF to IT?

Well, actually, a lot of broadcast engineers and just engineers in general are becoming more and more familiar with IT hardware, and a lot of them have been pioneers in working with IT equipment and broadcast-style applications. What we're seeing even more of is the expansion of the MIS or IT professionals are now being added to stations. Because, of course they've been using Enterprise-type computer systems already and now that is sort of expanding into broadcast area as well—part of the plan. So engineers are sort of becoming all-in-one, the broadcast engineer is becoming more of an IT person, and the IT person is starting to work their way into the broad-

cast world. They are sort of meeting in the middle, if you will.

## What level are you dealing with for purchase decisions in radio? Is it trending toward higher-level individuals than the CE?

Well, actually it's expanded from the CE. The CEs always need to be apprised of new technology. They will be the ones that actually implement it, and they are the ones that many times are brought to the conference room table to sit down in a roundtable discussion and discuss what's intelligent for a station. But what has really happened is that those numbers of individuals that you meet with to discuss this, instead of only being the CE and the GM, are now maybe the news director, the PD and others. The group is actually larger and all of them have their questions because essentially, since you're not just buying a piece of equipment, you're actually putting in a platform for the facility, everybody has a different question and different ideas and they want different solutions, which are actually bundled into this one thing.

## Where do you see the future of broadcasting going?

It's actually becoming clearer as time passes—Internet broadcasting, satellite delivery, delivery to cell phones, and those types of technology. I think, however, for the traditional broadcaster, that they have something that is very important and valuable. What they have currently, converted to a digital broadcast standard such as iBiquity Digital, with a wireless pipe distributed to everybody in their locale is where it's going. This wireless pipe that goes to individual listeners instead of strictly just radio broadcasting, that is where it's headed, really.

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## No Bones about it: The Horizon is brighter

Simmons Media Group's Rocker KRQS-FM "The Bone" Albuquerque, after a less-than-stellar performance in a ratings battle with Clear Channel's (N:CCU) KZRR-FM (KZRR posted a 6.1 rating in Summer '00 compared to KRQS' 1.3), bowed out of the Rock format to find a new home in Smooth Jazz as 101.3 "The Horizon".

"I love the music. This format is a personal favorite of mine. I am thankful that Simmons corporate office let me do it!" said **Bruce Pollock**, VP of Simmons Media Group in Albuquerque and GM of KRQS. KRQS made the official switch 12/26/00.

Pollock added that "the Smooth Jazz format allows Simmons to compete in an exclusive format." Some of the core artists are **Sting, Craig Chaquico, Richard Elliot** and **Peter White**. KRQS will syndicate the **Dave Koz Show** and **The Ramsey-Lewis Show**. The new target audience is adults 25-54 and they have no direct competition in the terms of format. KRQS is using a programming consultant.—ED

## AC current brings new life to Baltimore FM

When it comes to signals in the Baltimore market, 100.7 WZBA is not the sharpest knife in the drawer. It is licensed to Westminster, MD, which is over 30 miles to the northwest of the center of the city. Although it covers most of the urban area, it doesn't quite make it into heavily populated areas south of there. Run as a standalone for years by Shamrock Communications, it has always had difficulty being much of a factor in the market.

It really began to slump in 1999, when as WGRX, its Country format slipped under a one share 12+ for four books running, ending up at a paltry 0.5 in the Fall survey.

At that point, it received its new calls (WZBA) and a brand

# Radio Wars®

new Adult Contemporary format, and the results, if not spectacular, have to be called a success. In the three surveys since the flip (Wi00, Sp00, Su00), it has gone 1.4-1.2-1.3 P12+.

WZBA has even broken into the top ten in the market for one of its demos. The station is in a tie for 8th place in the Women 35-64 category. In all cases, its ratings in the 25-54 and 35-64 age groups for both sexes have outpaced its 12+ numbers, giving the station a reasonable stance to make its selling point. All in all, the flip from Country to AC was a job well done.—DS

## Black buy into Back Bay pays off

Although Boston has by far the smallest Black population among top ten radio markets, Radio One saw an opportunity there and took steps to capitalize. Its first move was to buy WCAV-FM from Aritaur Communications for \$10M (RBR 6/28/99, p. 14). The station was putting out a Country to little effect from the suburban outpost of Brockton, MA. They took it off the air, gave it a technical upgrade and returned it to the air as Urban WBOT-FM. They also teamed it with the market's at-the-time lone Urban outlet, Nash's WILD-AM via an LMA/option.

WBOT has turned in impressive numbers since its sign-on. In the three books which have come out since its Wi00 debut it has gone 1.2-2.0-1.8 P12+. Its audience is skewed heavily toward the younger demos, doing quite well 18-34 and even better 12-24. In fact, it already holds down 5th place in the Women 12-24 cell. (WILD's performs remarkably evenly across the age and sex categories).

Bringing a stick to life anywhere is a daunting task, and it is even more so in the hyper-competitive atmosphere of a big city. Radio One has done a great job kicking off its new station. The even better news is that there remains further upside potential. The contract for its deal specified that Aritaur would receive additional cash if various potential upgrades above and beyond the one already executed (involving location of a transmitter site closer to the Boston city limits) were approved within three years of signing, it would mean additional cash for Aritaur. And, of course, the potential for additional ratings and revenue for Radio One.—DS

## Omaha AM sets a new Standard

An AM station in a superduopoly cluster doesn't have to pull ratings to have value. When it does draw an audience, so much the better, and most operators would probably be happy with an AM which was knocking down numbers in the 2's and 3's, and had the cachet of a three-letter call sign as well. But when 590 kHz WOW Omaha started dipping below the 2.0 threshold, owner Journal Broadcast Group snapped into action.

It essentially went from one kind of classic to another, chasing away **Hank Williams** with **Frank Sinatra** and a Standards format. Also in the mix were a new set of call letter, KOMJ "Magic."

The results have been nothing short of outstanding. As of the Summer book, KOMJ had grabbed a nifty 5.2 share P12+, good for 8th place in the market.

The one problem facing KOMJ (and most Standards sta-

tions) is the age of its audience. Arbitron does not publish any results for the 65+ crowd, which is where the station's strength comes from in the overall P12+ results. In its strongest measured demo, 35-64, and again like many stations in the Standards format, it fails to match its 12+ numbers. But even at that, it has more than doubled its ratings both 12+ and 35-64, and you have to like that.—DS

## Setting yet another new Standard

Crawford Broadcasting Co. is a group owner with national scope, and a healthy array of large markets in its portfolio. Like Salem and other groups, Crawford does not rely strictly on ratings to turn its ink black, but ratings are always nice, aren't they?

Last year, Crawford began splitting up some of its AM-FM combos. It would leave a Religious format on one of the stations while introducing a Standards format on the other. One such station was WDCZ-AM in Rochester, which adopted a Standards format and new calls WLGZ late in 2000.

The station began to catch on almost immediately, going from nowhere in the ratings to a 1.2 in the Winter book. It improved steadily from there, going to 1.7 in the Spring and 2.7 in the Summer.

Like KOMJ (see previous story), its numbers in its strongest cell, the 35-64 age bracket, do not match up with its P12+ rating, indicating that its audience is predominately age 65 and older. Still, this is another impressive performance for a heretofore underutilized AM station.—DS

Source: Arbitron was used as a primary source for all of these stories



## Subway price tag is \$35M

The price tag for Interop National Radio Sales' (O:IREP) purchase of TDI's New York subway advertising business from Infinity Broadcasting (N:INF) is \$35M, according to an SEC filing. The all-cash deal announced last month (*RBR* 12/25/00, p. 12) requires the consent of both the New York City Transit Authority (NYCTA) and the US Department of Justice. TDI's current contract with the NYCTA runs through 12/31/05.

# Media Markets & Money™

by Jack Messmer

## Hispanic warns of shortfall; shares plummet

The stock price of Hispanic Broadcasting Corp. (N:HSP) plunged by more than a third in trading last Monday (1/8) after the company announced that Q4 results would fall short of expectations. The stock closed 1/8 at \$23.875, down \$11.125 for the day.

In an unusual Sunday (1/7) press release, HBC said Q4 revenues would be approximately \$60M, nearly \$3M short of the First Call/Thompson Financial consensus of Wall Street analysts. Q4 broadcast cash flow is expected to be in a range of

\$24.5M to \$25M, which HBC said is 15-20% lower than the guidance it had previously provided.

"Business in the fourth quarter reflected our customers' response to the effects on their businesses of a sudden reduction in economic growth and poor consumer sentiment," HBC CEO **Mac Tichenor** said in his weekend announcement. "Fourth quarter revenue growth was in sharp contrast to the strong environment that propelled our operating performance during the first three quarters of the year."

The negative news sent Wall Street analysts scurrying to downgrade the company's stock. One,

Prudential's **James Marsh**, went so far as to issue a "Sell" recommendation—the first of his career (and the only one we can recall ever for a radio stock).

Marsh told *RBR* that his downgrade was based on the company's stock price, rather than any misgivings about how HBC is being run. "This is a good management team, one that we respect," he noted.

However, Marsh said he had not been as enthusiastic about Spanish media as some of his peers and had questioned the premiums being paid for the stocks of Spanish broadcasters. "I don't think the growth rates are dramatically better than the rest of the industry," he said, and noted that the number of Spanish media outlets has been expanding rapidly. "Competition has created a little indigestion for the company [HBC]," he added.

Broadcasters and analysts alike are cautious about the outlook for radio revenues right now, since Q1 2001 numbers have to go up against the dot-com supercharged sales of early 2000. Marsh is predicting that the overall radio industry should be up 6.5% this year—but a lot of that will come on the back end. He's expecting Q1 to grow 3% and Q2 5% against the tough comps of last year, with growth accelerating to 8% in Q3 and 9% in Q4.

For his part, Tichenor is also expecting the second half of 2001 to be much stronger than the early months. "Our view on the year is tempered by Q4 2000 performance and expectations that Q1 revenues pascings will be in the high single digits," Tichenor told Wall Street, saying that cash flow should be "relatively flat" for Q1. "We expect that revenue growth will be higher during the second half of 2001.

Overall, HBC expects net revenues to grow 12-14% this year

Chris Devine, President, of  
**Marathon Media**

*has agreed to transfer the assets of his*

**Tri Cities Washington and Montana**

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to approximately \$267M and for broadcast cash flow to gain 16-18% to around \$120M. That would put same-station BCF growth at 10-11%.

## SBS sees 2000 decline

Spanish Broadcasting System (O:SBSA), which had suffered a stock price setback in July (RBR 7/17/00, p. 13) when its LA market underperformed expectations, said last week (1/10) that it would report a broadcast cash flow decline of about 12% for its fiscal Q1, which ended 12/31/00. SBS said that would come on a 27% gain in revenues, including barter revenues from its alliance with America Online (N:AOL), or 22% excluding AOL. On a same station basis, SBS said net revenues were up about 8% for the quarter (4% without AOL).

For its full fiscal year, which will end 9/30/01, SBS told Wall Street to expect its net revenues to be up 24% (16% without AOL) and broadcast cash flow to be down 2%.

Don't think for a minute, though, that SBS is going to back down in its battle for market share with its larger competitor, Hispanic Broadcasting Corp., and other Spanish radio players. CEO **Raul Alarcon** told analysts in a conference call 1/10 that SBS will spend \$8M on marketing this year—double last year's \$4M.

Emmis Communications reported results for its fiscal Q3 last week and gave Wall Street guidance on current pacings. See page five for a full report.

## Radio One remains confident

Radio One (O:ROIA) says it will report net revenues of more than \$57M and broadcast cash flow of more than \$29.5M for 2000. The company's official release of financial results for the past year is still set for 2/8, but last week's (1/9) announcement of preliminary results was apparently intended to reassure Wall Street, particularly in light of HBC's warning.

"While we have certainly seen better quarters, all things considered, the fourth quarter of 2000 was not too bad," Radio One CEO **Alfred Liggins** said. He also expressed optimism that the Federal Reserve's interest rate cutting will restore economic confidence and that continued moderate economic growth will be positive for radio advertising, particularly in the second half of 2001.

## Clear Channel balloons in Asheville

Clear Channel (N:CCU) is tripling its station count in Asheville, NC, although the move will have much less impact on revenues. Clear Channel currently has only two stations in market #179, WWNC-AM & WKSF-FM, but they're far and away the #1 and #2 billing stations in the market. The FM alone takes more than half of the market's radio ad dollars, according to BIA. Clear Channel is now paying \$7.5M to add **Ed Seeger's** WTZY-AM, WMXF-AM, WQNS-FM & WQNQ-FM. Broker: Jorgenson Broadcast Brokerage; American Media Services

## Regent adds in Erie

Regent Communications (O:RGCI) is expanding in Erie, PA by reducing NextMedia's competing cluster. Regent is paying \$5M for WJET-FM. That will leave Regent with one AM and three FMs, while NextMedia will have two AMs and three FMs.

## Hegwood On Top In Virginia Beach

**Steve Hegwood** is moving into a larger market with a deal to buy Bishop **Willis'** construction permit for WANN-FM Norfolk-Virginia Beach, VA for \$3M. The CP is for a Class A on 102.1 MHz. Hegwood's On Top Communications already owns two FMs in the Albany, GA market.

## Clear Channel buys in Vermont

Chalk up two more Northern New England stations for Clear Channel (N:CCU). This time the radio giant is buying WCFR-FM Springfield, VT and WMXR-FM Woodstock, VT for \$2M. The seller is ConnRiver Broadcasting LLC, owned by **Kirk Warshaw** and **Richard Sharpe**. Broker: Biernacki Broadcast Brokerage

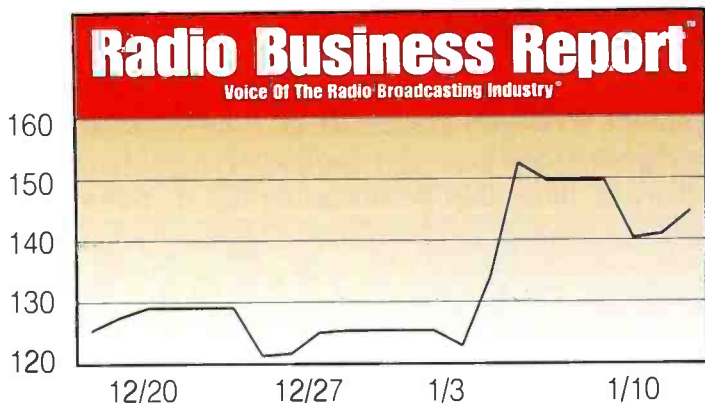
## Infinity shareholders to vote

Deciding that it is better to be safe than sorry, Infinity (N:INF) has delayed its merger into Viacom (N:VIA, VIAB) so minority shareholders can vote on the stock-swap merger. Although Viacom already owns 64.2% of Infinity and over 90% of its voting power, a recent court ruling in an unrelated merger case made Infinity's and Viacom's lawyers suggest letting all shareholders vote on the deal.

Everyone who is an Infinity shareholder of record tomorrow (1/16) will be eligible to vote at a special shareholders meeting on 2/21. Infinity notes that its two largest shareholders besides Viacom, Infinity Outdoor honchos **Art Moreno** and **William Levine**, have agreed to vote their shares in favor of the merger.

## The Radio Index™

Radio stocks are climbing slowly from Y2K's dismal depths. The Radio Index™ gained 10.686 for the week to close 1/10 at 144.816.



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**Clear Channel Communications**  
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# Transaction Digest

by Dave Seyler & Jack Messmer

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

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

**\$4,900,000 KDGO-AM, KENN-AM, KNNT-AM, KPTE-FM, KRWN-FM & KISZ-FM** Four Corners CO-NM-AZ-UT (Durango-Cortez CO-Farmington NM) from Four Corners Trust (Paul Stone, Trustee) to Winton Road Broadcasting Co. LLC (Anthony & L. Rogers Brandon), part of the American General Media group. \$4.3M cash, \$600K note, with all proceeds going to Clear Channel Communications (N:CCU) which had placed these stations in trust from its \$65M purchase of the Roberts Radio group. Existing chain **superduopolies**.

**\$2,500,000 WOWF-FM** Crossville TN from CommSouth Radio Inc. (Kirk Tollett) to Plateau Communications Inc. (Jeffrey Shaw, John Crunk Jr.). \$19,711 non-refundable option payment, additional \$2,480,289 in cash at closing.

**\$2,900,000 KTAL-FM** Shreveport LA (Texarkana TX) from KCMC Inc. (Walter Hussman Jr.) to Access.1 Communications Corp. (Sydney Small, Chesley Maddox-Dorsey, Adriane Gaines). \$2.9M cash. **Superduopoly** with KOKA-AM, KCUL-AM & FM, KBTT-FM, KDKS-FM, KLKL-FM & KSYR-FM.

**\$1,750,000 WFIA-AM** Louisville KY from Blue Chip Broadcasting Licenses II Ltd., a subsidiary of Blue Chip Broadcasting Inc. (Ross Love), to SCA License Corp. (Stuart Epperson, Ed Atsinger), a subsidiary of Salem Communications (O:SALM). \$87.5K

escrow, balance in cash at closing. Double **duopoly** with WGTK-AM, WLSY-FM & WRVI-FM.

**\$500,000 WFKN-AM** Franklin KY from Henderson Gleaner Inc., a subsidiary of A.H. Belo Corp. (N:BLC), to WFKN Inc., a subsidiary of Paxton Media Group Inc. (James Paxton et al). \$500K for radio station assets as part of an \$80.5M purchase of one daily and six weekly newspapers. Note: No waiver of the cross-ownership rule is needed, since the *Franklin Favorite*, one of the newspapers being sold, is a weekly. An LMA will begin when the newspaper sale closes.

**\$280,000 WMVI-AM** Mechanicville NY from Christian Broadcasting Corp. (Bishop L.E. Willis), part of the Willis Broadcasting group, to The Anastos Media Group Inc. (Ernest Anastos, Edward Swyer). \$30K non-refundable downpayment, balance in cash at closing.

**\$175,000 KLBO-AM** Odessa-Midland TX (Monahans TX) from Harold and Patricia Ann Callaway d/b/a KLBO Radio to Sandhills Communication Inc. (Rick Anderson). \$175K cash.

**\$145,000 KIXC-FM** Quanah TX from Glen Ingram to KIXC-FM LLC (Patrick Johnson, Fred Morton). \$10K escrow, balance in cash at closing.



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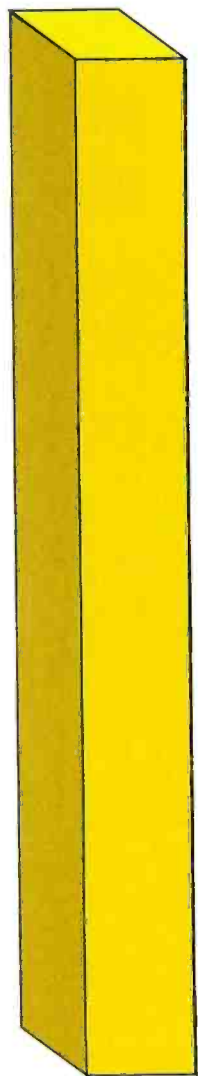
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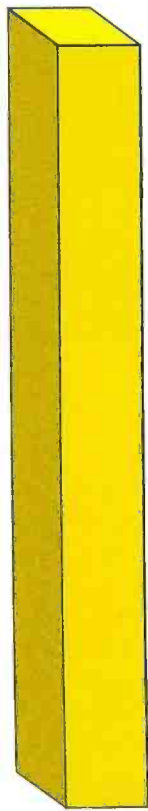


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# #

# 1

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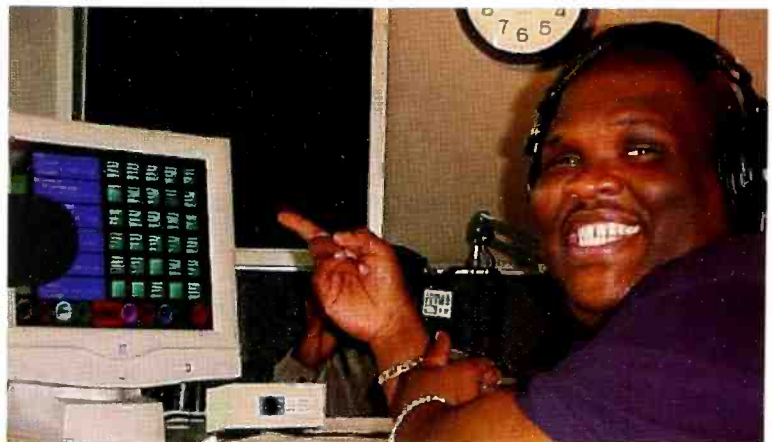
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