Radio Business Report™
Voice Of The Radio Broadcasting Industry®
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WW1 clears more O'Reilly affiliates

Bill O'Reilly adds include WALR-AM Atlanta; KFMB-AM San Diego; WPHT-AM Philadelphia; KNWX-AM Seattle; KRLD-AM Dallas and KXL-AM Portland.

Napster shutdown upheld

The Ninth Circuit Court of Appeals (3/25) upheld an earlier ruling by U.S. District Judge **Marilyn Patel** (7/01) that ordered Napster to stop all music file sharing until it could block 100% of files that infringed on copyrights.

"20th Century Reformation" host dies

Carl McIntire, host of the daily "20th Century Reformation Hour" passed away 3/19 at 95 years of age. His daily show reportedly had some 600 affiliates at its peak in the 60s.

Cox's names Gregory Morrison VP/CIO

Gregory Morrison has been named VP/CIO, directing technology planning for Cox's corporate HQ in Atlanta.

Hispanic closes on KPXC-FM Las Vegas

Hispanic Broadcasting (O:HBCA) has closed on its $16M purchase of KPXC-FM, Las Vegas from **Claire Benezra**.

Broadcast Pioneer winners named

The winners: **Joseph C. Amaturo, Thomas B. Cookerly, Michael C. Oatman, Nancy C. Widmann** and **Richard E. Wiley**. Award ceremony is April 10 in Las Vegas at the Las Vegas Hilton.

Clear Channel tops MeasureCast charts

For the second week in a row after its debut, Clear Channel has topped the network ratings list. CCU's 198 streams had a combined total time spent listening of 1.03M hours. WarpRadio was second with TTSL of 624,781.

Rukeyser in talks with CNBC

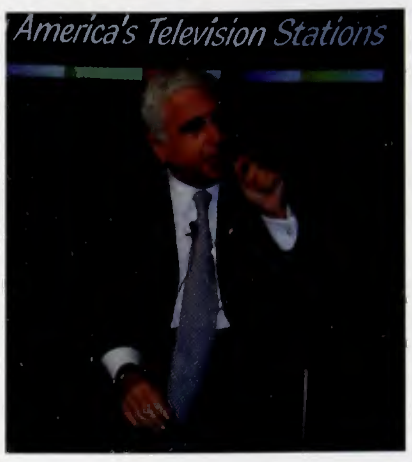
The recently fired "Wall Street Week" host is reportedly in talks about a new financial show on CNBC. Sounds like a great opportunity for a radio syndication partner.

K-Mart launches ethnic ad campaign

A new strategy has emerged from bankruptcy including a new radio and TV campaign aimed at African American and Hispanic shoppers. Spots feature **Chaka Khan**, **BeBe Winans** and **Jose Feliciano**.

Karmazin defends consolidation, wants more

Consolidation in broadcasting was inevitable in order to maintain a even playing field with giant ad agencies and cable MSOs, Viacom (N:VIA) President **Mel Karmazin** told the 2002 TVB Marketing Conference 3/26 in New York. "We didn't want to consolidate. They made us do it. In order for us to keep a balance between the agencies and MSOs, we have to be big," Karmazin said.



Mel Karmazin

The Zen Master also insisted that the public and advertisers benefit from media consolidation, as he said will be shown in the study that Viacom's Infinity and other broadcasters commissioned for the FCC's review of its radio ownership rules.

Karmazin wants to see the FCC move much further on TV deregulation, where duopoly is currently restricted to combining a top four TV station with one below the top four—and only in the largest markets. "We'd like to see real duopoly, not just with the number four or number five," he said.

Those remarks didn't spark any outcry from fellow TVB panelist **Irwin Gotlieb**, CEO of Mindshare Worldwide. Rather, the ad agency chief agreed that the move toward more and more narrowly targeted media vehicles necessitates that those vehicles be clustered under broader corporate umbrellas. "The greater degree of fragmentation, the greater the need for consolidation," he said.

In another TVB session, NAB's chief lobbyist, **Jim May**, warned that passage of a campaign finance reform law doesn't mean that the industry no longer has anything to fear coming from Capitol Hill. The bill that was passed didn't include a provision which would have further reduced political ad rates, due to heavy lobby against it by broadcasters. But May expects the so-called Torricelli Amendment to come back in some form. He also expects Sen. **John McCain** (R-AZ) and other reformers to keep pressing the issue—with free broadcast ads for campaigns as their ultimate goal.—KL, JM

Arbitron asks Congress to oppose CARP panel royalties

Shining more light on the ridiculous, Arbitron sent a letter to Congress 3/25 asking it to oppose the copyright royalty fees proposed last month (*RBR* 2/25 p.2) by the Copyright Arbitration Royalty Panel (CARP), and is recommending a five-year freeze be instituted on any streaming fees.

"We foresee that the impact of these fees will dramatically reduce the consumer's choice of streaming content, limit the diversity of streaming 'voices' on the Internet, stifle competition among content providers and impede the growth of a popular new medium," wrote Arbitron VP/GM, Webcast Services **Bill Rose**. "Streaming media serves the interests of the public by making available thousands of signals from around the country and the world, but the proposed fees would be prohibitive and restrict the wide distribution of music entertainment on the Internet...A moratorium on digital rights fees would not only enable the fledging streaming media industry to grow, but more importantly, serve the public interest by assuring a broad distribution of programming and consumer choices.

Rose calculates the fees for a NY station would total nearly $15M yearly and represent more than a quarter of what the station currently derives from traditional over-the-air ad revenue. Rose also calculated the fees for a national network—with $358M in royalty fees that would equal 39% of the entire radio network ad industry revenue. The entire radio industry fees would be approximately $2.4B, equal to 13% of radio's total ad revenue last year.—CM

AURN, Radio One are Parr for the course

American Urban Radio Networks (AURN) has signed an alliance with Radio One (O:ROIA) for sales and syndication of its **Russ Parr** M-F morning show (3/26). Superadio was Parr's syndicator for M-F and still retains Parr's weekend show. In the deal, AURN picks up 28 new major market affiliates for its American Urban Pinnacle network (12 are Radio One). **Olivia Fox** co-hosts with Parr from flagship WKYS-FM Washington.

"We are delighted to create this unique alliance with Radio One and 'The Russ Parr Morning Show With Olivia Fox,' said **Jay Williams**, President of AURN. "This new alliance expands our stations and audience reach, and assists us in continuing to be the largest company in the network radio industry serving the Urban listener. No other network company reaches more Urban listeners than AURN. We welcome Russ Parr and Olivia Fox to our winning team."

Williams said he expects this alliance to lead to other joint ventures between the two companies.

Russ and Olivia's blend of music, comedy, news and entertainment info makes it the #1 morning show in Washington, DC and also the #1 Urban radio show against its target audience in Detroit, Raleigh, Richmond, Cleveland and Boston.

This is the second RADAR-rated network deal Radio One has struck recently. ABC Radio Networks' Urban Advantage Network also signed on with Radio One (*RBR* 11/12/01, cover) to allocate a portion of its commercial inventory on most of Radio One's 65 stations.

***RBR* observation**: We expect 2002 to be a major growth year for AURN. The Russ Parr/Olivia Fox deal may be the tip of the iceberg. In addition, Radio One funnyman **Steve Harvey** (KKBT-FM Los Angeles) would be another target for AURN, or any syndicator for that matter, to go after.—CM

No bonuses at CCU

Top executives at Clear Channel Communications (N:CCU) got no bonuses last year, according to the annual shareholders meeting proxy filed with the SEC. CEO **Lowry Mays** had to make due with his annual salary of slightly over $1M, but without the $3M bonus he'd received the previous year. Ditto for President **Mark Mays** and CFO **Randall Mays**, who'd each received $1.5M in bonus payments the previous year. Their base paychecks for 2001 were each $693K. Clear Channel Radio CEO **Randy Michaels**, who is paid a salary of just over $500K, got a bonus of $1.3M in 2000, but zero in 2002.

All did, however, receive stock options in 2001. Lowry Mays got options for 750K shares, his two sons each got options for 500K shares and Michaels got options for 160K shares.—JM

FCC should not override Congress

The NAB has filed comments with the FCC on the regulatory agency's NPRM on local radio ownership limits. In short, it questions the FCC's authority to do anything other than abide by the mandate of Congress as expressed in the 1996 Telecom Act.

The NAB writes that the Act "...does not...authorize the Commission to reduce the level of ownership consolidation expressly permitted by Congress," and notes that programming diversity has actually increased since Telecom's passage.—DS

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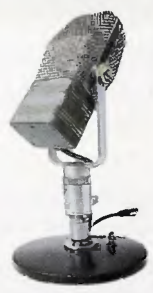

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RADIO NEWS®

IBiquity to recommend AM IBOC for days only

Sole IBOC DAB developer iBiquity Digital plans to recommend to the FCC that its AM IBOC system be used only during the day-for now. Members of the DAB Subcommittee of the National Radio Systems Committee (NRSC) have voiced concerns about potential interference to first adjacent channels and on the skywaves transmitted by clear channel stations during nighttime operation if AM IBOC were used.

"The NRSC in their draft report that I have seen looks like they are going to recommend for the time being that it only be daytime. And there's going to have to be some more testing to figure out exactly what went on at night," iBiquity CEO **Bob Struble** tells *RBR*. "The problem is the NRSC did not, in their test plan, specify a lot of nighttime testing, specifically skywave and others. We followed their test plan. So, in the course of the evaluation of that report they said, 'What goes on at night?' There wasn't a lot of good data out there, so rather than grind down the whole process to get that additional data, they decided it would be best to move forward with daytime, get some more data, and figure out later what we're going to do, but don't stop the process while that additional analysis is going on. We agree with the NRSC's recommendation at this point and we're doing the testing now."

The nighttime tests are currently being conducted at KYW Philadelphia, KDKA Pittsburgh and WLW Cincinnati.—CM

Billionaire behind $3M station buy

Local newspapers report some consternation in Denver that the market's only Urban outlet, KDKO-AM, is being sold by its African-American owners to a new company 58.4% owned by billionaire **Philip Anschutz**, the founder and Chairman of telecommunications giant Qwest Communications (N:Q). Newspaper Radio Corp. is paying **James "Daddio" Walker**'s People's Wireless Inc. $2.7M cash for all of the company's stock, plus $295K under a consulting agreement. In fact, the buyer has already loaned People's Wireless $500K under the contract—a provision that usually indicates that the seller is facing financial difficulties.

According to the *Denver Post*, Walker will stay on as part of the staff for a new News/Talk format and the station may be working on a content deal with the Denver Newspaper Agency—the entity which oversees business affairs for the joint operation of the Denver Post and Rocky Mountain News.

***RBR* observation**: Are there really grounds to blame Anschutz and Walker for Denver losing its only Black-owned radio station? Did the African-American community support Walker as he tried to support that community? African-Americans account for 5.1% of the Denver Arbitron market, but KDKO's highest rating in recent years has been a 0.5 share 12+. It often fails to meet the minimum requirement to even be rated by Arbitron. By contrast, Jefferson-Pilot's (N:JP) Rhythmic/CHR KQKS-FM posted a 5.5 in the Winter book, compared to KDKO's 0.5.—JM

Sirius steps up rollout schedule

Sirius Satellite Radio (O:SIRI) will be going head-to-head with XM Satellite Radio (O:XMSR) by mid-summer. "The results of our initial phase one launch have been successful to such a degree that we are pleased to announce that we will accelerate and expand our nationwide rollout," CEO **Joe**

RBR Stats

NAB2002: Who's attending

The NAB has released a chart showing who will be in Las Vegas this month for the big show by business and by job function. Total attendance is expected to be down from what it's been in the past, but should still wind up in the 90K-95K range.—DS

Business	Pct.
Video production	22.6%
Audio production	15.2%
Television	9.1%
Radio	3.2%
Motion Picture/Film	9.7%
Graphics/Animation/SFX	6.7%
Satellite/Microwave	7.5%
Cable/Fiber	7.1%
Streaming	5.6%
Internet	3.2%
Equipment	3.0%
Non-Profit/Govt	2.7%
eCommerce	1.9%

Job function	Pct.
Owner/Chmn/Pres/CEO/COO	25.6%
Corporate Management	18.0%
Engineering	15.5%
Production/Editor	12.7%
Sales/Marketing	8.0%
Station Management	4.7%

Washington Beat

NAB wants to make iBiquity ubiquitous

The National Association of Broadcasters has thrown its weight behind iBiquity Digital's FM in-band, on-channel digital radio system, requesting that the FCC adopt it as an industry standard for terrestrial digital radio. By definition, this would make IBOC the choice for the new technology, avoiding the need for additional spectrum allocations which would result from out-of-band approaches.

The NAB made its comments in a reply to other comments on the topic. In addition to endorsing iBiquity and IBOC, the NAB urges the FCC to document the standard and set up a system for the transition, including rulemakings and the establishment of timeframes.—DS

FCC looking to crack down on orbital litterbugs

The Federal Communications Commission has determined, as the sole government agency with jurisdiction over non-governmental satellites, that it is also responsible for policing the orbital paths around the Earth. It has issued a Notice of Proposed Rulemaking which would require all FCC-licensed satellite operators to submit info concerning their efforts to mitigate orbital debris.

"Since human activity in space began decades ago, there has been steady growth in the number of artificial objects in orbit around the Earth," wrote the Commission. "Studies show that continued increase in orbital debris may raise concerns regarding the reliability and cost of space activities, including satellite communications. The satellites of tomorrow are being built today. Some steps, if taken now, can reduce the growth of orbital debris."—DS

FCC fines Mancow $21K

The FCC is fining Emmis Communications (O:EMMS), owner of **Mancow** flagship WKQX-FM Chicago, $21K for indecency on three Mancow shows in March and May of 2001. One broadcast involved "the use of a sexual stimulant by a female cast member as well as her appearance in a video." Another included "a discussion of sexual and excretory responses to viewing pornography and contains sexual references that rely on innuendo." The third featured "a discussion by a female cast member and a number of women guests in the 'lava lamp love lounge'" that relied in part on innuendo.—CM

Clayton told analysts in his (3/27) conference call.

Rather than going market-by-market after its initial four-market introduction last month, Sirius is now going to offer its 100-channel satellite radio service through retail outlets in 18 states from the Mississippi River to the Rocky Mountains by 5/1. The Midwest and South will be next, with the East and West Coasts completing the national rollout by 7/1—a full month ahead of the original schedule.

But while Clayton told analysts that consumer satisfaction with Sirius' service has been better than expected, he didn't give them what they wanted most—numbers. Sirius still had zero revenues for Q4, with operating expenses of $51.8M. Analysts wanted to know how many subscribers had signed up since the 2/14 launch, but Clayton said those numbers would have to wait until the company's Q1 report.

Sirius also reported that it had renegotiated its credit agreement with Lehman Bros. CFO **John Scelfo** said the amended deal eliminates all covenants for 2002 and lowers future thresholds. In return, Lehman got the strike price for its 2.1M in Sirius stock warrants reduced from $29 to $15. That's still a long climb from the current range of $4.50.—JM

RADAR 72 ratings released

Arbitron released its RADAR 72 Winter 2002 network radio audience report 3/25. It was a fairly neutral book for network radio with 40%+ of the 31 networks measured showing increases or trending flat. Three nets had double-digit increases in P12+ audiences and two had double-digit decreases.

Westwood's CNN Max once again took first place with a 2.8 AQH rating (up 14%); Premiere's Morning Drive AM took second with 2.1 AQH; Premiere's Diamond took third with a 1.8 AQH; Premiere's Focus was fourth with 1.8; Premiere's Pulse was fifth with a 1.7 share; Premiere's Morning Drive FM took sixth with a 1.7 share; ABC's Prime was seventh with a 1.6 share; Westwood's Source Max grabbed eighth with a 1.4 share; Westwood's Blaise took ninth with a 1.4; and Premiere's Action took tenth with a 1.4 as well.

ABC Radio Networks' Urban Advantage Network was up a whopping 38%, while still only getting a one-third credit for new Radio One affiliates (in 73, UAN will receive 100% credit). **Paul Harvey** continued his reign as the #1-ranked personality in network radio.

Premiere's book was probably the most stable overall, with just about as many gainers as losers. For both 12+ Adults 25-54 and Adults 18-49, Premiere scored six of the top 10 RADAR-rated nets.

With CNN Max again on top and its Youth net "Edge" up a staggering 45%, Westwood had a lot to crow about. However, among Persons 12+, only two out of its nine nets had increases.

American Urban Radio Networks' Pinnacle was up 2%, and Renaissance was down 2% for Persons 12+.

According to Arbitron, 76% of U.S. consumers age 12+ and 75.4% 18+ heard one or more network radio commercials in the course of a week. In addition, each week network radio reaches 92% of adults 18+ in households earning $70K or more; 80% of adults with a college degree and 76% of working women. Starting with the June 2002 release of RADAR 73, Arbitron will begin integrating 12,500 diaries per quarter into the listening database used to tabulate the RADAR reports, gradually replacing the telephone for surveys.—CM

No code of conduct for Copps...yet

Late last year, FCC Commissioner **Michael Copps** and fellow commissioner **Kathleen Abernathy** asked radio broadcasters to begin taping and/or archiving broadcasts to investigate indecency complaints filed by the public. With Copps' indecency challenge last month (issued in an opinion piece in *USA Today*) deadline of Easter Sunday just passed, still only ABC Radio has agreed to tape and archive broadcasts at all of its stations. Copps warned broadcasters that the government might step in if they continued their "race to the bottom," trying to out-do each others' shock offerings. Stiffer fees and punishments are two distinct possibilities.

The NAB has also remained quiet on the challenge. Part of the reason, NAB spokesperson **Dennis Wharton** told *The LA Times*, is the NAB already has a Statement of Principles that urges broadcasters to avoid exploiting violence, glamorizing drug use, and airing sexual material that 'panders to prurient or morbid interests'.

"How I wish the industry would take these pleas and warnings," Morality in Media President **Robert Peters** told the *Times*. Peters said if the industry took more responsibility, "the government can spend its tax dollars on something other than monitoring what goes out over the airwaves. These pleas have fallen on deaf ears."

Broadcasters did have varying levels of a code of conduct from the 1920s to 1983. DOJ abolished those, saying provisions of the code violated the Sherman Antitrust Act. The government alleged that the code's restrictions on commercials were actually a scheme by broadcasters to collude and drive up advertising rates. When those narrow provisions for commercials were outlawed, Copps told the *Times*, the industry abandoned the entire code, even though it "affirmed broadcaster responsibilities toward children, community issues and public affairs."

Violence and profanity will certainly be addressed at NAB2002, in which all the members of the FCC are scheduled to attend. Two seminars on the topic are scheduled: "Managing the Risks of Today's Controversial Programming" and "The Regulatory Face-off," featuring Copps and fellow FCC Commissioner **Kevin Martin**.—CM

RBR News Briefs

Alpine strikes licensing deal with iBiquity

Alpine Electronics has licensed iBiquity Digital's IBOC digital broadcasting technology to integrate into aftermarket receivers next Spring. Alpine also says it will integrate IBOC technology into receivers for automotive manufacturers. Alpine is a supplier of OEM electronics to BMW, DaimlerChrysler, Ford, Honda and Mercedes. Stations in New York, LA, Chicago, San Francisco, Seattle and Miami are expected to begin digital broadcasts later this year, followed by stations in Atlanta, Boston, Dallas, Detroit and Denver. —CM

Volkswagen, Audi double down in satellite sweepstakes

Auto manufacturers Volkswagen and Audi have signed agreements with both XM Satellite Radio (O:XMSR) and Sirius Satellite Radio (O:SIRI), making equipment available to receive either satellite service. It marks the first time that car buyers are offered a choice as to which service they will be able to tune in.—DS

News flash from FlashNews

If you are one of the 800 clients of Wireless Flash News, you will have to start making out your check a little differently. Tired of getting phone calls from non-media citizens asking about pagers, the company is taking the "wireless" out of its moniker and henceforth will be known as FlashNews. When the service was founded 20 years ago, use of the term "wireless" did not create the same kind of confusion that it does today.—DS

Norfolk market to get first 24/7 all-Spanish station

DCRTV/VARTV reports on 4/1, WRJR-AM (Chesapeake-Portsmouth Broadcasters) Norfolk (Claremont, VA) plans to flip to all Spanish. "Radio Vida" will offer music, talk, news, weather, religion and sports. **Dan Narvaez** is the GM. —CM

Greater Media's Peter Smyth

"I'm probably kind of unique because in my career I've only worked for two companies. I've worked for a public company, RKO General—I spent about nine years there—and for 16 years I've been with Greater Media, starting as a General Manager and now President. It's been a pretty interesting ride," **Peter Smyth** told *RBR*. Just last month, Smyth received the title of CEO (*RBR* 3/25, p. 3), 16 months after being promoted to President and COO.

Smyth joined Greater Media 16 years ago after an early career at RKO that had taken him from the sales department of WROR Boston to Sales Manager of WOR New York. "It was the first time my mother really understood what I did," said the Tarrytown, NY native.

"In 1986 **Herb McCord** and the late **Peter Bordes** hired me to come to Boston to run WMJX, which at that time was referred to as 'tragic Magic.' I took over the radio station in '86 and a year later I was named vice president of the company and Magic would go on to become one of the top Soft ACs in the United States today," Smyth recalled.

While still running Magic, Smyth worked on building sales for Greater Media's cable holdings in Massachusetts. He then became VP of sales for all of Greater Media Radio. Beginning less than five years ago, Greater Media went through a tragic period of change. **Tom Milewski** died of lung cancer and Smyth became head of the radio group, just a year before company founder **Peter Bordes** died of pancreatic cancer. Then President/CEO **Frank Kabella** retired a year after that and Smyth became President/COO. The CEO title was added just last month.

In his current position, Smyth oversees all of Greater Media—both radio and its community newspapers in New Jersey. (The company's cable holdings were sold several years ago.) He answers to the late founder's brother, Chairman **John Bordes**, and widow, **Lee Bordes**. "They are fabulous people. Lee and John's vision for the company is to continue to grow it. They hope to grow the business," said Smyth.

"We would like to stay east of the Mississippi, if that's possible. We would like to move into the top 50 markets. We're pretty well filled out in Boston—we own five stations—but we wouldn't ever rule out looking at some of the AM facilities up here with what's going on in the digital world. We're very interested in everything along the East Coast. Philadelphia—we have great holdings there—Baltimore, Washington, Miami, Atlanta. The Midwest, up through Cleveland, Milwaukee. Our Detroit cluster is in good shape. We have a very strong presence all throughout New Jersey," he said. "We're looking at different groups and we're looking at different opportunities. This is a debt-free company and we have a substantial amount of currency that we can use to invest and grow that business. It's not the quantity of stations that we own—we're really not hung up on that—it's the impact we can make in the markets that we operate in."

Public vs. private

Smyth bristles at any suggestion that private companies have it easy and aren't held to the same standards as those whose stock trades on Wall Street.

"I have stations in this company that do over 55 cents on a dollar. Our company is run on the same platform as the public companies. The whack you hear on private companies is, well, they don't really have to compete like us [public companies], they're not held to the same standards. Well, that's not necessarily true," Smyth said. "We've been entrusted with some great assets and my job is to increase the asset value for the family. Our stations operate very competitively, if not better, than some of the stations that we compete against. I think the reason for that is that we're able to invest in these stations and we don't look at them for 90-day wonders. So we might make an investment in a market and see margins decrease 4-5% for a certain period of time, but in the long run those margins will be on par, if not exceeding the public companies."

The Greater Media said his group of stations has strong cash flow and, at the time of *RBR's* interview (3/8), Q1 revenues were up 15%.

"Our cluster up here [Boston] last year did $6M in 'dot-bomb' business in 2000. In '01 we did $200K. So if you see what our margins are—and Magic is one of the top stations in the country—we had to make up that business," he explained.

"In '01 we didn't lay anybody off. We ran our businesses more efficiently. We went back and made sure that we were investing properly. You know, economics is the allocation of scarce resources and in '01 it was cash that was the scarce resource. But no, we didn't have to make any draconian cuts. We cut back some marketing budgets in certain areas," Smyth said of the recent recession. "What we had to do was work on growing the top line. We had to go back and change the mix of business."

How did he move the company forward?

"Most of the stations that were having a rough time were straightened out. Our NTR group became more important. We have designated people in each of our markets and, as I said, that part of our business grew dramatically. We found that in Detroit alone, where we had had a very low profile in that business, we had a 100% increase in what we were trying to do up there that offset the national revenues that were falling off. In Boston, with the dot-com business going away, we moved into the medical business very aggressively. We moved into the after-market automotive parts business very aggressively. We moved into some of the high tech companies where there were still opportunities. We moved aggressively into telecommunications. We developed programs for our major partners—clients—to build that revenue base, where it wasn't dependent on our ratings or what was going on in the economy. It was a difficult period. I disagree with the economists—I think that was a recession," Smyth said. "We had to sell products and what people were looking for with their advertising dollars were vehicles that could sell products—and radio sells products better than anything else."

Kiss Me I'm Imus

Greater Media President/CEO **Peter Smyth** doesn't like to have a lot of non-local programming on his stations, but he makes an exception for **Don Imus**, whose syndicated show airs on WTKK-FM Boston.

"His numbers in Boston are great. He's number five with men 25-54. His revenue is great. In Boston, politics is a sport, so Don has a great relationship with all of the people up here," says Smyth.

So, how do you sell this New York icon work with Beantown advertisers?

"It's really easy. Most of the decision-makers in the city of Boston listen to the show anyway. He does exceedingly well in that executive department," says Smyth. And, he notes, there are a lot of transplanted New Yorkers in Boston. "I'm from New York. I grew up listening to Imus."

Imus has taken his show on the road to Boston several times. Most recently, he did a "Kiss Me I'm Imus" live broadcast for St. Patrick's Day.

Smyth says having Imus in town is a special event, even for a big market radio cluster that's accustomed to entertaining visiting celebrities. "The manager of the Four Seasons Hotel doesn't call me to find out whether some country star or some rock star is happy. He calls me to find out if Don Imus is happy because he has impact!"

Radio's biggest enemy is itself

"I'm not going to take this satellite stuff and I'm not going to do crummy deals—because we're going to sell the value of our audience and we're going to sell the value of the ideas that we bring to the marketplace," Smyth told *RBR*, when asked about the problems facing radio today. "If price is the primary negotiator, then we should just go get a bunch of modems—just email rates back and forth," the Greater Media CEO said about rate cutting to grab market share in tough times.

As for those satellite radio companies, it's clear where Smyth stands. "They defecate [on] radio. They downplay radio. I didn't take it."

So, what should the industry be doing to improve? Smyth quickly reeled off a list in response.

- "First of all, we should respect the individual and we should treat people inside radio station sales departments and air staff as you want to be treated. Be tough. Be fair. Set realistic goals and respect results. That, I believe, is the way it should be."
- "Stop cluttering up these airwaves. Do a focus group. What to Sirius and XM say all of the time? No commercials."
- "Let's be innovative. Let's not be afraid to look at different formatting ideas and other opportunities as they present themselves."
- "Where is the next great talent coming from? We have to invest in these people. I think we also have to make a big commitment into the sales people in American radio today. We've got to invest in them. We've got to give them time to grow into the future leaders of the industry."
- "IBOC is so important. We need digital broadcasting. I am such a major proponent. I just want to see it come sooner, not later."

"Radio's biggest enemy is itself," Smyth complained. He said people in the industry need to think more broadly. "Let's think how we can move product for different sectors of the economy, versus where we all go to the same place to find the same money, cut each other's throat and then go run 62-thousand units."

It's nothing new for Peter Smyth and Greater Media to be outspoken. The company, whose radio division was then headed by the late Tom Milewski, was one of the very few large radio groups to oppose the deregulation that became law in the 1996 Telecommunications Act.

"Our thought process in all of that is that we still wanted to have a very competitive marketplace," Smyth explained. But once the law passed, Greater Media went and played by the rules that were passed and created strong clusters. "I just hope that we don't go too far," Smyth said of consolidation, "that we still have some diversity of views in the marketplace and there's an opportunity for companies like ours, or other companies, to grow in this new world."

But now that consolidation has created much larger radio companies, Smyth thinks the industry needs to grow up and give its people the support that employees receive in other large industries.

"Do we do that in radio? What do we tell a young seller? Here's the yellow pages and turn on station XYZ and write down everything they've got on the air and go get 'em. We send a hundred people out every day totally untrained. What I'm saying is that's got to change," Smyth said. "People are spending billions of dollars on companies. I had a guy call me the other day that wanted $250M for a free-standing radio station. You gotta know what the hell you're doing, because there's no room for error. If we've moved to that plateau, which I think is great, then let's bring along the people. Because you can consolidate up the ying-yang, but if you don't know how to run the business—if you don't have operators, if you don't have good sales managers, good programmers, good engineering, good IT people—you might have consolidated X-amount of assets, but you've got nothing."

Greater Media: Thinking big while staying little

Greater Media is not going to blow anyone away with the size of its station portfolio. However, its lineup is located on beachfront property, and includes precious little filler. To carry the beachfront analogy a step further, there are no miniature golf courses or hot dog stands in this lineup—it's hotels top to bottom.

Greater Media is weighted heavily to the FM side, and it stays away from the expensive-to-produce big city News-Talk format. It's lone big AM, WPEN in Phillie, plays Standards, leaving the chatter to Infinity.

It recently added to its collection of stations around New York City, putting it into three NJ markets where most of the listening goes to Big Apple stations. All stats in the charts below are from Arbitron's Fall 2001 survey. Ratings are aggregate 12+ FM 6A-12M numbers. Ownership info is from *RBR*'s *Source Guide* database. ** = superduopoly; * = duopoly.—DS

Philadelphia (6) 12+: 4,222,400

Clear Channel and Infinity are duking it out for the top slot here, with Greater Media showing as the best of the rest. GM's WMXW abandoned Rhythmic Oldies for Hot AC last summer—a work in progress.

Rank	Owner	AMs	FMs	Fa01
1	**CCU	1	5	25.4
2	**Infinity	3	2	23.9
3	****GM**	**1**	**3**	**10.0**
4	WEAZ	0	1	7.0
5	*Beasley	2	2	5.4
6	*Radio One	0	2	4.8
7	*Mega	2	1	1.1

Detroit (10) 12+: 3,838,600

GM's three solid FMs good for 4th place.

Rank	Owner	AMs	FMs	Fa01
1	**Infinity	2	4	23.5
2	**CCU	2	5	20.3
3	*ABC	1	2	12.0
4	****GM**	**0**	**3**	**11.4**
5	*Radio One	1	2	7.8
6	**CHUM	2	2	6.4
7	*Crawford	2	1	1.6
8	Queens	1	0	1.1
9	WGPR	0	1	1.0

Boston (8) 12+: 3,871,700

Strong 2nd place finish for GM—first place in reach only if major natural disaster strikes Infinity's market-leading Newser WBZ.

Rank	Owner	AMs	FMs	Fa01
1	**Infinity	1	4	25.5
2	****GM**	**0**	**5**	**16.0**
3	*Entercom	2	2	12.7
4	*CCU	2	2	11.5
5	Charles Rvr	0	1	3.1
6	Radio One	1	1	3.0
7	Plymouth	1	1	2.0
8	**Mega	3	0	1.9
9	*Phoenix	0	2	1.3

Middlesex (33) 12+: 1,361,900

First of GM's three NJ Big Apple suburb communities.

Rank	Owner	AMs	FMs	Fa01
1	**GM**	**1**	**1**	**5.8**
2	Millennium	0	1	5.2
3	Pillar	0	1	1.5

Monmouth-Ocean (51) 12+: 973,200

GM show up here with a single FM.

Rank	Owner	AMs	FMs	Fa01
1	**Millennium	2	4	13.8
2	Big City	0	1	3.3
3	**GM**	**0**	**1**	**3.0**
4	Press	1	1	2.6
5	New Jeresey	1	1	2.5

Morristown (105) 12+: 409,000

No question who's in control of the local stations here. GM has all above-the-line stations. Both of them.

Rank	Owner	AMs	FMs	Fa01
1	*GM	2	1	8.2

By Jack Messmer

Broadcasters tap Wall Street for cash

Moving to fill their coffers while the window of opportunity is open, two more broadcasters have sold new stock on Wall Street and another has filed to let shareholders from a past merger deal sell their shares on the open market.

Jeff Smulyan

Emmis Communications (O:EMMS) has sold 4M new shares of stock under a shelf registration that's been sitting at the SEC for nine months. The offering was priced at $26.80 per share, down 20 cents from the previous closing price of $27. Emmis says the offering is expected to close tomorrow (4/2). After offering costs, Emmis expects to net $104.5M of the $107.2M total sale. That could go up if the underwriters exercise the 600K share green shoe. The cash will let Emmis CEO **Jeff Smulyan** pay down bank debt and possibly redeem some of the company's 12.5% senior discount notes, which aren't due until 2011. Underwriters: Deutsche Banc Alex. Brown is acting as the sole book-running manager and Credit Suisse First Boston is co-lead manager for the offering.

Alfred Liggins

Radio One (O:ROIA & ROIAK) has pulled the trigger on the $500M shelf registration that it filed with the SEC in January (*RBR* 2/4, p. 12). The company is selling 10M shares of its non-voting Class D stock (O:ROIAK)—8.7M new shares being sold by the company and 1.3M being sold by existing inside shareholders. As previously reported, those selling shareholders include CEO **Alfred Liggins** (who's selling only a small portion of his total stake) and several former investors in Blue Chip Broadcasting. Lead underwriters: Banc of America Securities, Credit Suisse First Boston

Regent Communications (O:RGCI) has field with the SEC to register for public trading 174,917 shares of Regent shares that were paid to Connoisseur Communications as part of a past station transaction. Those shares are currently worth about $1.4M. That registration is in addition to the $250M shelf that Regent filed recently (*RBR* 3/25, p. 7) to raise cash for the company's own coffers.

Second public radio group issuing bonds

Nashville Public Radio is going to Wall Street to sell $5.5M in municipal bonds to pay for a station acquisition and studio expansion. The Fitch Ratings Agency has assigned a BBB+ rating to the issue.

This is the second time in recent months that a public radio operator has gone to the bond market for cash. Colorado Public Radio sold $6.5M in bonds in January (*RBR* 1/14, p. 14).

As in the Colorado case, Public Radio Capital (PRC) has advised Nashville Public Radio on the offering, which is being placed by George K. Baum & Co. **Marc Hand**, who used to broker commercial stations, told *RBR* that PRC is working on several other bond offerings for public stations.

Although there were a few local bond issues by public broadcasters in the past—such as WBEZ-FM Chicago and Minnesota Public Radio, both of which marketed their bonds to loyal supporters—PRC has been working to make public radio bonds a mainstream investment vehicle. The non-profit entity (whose board of directors is drawn largely from public broadcasting groups) spent much of the past year acquainting Wall Street and the ratings agencies with the economics of public broadcasting to create a national market for these bond issues.

In the current offering, Nashville Public Radio will use the proceeds to close its $3M purchase of WKDA-AM Madison-Nashville, TN from **Bill Berry's** Great Southern Broadcasting cluster as a News/Talk mate for WPLN-FM. That buy replaced a scrapped deal to buy **Jack Mortenson**'s WNSG-AM for $2.5M. WKDA, on 1430 kHz, has a CP to increase its power from 5kw to 10kw and has applied to take that even further—to 15kw.

Fitch's analysis said, in part: "As of June 30, 2001, the station's balance sheet listed $9.7 million of cash and investments, versus $5.6 million in pro forma debt and $2.7 million in fiscal 2001 operating expenses. Fitch Ratings believes that the station's investment and budgeting policies are likely to continue resulting in liquid assets amply exceeding annual operations and indebtedness. The station's endowment spending policy is more conservative than that of many investment-grade nonprofit institutions since more than 5% of the average annual market value of these assets may be spent only upon approval of 85% of the station's board," it noted.

"The station's strong listener share in middle Tennessee is a favorable credit consideration," Fitch said, adding that the addition of an AM station with a news programming focus should expand that listener base. "Listener contribution and underwriting revenues have grown over the long term, as at most public radio stations, with surprisingly little sensitivity to economic downturns. Nevertheless, the station must continue to grow these revenues at robust annual rates in order to cover anticipated operating and debt service costs comfortably. Average annual debt service over the next six years will equal approximately 18% of fiscal 2001 operations. Fitch believes the station may need to budget slightly more than 5% of endowment assets for annual spending over the next few years until the station's frequency acquisitions, increased corporate development efforts, listenership growth, and resulting revenue expansion catch up to expected spending growth."

***RBR* observation:** Back when PRC started promoting the idea of selling public radio bonds to real investors, rather than local supporters, no one could have known how hot the municipal bond market would be this year. Just like their commercial counterparts, the pubcasters are now finding Wall Street wide open to their bond offerings—and they have the advantage of being tax-free investments.

If you're worried about default, you're obviously not familiar with the fierce loyalty that listener/donors have for public radio stations.

Prescott, AZ FM brings $8M

Kalil & Co. has announced the sale of KKLD-FM Prescott Valley, AZ for $8M, but details of the buyer, Three Points Media/Prescott Valley LLC, are being kept secret until the contract shows up the FCC. KKLD is a Class C2 on 98.3 mHz. The seller is **W. Grant Hafley**, who will still own a cluster of three stations in Cottonwood, AZ and five others in Ohio.

***RBR* observation:** That $8M price tag is, of course, extraordinary for the Flagstaff-Prescott market. However this signal gets into parts of Phoenix as well. Will this mystery buyer try to move it closer?

Moody's may downgrade Interep's debt rating

Moody's Investors Service has placed the debt ratings of Interep (O:IREP) under review for possible downgrade. The possible downgrade affects approximately $100M in Interep's public bonds, plus its bank debt rating.

"The review is based on Interep's tenuous liquidity position relative to its 2002 funding needs. In addition, the company's financial performance has been materially weaker than Moody's original expectations, with leverage measured by debt-to-operating EBITDA in excess of 17 times. Inclusion of net contract buyout liabilities to Interep's debt burden demonstrates an additional strain on the company's balance sheet. Pro forma for the company's most recent interest payment, its cash position is substantially depleted and currently it has no bank availability. Given the company's diminished cash flow and the obligation to fund its July interest payment, contract buyout liabilities and working capital needs, the company has a near-term need for additional financing. Further, the persistence of the weak advertising market makes Interep's recovery unlikely for the foreseeable future," Moody's said. "The review will focus on the company's ability to establish a new bank facility and an assessment of the underlying asset value. The review will also consider the uncertainty regarding the ability of the company to support the current capital structure particularly when adding its contract buyout liabilities. Given the current economic environment and the near-term need for funding, Moody's notes there is likelihood for a material downgrade."

Jones Q4 came in better than expected

The twice-delayed Q4 report from Jones Media Networks (public bonds) is finally out, and the company exceeded what it had told Wall Street to expect. Of course, results were still well below year-ago levels. Jones reported that revenues declined 21% to $18.7M and EBITDA dropped 49% to $2.8M.

Q4 network radio revenues were down 9% to $9.7M and radio network EBITDA was off 28% to $1.8M. Still, Jones Radio Networks President **Ron Hartenbaum** saw that as positive, since Q4 revenues were up 13% from Q3. "Based on early indications of improvement seen over the last several weeks, we are hopeful that the advertising marketplace will begin to rebound in the second half of 2002 as economic conditions improve," said Hartenbaum.

In addition to radio, Jones' operations include two cable TV networks and a satellite services business. All saw Q4 revenues decline.

Westwood adds to stock buyback

Joel Hollander

Westwood One (N:WON) announced that its board of directors has approved adding an additional $200M to its ongoing stock buyback program. WW1 had already bought back nearly 30M shares for $477.7M under its previous buyback authorization. CEO **Joel Hollander** said he expects WW1 to continue growing its free cash flow, which totaled nearly $104M in 2001, so he plans to keep using that free cash flow to buy back the company's own stock when market conditions are attractive.

Emmis to exceed estimates

Emmis Communications (O:EMMS) is the latest broadcaster to announce that it expects to exceed the financial guidance it had previously issued. Emmis is now telling Wall Street that its revenues for its fiscal Q4, which ended 2/28, will exceed $114M and EBITDA will top $23.3M.

As for the current quarter, Emmis said, "While it is too early to state numbers for the First Quarter, the tone of business appears to be improving."

Radio One projects higher Q1 revenues

Radio One (O:ROIA & ROIAK) says it expects to beat what it had previously told Wall Street to expect for Q1. CFO **Scott Royster** included the good news in announcing a revision of the company's $600M bank credit facility. "Furthermore, we are pleased to report that the outlook for our business has improved fairly dramatically. As such, we expect to exceed our first quarter guidance and are cautiously optimistic that the second quarter will show even faster revenue growth than that which we expect to report for Q1," said Royster.

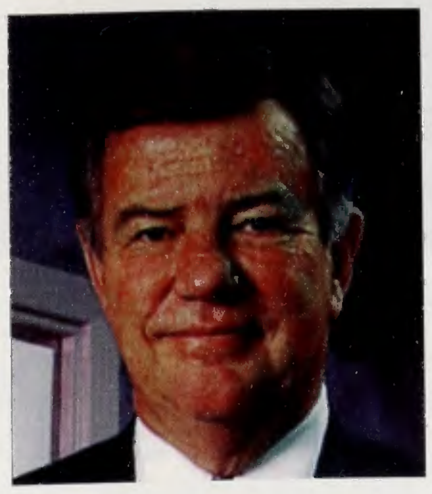
Radio One said 2/21 to expect Q1 net revenues of $56M, broadcast cash flow of $23.5M, EBITDA of $21M and after-tax cash flow per share of one cents. That would have put same station revenue growth in the mid-single digit range. The latest announcement didn't say how much more to expect—just that it would be more.

As for the deal with its banks, the amended loan agreement allows Radio One's debt leverage to rise as high as seven times cash flow in the second half of this year (from the current cap of 6.75 times), but then start coming down incrementally to hit 4.5 times 3/31/05 and thereafter. The amended agreement was signed by 18 lenders who are part of Radio One's bank syndicate, led by Bank of America.

Fisher finances $150M in debt

Fisher Communications (O:FSCI) has done a complicated deal with Merrill Lynch (N:ML) to get up to $70M for construction of its Fisher Plaza headquarters real estate project in Seattle and refinanced $60M in bank debt—a total package of $150M. One part of the Merrill Lynch package is a $42.4M margin loan collateralized by 3M shares of Safeco Corp. (O:SAFC). Part two is a "variable forward sales transaction" collateralized by 3M Safeco shares which anticipates proceeds of up to $70M over the next five years. As that forward sales contract matures in five stages at six-month intervals, beginning two and a half years from now, Fisher will have the option of either paying Merrill Lynch the current market value of the pledged Safeco shares or simply handing over the actual shares. Fisher has long been a major shareholder of Safeco, an insurance company, and this transaction allows it to use that stake to finance construction of the Fisher Plaza project, which includes studios for its Seattle TV and radio stations.

At the same time, Fisher announced a deal with its banks to refinance $60M in loans which were used for recent TV station acquisitions.



Lowry Mays

Lowry's busy year

While watching the US economy (and ad revenues) decline in 2001, Lowry Mays was still closing lots of acquisitions at Clear Channel Communications (N:CCU). The company's 10-K filed with the SEC spells it out. Over the course of 2001, CCU closed purchases of 183 radio stations in 63 markets for a total of $445.1M cash and the swap of eight stations. $355.8M of that cash was from the pool of restricted, tax-deferred exchange cash from CCU's AMFM merger spin-offs.

CCU also bought 3.3K billboards in 33 US markets and 25.5K billboards overseas for $359.6M. That's not including $25M that was spent to buy stakes of less than 100% in some outdoor companies.

CCU Entertainment spent $125.5M on music, sports and racing events, promotional assets and sports talent representation contracts.

TV activity was far more limited. CCU closed deals to buy four TV stations for $78.9M, including $11.7M in restricted cash. Two of those stations had already been in LMAs with CCU.

That all totals $1.034B in acquisitions by CCU in 2001.

While acquisition activity has slowed this year, CCU noted that it had already closed on six more radio stations and 1,938 billboards through February. And that's not including the still-pending $800M merger acquisition of The Ackerley Group (N:AK).

CCU also spent $598.4M on capital improvements in 2001—$144.9M on radio, $264.7M on outdoor, $67.5M on entertainment and $121.3M on corporate and "other," with TV part of that "other." Most of the radio expenditure was attributed to consolidating operations.

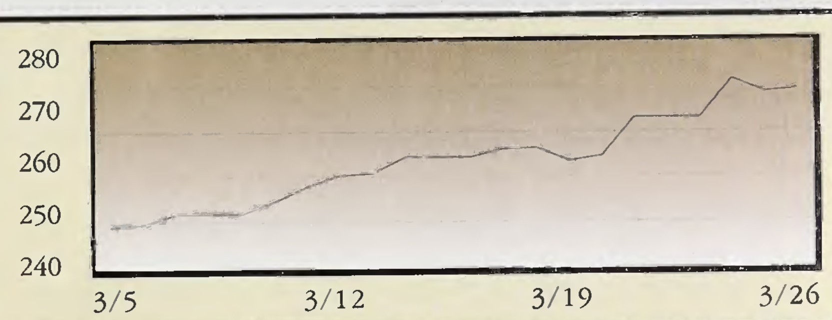
As the company stands today, CCU reported that it gets 43% of its revenues from radio, 31% from live entertainment, 22% from outdoor and 4% from "other." In this case, "other" includes TV, the Katz radio and TV rep firm and the CCU unit that represents professional athletes.

CCU also reported that it recently (1/15) redeemed $141.8M face value in 12.625% bonds issued by SFX Broadcasting, which came to CCU by way of the AMFM merger. The redemption cost $150.8M, plus accrued interest and CCU booked a net gain of $3.9M on the deal.

Radio Business Report
Voice Of The Radio Broadcasting Industry

The Radio Index™

The Index remains near its all-time high. The Index slipped 6.681 for the week to close 3/26 at 262.010.



Benedek files Chapter 11

TV group owner Benedek Communications Corp. has filed for Chapter 11 reorganization in the federal bankruptcy court for Delaware, where its holding company is incorporated. Illinois-based Benedek reported at least $450M in debt, mostly to holders of its 13.25% senior notes and a bank group led by Toronto Dominion. In a statement submitted to the court, President and COO **Jim Yager** reported that 2001 net revenues were $143.7M, down 10.2% from 2000. Broadcast cash flow fell 23.7% to $49.2M. That produced a net loss of $38.8M, compared to a profit of $15.8M in 2000.

"The advertising climate has rebounded during 2002, and the debtor expects to report broadcast cash flow for the first quarter of 2002 of $9.3M, which represents an approximate 25% improvement over the first quarter of 2001," Yager told the court.

Benedek has been out of compliance with its bank loan covenants since 9/30/01 and announced last November (RBR.com 11/12/01) that it would not make a $10.2M interest payment to its bondholders. Yager said the company had held extensive negotiations with its major bondholders, but "was unable to obtain sufficient concessions or additional liquidity," so Benedek had to go the Chapter 11 route instead.

Benedek owns 23 TV stations in markets ranging in size from #65 to #198. It lists 1,280 full-time employees. All of the company's common stock is owned by Chairman and CEO **Richard Benedek**, his son, VP **Stephen Benedek**, and Yager. The company also has two issues of preferred stock, primarily held by GE Capital, Spear, Leeds and Kellogg and Fidelity Investments' National Financial Services Corp.

Television Business Report™

Voice Of The Television Broadcasting Industry®

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Mel: Scatter up double digits

Viacom (N:VIA) President **Mel Karmazin** patted himself on the back at the 2002 TVB Marketing Conference in New York for holding back CBS and UPN inventory in the last upfront.

"As of yesterday (3/25), scatter is up double digits from the pricing on the upfront," Karmazin crowed. That's being taken as confirmation of Karmazin's decision to sell less inventory in the upfront, rather than cutting rates, so he's standing firm for future upfront seasons. "From a network perspective, if we are uncomfortable with the pricing, we will wait for it [in the scatter market] with a lot higher CPM," Karmazin said. "In this upfront our pricing will not be too high for me."

"Syndication got killed in the upfront," was Karmazin's view. "They have been more on the order taking side than working with clients. People maybe got a little bit lazy."

Mindshare CEO **Irwin Gotlieb** noted that the upfront market place has changed. In the past, the agencies placed their upfront business for syndicated TV in January and February, followed by the networks. But now he notes, the progression is network, cable and then syndication—and he added that there is a glut of syndication product.

Karmazin was also critical of the TV industry. "We sometimes take our eye off of new business," he complained. While many groups are now reporting improved pacings, including the biennial boost from political advertising, Karmazin noted that he looks at year-over-year numbers without political.

The Zen Master also chided TV groups who are owned by newspaper chains. Those groups, he said, seem to be less aggressive in going after the ad market share held by newspapers. Karmazin also noted that one newspaper owner refused to place advertising on Infinity's radio stations because they were aggressively targeting newspaper ad dollars. That was a client Karmazin said he didn't mind losing.—JM, KL

For Karmizan's take on consolidation, see related story, *RBR* cover.

EchoStar wants you to be its lobbyist

The merger of the top two satellite television providers, EchoStar's DISH Network and Hughes' DirecTV, is currently under review by the FCC. More than a few members of Congress have shown interest in the merger as well.

EchoStar has a website devoted just to the merger. If you go to www.echostarmerger.com, a ready-made screen is available on which you may write a letter (the site encourages a letter of support), which will be forwarded to the FCC and to your state's senators. According to the Associated Press, over 1,000 individuals have taken advantage of this opportunity.—DS

WASHINGTON BEAT

Commission, McCain question DTV delays

The FCC said will notify several TV groups this week that they must better explain why they need to delay past their 5/1 deadline for launching DTV simulcasts or face possible penalties. Almost two-thirds of those scheduled stations have notified the Commission they will not be able to meet the deadline. Over 850 extension requests have been filed. Several midsize groups have reportedly indicated that they may not be able to offer DTV simulcasts at all of their stations even by the 13-month extension period.

Meanwhile, on Capitol Hill, Senator **John McCain** (R-AZ) said that broadcasters have "dawdled" on delivering DTV and Congress should impose fees on the industry for "squatting" beyond the '06 target date for returning analog spectrum. The Commerce Committee's ranking Republican went as far in his beliefs to say, "I believe there's not a snowball's chance in Gila Bend, AZ, that the broadcasters will vacate this spectrum by '06. A few years from now, broadcasters, will be marching up to Capitol Hill asking Congress for more time."

***TVBR* observation**: We realize the need to give spectrum to wireless operators. However, does the Senator know how much it costs to implement DTV equipment, let alone find tower space for the antenna? Does the Senator realize TV has just gone through a horrific year of revenues? Does the Senator realize how few people will actually use DTV signals sent over the air? Does the Senator realize how little consumers seem interested in DTV, with sets costing thousands of dollars apiece? A lot of things need to fall into place for DTV to work—getting the stations up and running is just one of them.—CM

Benedek files Chapter 11
See story, page 7.

Meredith and Fox in duopoly swap

Meredith Corp. (N:MDP) and News Corp. (N:NWS) have announced a station swap which will give Meredith a TV duopoly in Portland, OR and News Corp., via its Fox Television (N:FOX) subsidiary, a duop in Orlando, FL.

In the swap, Meredith will get KPTV-TV (Ch. 12, UPN) Portland to pair with its KPDX-TV (Ch. 49, Fox). The Portland UPN affiliate was acquired by News Corp. as part of its Chris-Craft deal.

In Florida, Fox TV will get WOFL-TV (Ch. 35, Fox) Orlando and its satellite, WOGX-TV (Ch. 53) Gainesville-Ocala, to team up with WRBW-TV (Ch. 65, UPN) Orlando.

In announcing the swap deal, MeredithCFO **Suka Radia** said the transaction is not expected to have a material financial impact on fiscal 2002 or fiscal 2003.

***TVBR* observation:** This is the eighth TVduopoly for Fox, but only the first for Meredith. There's no doubt that **Rupert Murdoch** sees the value in having two revenue streams in a single market, even if Fox—unlike Viacom and NBC—doesn't yet have a second network of its own to put on that second *signal. We look for that to change as well.—JM

Telefutura growing Univision's audience

Univision Communications (N:UVN) reports that the addition of its second over-the-air TV network, TeleFutura, has boosted Univision's total audience by 28% since signing on 1/14. For the key demo of Adults 18-49, the increase has been 19%.

Where has that additional audience been coming from? From English stations, according to Univision. It says Hispanic household primetime viewing of Univision's original network has hung steady at a 32 share and Telemundo has also held steady at nine. But Hispanic viewing of TeleFutura added a three share, while Hispanic viewing of English TV declined by four points.

"We're thrilled with the ratings we have achieved on TeleFutura at such an early stage in the network's development as well as the fact that Univision's audience has continued to grow," said **Ray Rodriguez**, President of Univision Networks.

***TVBR* observation:** We've seen many cases over the years where real world audience reaction didn't come close to matching what expensive research said was supposed to happen—but Univision's implementation of Telefutura is right on the mark. It was designed to attract young Hispanics who'd been watching English networks and it's working like a charm.—JM

NBC preparing Spanish news push

With hopes of closing its $2.7B purchase of Telemundo before this month ends, General Electric's (N:GE) NBC is preparing to boost the number two Spanish network with an infusion of NBC News resources, according to the Los Angeles Times. The report says both sides of the merger have been meeting regularly to chart an ambitious integration of their news operations. And it won't be a one-way street. The Times says roughly a third of Telemundo's news correspondents in the Caribbean and Latin America speak English well enough to appear on NBC as well as Telemundo. Joint newsrooms are also under consideration in markets where NBC and Telemundo both have O&Os.—JM

TVB is golden in 2002 New York event

The gamble to move the TVB away from Vegas and the NAB to the Big Apple and associate it with the New York Auto Show paid off. The sold out event with 700 attendees (and a waiting list) was a quick business-packed one-day event. The luncheon was even a don't miss event including a surprise appearance and chat between NBC's **Bob Costas** and Olympic gold medialist **Jim Shea**. More in next weeks *TVBR*.

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

March 25, 2002 — Volume 19, Issue 11

XM satellites to last two more years

XM Satellite radio says in its annual report that its satellites have 2.5 more years of life expectancy than previously thought. The initial design life of the birds was 15 years.

O'Reilly clears "The Ticket" in SF

Westwood One talent **Bill O'Reilly** has been cleared at "The Ticket," Susquehanna's KTCT-AM San Francisco.

WarpRadio files Chapter 11

Radio streaming provider WarpRadio (O:WRPR) has filed for Chapter 11 bankruptcy protection from creditors with the federal bankruptcy court in Denver. Court filings indicate that WarpRadio has debts of slightly over $1M, but assets of only $715K, mostly illiquid.

Streamers included in PPM

Two participating stations, WDEL-AM and WSTW-FM (both out of nearby Wilmington, DE) are putting a separate Arbitron encoder on their Internet-streamed broadcast.

Media Audit achieves a benchmark

Qualitative data supplier Media Audit inked its 600th station client. KSTE-FM Portland took the plunge, and will use its data to support the station's recent format change. Media Audit is now in 85 markets.

WOR names John Mainelli new PD

John Mainelli, who has reported on radio for The Post since '98, officially joins WOR 3/20. Mainelli was PD at WABC-AM from '88 to '95, where he launched **Rush Limbaugh** and **Ed Koch**.

Gordon Bridge has left Surfer Network

Streaming/ad insertion provider SurferNetwork President **Gordon Bridge** quietly left the company at the beginning of the year. Geode Principal Bill Grywalski is now the new President.

Vandals caused tower collapse

Clear Channel's KKEZ-FM Fort Dodge, IA was forced off the air early 3/19 after the station's 640-foot tower came down. Reportedly, two guy wires were cut on the tower, causing the collapse.

Mancow fined by FCC again

Fined for three counts of indency $7,000 per count on station WKQX Chicago. Emmis has 30 days to pay up or appeal.

New Mid East broadcast service

The Broadcasting Board of Governors (BBG) has signed agreements in Bahrain and Qatar for FM radio transmission of the Middle East Radio Network (MERN), Governor Norman Pattiz announced this week.

Agencies react to NBC liquor ad reversal

We talked to two agencies that handle distilled spirits clients: Zenith Media, which handles Allied Domecq brands (Ballantines, Beefeater, Kahlua, Maker's Mark, Courvoisier, Sauza, Tia Maria, Canadian Club, Teacher's, Harvey's Bristol Cream, more); and Carat USA, which handles Diageo brands (Jose Cuervo, J&B, Smirnoff, Johnny Walker, Tanqueray, Bailey's and Captain Morgan).

Andy Donchin

What were the initial reactions to NBC-TV's announcement (3/20) that it has decided against airing distilled spirits ads? It was a complete reversal of its decision made last December (RBR.com 12/14/01, 12/15/01), which would have included one in five ads to be responsible drinking spots.

"Legally available products should be permitted to advertise. And we certainly agree that there ought to be careful restrictions on the advertising of distilled spirits in order to minimize the exposure to people who are under age," **Rich Hamilton**, Zenith Media CEO, tells *RBR*. "But, having said that, I think it's unfortunate that NBC was compelled to withdraw this. And certainly, it inhibits the industry's ability to reach people who are of legal age with advertising that is carefully crafted and constructive. We've advertised our Allied Domecq brands on television and on radio. There are many local stations and certain cable networks that will accept our advertising. We would like to see our advertising accepted as broadly as possible."

Did it affect any campaigns for Carat and Diageo? "No, not at all, says Carat USA SVP/Director of National Broadcast **Andy Donchin**. "I think it's so early in the game that no plans have significantly changed to include NBC. I'm sure it could have down the road, or other networks if they went along with NBC. I just think they took a responsible position and surveyed what was out there and decided to stick to what it was previously on the network. I applaud them that they thought this was a better course of action."

Does NBC withdrawal open anything up for radio?

Says Donchin: "You know, they were able to survive without the ad dollars in TV, I'm sure it would just be a benefit to the ad dollars in radio. It opens up another category, but the question is how much money is going to flow there? I still don't know if it's going to be such a huge impact. Print is still the major avenue for hard liquor advertisers."

"I was wondering about why they reversed their decision. Probably because they figured the pressure is so great. Obviously, maybe they feel that there are some signs there that the economy is coming back. They figure that it's probably not worth it to them in the long run," adds Zenith VP/Manager of Radio, National Broadcast **Matt Feinberg**. "I think ultimately, radio will follow suit. I think if NBC is doing this, and none of the broadcast TV nets will take liquor ads...I mean CBS is not doing it, and therefore Viacom's stations and Westwood One won't do it. It think it might happen on a station-by station basis, but corporately, most everybody will follow suit."—CM

Wilson out at Citadel

Citadel Communications President **Bob Profitt** informed employees 3/15 in an email that company founder and Chairman **Larry Wilson** had departed due to"personal considerations."

Wilson launched Citadel as a small Western group in the 1980s, thendid an IPO in the '90s and took Citadel nationwide. But after seeing his stock punished by Wall Street in 2000, Wilson found a buyout partner in Forstmann Little, which paid $2B last year to take Citadel private.

Although Wilson retained a personal stake in the company, **Ted Forstmann** had control and recently hired **Farid Suleman** away from Viacom (N:VIA) to build up Citadel for what's expected to be another IPO (*RBR* 2/25, p. 1).

***RBR* observation**: With Suleman brought in by Forstmann Little to run Citadel, Wilson had no day-to-day role in the company hefounded—and now he is gone.—JM

Adelstein FCC nomination in a Lott of trouble

Senator **Trent Lott** (R-MS) has threatened to block Senate confirmation of **Jonathon Adelstein** as the fifth and final Commissioner at the FCC. This is in apparent retaliation for the demise of the effort to place **Charles W. Pickering** in an appeals court judgeship. Pickering is a friend of Lott's, and a fellow Mississippian. Adelstein has been an aide to Senate Majority Leader **Tom Daschle** (D-SD) since 1995.

Lott denied that Pickering's and Adelstein's fates were tied together, noting the relative youth and inexperience of Adelstein. However, other sources reportedly said the two events were related.

Jonathon Adelstein

Saying that President **George W. Bush**'s selection for the open seat on the Federal Communications Commission is too young and inexperienced, Lott has thrown his support behind **Andrew Levin**, an aide to Congressman **John Dingell** (D-MI). Dingell and his staff have extensive experience dealing with telecommunications issues.

Adelstein, who turns 40 late this summer, is several months older than current FCC Chairman **Michael Powell**.—DS

FCC moves on four ancient pending deals

The FCC approved four long-pending deals and designated another for a hearing under an interim radio ownership policy while its Notice of Proposed Rulemaking on Local Radio Ownership is in the works.

Deals in and around Cheyenne WY, Columbus-Starkville MS, Trenton NJ and Columbus GA got the go-ahead. However, a proposed Clear Channel acquisition of WUMX-FM in the Charlottesville VA market was designated for a hearing. Clear Channel is currently running WUMX in an LMA.

The Charlottesville decision may signal the direction in which ownership policy is headed. "The FCC found that the proposed transaction raised competitive concerns by reducing the number of effective competitors in the Charlottesville radio market from three to two," wrote the Commission. "The FCC was unable to find sufficient public interest benefits on the record to outweigh the potential for competitive harm."

Clear Channel (N:CCU) does not intend to take the decision lying down. CCU Radio President **Randy Michaels** needed only one word for his answer when asked by *RBR* whether it his company would stand and fight or withdraw the WUMX applications. "Fight!"

The interim policy was put in place by the FCC 11/8/01. When looking at deals, FCC staff was told it could look at "product market definition; geographic definition; market participants; market shares and concentration; barriers to entry; potential adverse competitive effects; and efficiencies and other public interest benefits."—DS

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RADIO NEWS®

MTV vet now heading Infinity Radio

Mel Karmazin has moved to fill the void from **Farid Suleman**'s departure as CEO of Viacom's (N:VIA) Infinity Broadcasting. He's named **John Sykes** Chairman and CEO of Infinity Radio. That's not the same job that Suleman left, since Sykes will head only radio, nor outdoor as well. Sykes is not a name you're likely to recognize. He comes from Viacom's cable operation, where he was President of VH1 and CMT, the AC and Country operations within the MTV Networks Group.

Dan Mason will continue as President of Infinity Radio and report to Sykes, who will in turn report to Karmazin, President and COO of Viacom. **Wally Kelly**, President and CEO of Viacom Outdoor, will continue to report directly to Karmazin.

***RBR* observation**: Despite his lack of radio experience, Sykes certainly knows something about music programming and media in general—and he's said to be a rising star in the view of Viacom CEO Sumner Redstone.—JM

Rep. Anthony Weiner (D-NY) asks DOJ for CCU antitrust investigation

Add another congressman to the list of people asking for investigations into Clear Channel Entertainment: Rep. **Anthony D. Weiner** (D-Brooklyn & Queens, NY), a member of the House Judiciary Committee, sent a letter to DOJ (3/20) asking that they investigate recent actions by Clear Channel "which appear aimed at undercutting their primary competition in New York City's concert promotion industry."

Weiner is concerned about the Montage Mountain Amphitheater in Scranton, PA. He says CCU upped the annual fee to the owners for booking rights $458K to $833K per annum, causing the venue to break contract with The Metropolitan Entertainment Co. "Clear Channel's actions have threatened the pending sale of Metropolitan to **Mitchell Slater**, a respected name in the concert promotion industry and a former Clear Channel executive," wrote Weiner. "Under these terms it appears that Clear Channel would almost certainly lose money. Hence, it appears that Clear Channel's motivation behind its contract with the owner of Montage Mountain was to block the sale of Metropolitan to Mr. Slater."

Weiner writes in his letter: "These allegations, if proven true, are consistent with a pattern of behavior by Clear Channel that is anti-competitive and harmful to consumers, venue owners and artists. I urge you to investigate and fully prosecute any violations of antitrust law that have occurred in the aforementioned circumstances."

Responds CC Entertainment SVP/PR **Howard Schacter**: "We believe Mitch Slater was the winning bidder for MEG. We believed we submitted the highest bid to MEG's parent company, the publicly held Covanta. Nonetheless, Covanta chose Mr. Slater. In terms of managing Montage Mountain, the County [Lackawanna, PA] has made it very clear they reached out to us based on our track record as the nation's preeminent venue operator and programmer and their lack of confidence in the financial viability of MEG and Mr. Slater. To suggest we've done something wrong here is absurd." More at RBR.COM—CM

PPM work in progress

Arbitron (N:ARB) is moving ahead rapidly with work on the Portable People Meter, with ongoing tests taking place in Philadelphia. The good news is that the radio industry is being well-represented as decisions are being made as to its ultimate shape once it becomes a fully operational system. So says Infinity Radio (N:VIA) Senior VP **David Pearlman**. He and other members of the Arbitron Advisory Council spent three days cloistered with Arbitron's **Steve Morris**, **Owen Charlebois** and others. Without being able to go into any details, Pearlman told *RBR* that Arbitron was very receptive to the thoughts and ideas of the Council.

Pearlman pointed out that the level of cooperation was even more laudable given the backdrop—as has been well-reported, Pearlman's company is currently locked in tough no-holds-barred negotiations with Arbitron over a new contract. The potential for animosity to seep into the PPM talks was never allowed to take place.

Bernie Shimkus, Director of Research, Philadelphia-based Harmelin Media has attended all three Arbitron Portable People Meter (PPM) seminars in Philadelphia, Baltimore and NYC. Being a member of the advertising research community, *RBR* asked Shimkus what his impression is so far on PPM.

"Generally speaking, we're excited about the possibilities that the PPM brings to improving audience measurement for radio. It's long overdue that electronic measurement has come to this medium."

Do you think that will help score multi-platform buys? "I don't know that it's the biggest advantage that it brings. It's a possibility, but I think it's more in the way of helping advertisers and agencies develop media usage from a planning perspective...the Optimi$er—how does a person really use different media?"—DS, CM

***RBR* observation**: We remember that a new era of good will seemed to have been ushered in when Morris took over the top slot at Arbitron, reversing what had often been a contentious relationship between the ratings giant and those it measures. It would appear that this was more than just a honeymoon.—DS

RBR Stats

A look at liquor advertising

Taylor Sofres' CMR has given *RBR/TVBR* a look into video/aural advertising expenditures for distilled beverages for 2001. According to their figures, national radio is far outpacing all forms of television in this category. However, in all cases, the numbers make up only the tiniest of percentages of advertising income.

100% of the network television cash was spent by Smirnoff Corp. NBC did not announce its new policy of accepting distilled spirit advertising on its network until December. (see stories, *RBR* cover and *TVBR* cover in this issue).

Five companies spent over $1M in national spot radio in 2001. They are listed in the second chart.—DS

Medium	2001 Volume
Network TV—national	$426,600
Cable TV	$51,080
Spot TV	$2,062,070
Total TV	$2,539,740
National Spot Radio	$15,582,280

Company	2001 Natl Radio
Crown Royal Canadian	$3,389,360
Captain Morgan Parrot Rum	$2,460,490
Chivas Regal Whiskey	$1,775,630
Jim Beam Bourbon	$1,715,450
Margaritaville Tequila	$1,080,420

Source: CMR, a Taylor Nelson Sofres Company

Washington Beat

Hollings lashes out at FTC

Still upset over an inter-agency agreement to put all media mergers under the Antitrust Division of the Department of Justice (DOJ), Sen. **Ernest Hollings** (D-SC) is using every tool at his disposal to attack DOJ and the Federal Trade Commission (FTC).

When FTC Chairman **Timothy Muris** appeared on Capitol Hill last week (3/20) to talk about his agency's budget, Hollings used the occasion to browbeat Muris for the agreement with DOJ and threatened to cut FTC funding in retaliation. Charging that the Bush Administration has "run amok," Hollings claimed that the inter-agency antitrust deal was "not allowed by law" and said that if he can, he might start cutting paychecks at the FTC to get the attention of its top officials.—JM

WWDC fined for airing answering machine

Clear Channel's (N:CCU) WWDC-FM Washington, DC has been fined $6K by the FCC for airing a phone call without the permission of the person being called. In this case, the voice on the other end wasn't actually a person, but rather an answering machine. The owner of the answering machine complained to the FCC and WWDC acknowledged that the recorded phone message was broadcast last 11/30. However, the station argued that the message was "generic in content" and not like a previous case where another Clear Channel station was fined for airing an actual conversation purloined from an answering machine. The FCC didn't buy that argument. It's given WWDC 30 days to pay up or appeal.—JM

XM, Sirius get extension on special temporary authority

The special temporary authority for XM Satellite Radio's and Sirius Satellite Radio's terrestrial repeaters was set to expire 3/8, but reportedly, the FCC will allow the satcasters to use the repeaters until it has permanent rules in place. The NAB has been lobbying the FCC not to grant permanent licenses for the terrestrial repeaters without including rules that prevent them from being used to deliver local programming.—CM

RAB survey finds NTR growing

First results of the RAB's recent survey of radio stations shows that an overwhelming number are increasing efforts this year to bring in NTR—non-traditional revenues. In light of the economic downturn, RAB was expecting a strong response to that question, and indeed found that 84% of respondents are increasing NTR efforts this year, with 14% holding steady and 3% saying they are actually decreasing NTR efforts. The top category for focus by those increasing NTR efforts was event marketing, 72%, followed by cause marketing, 54%, Internet, 47%, and manufacturer direct, 40%.

RAB VP of Co-op/NTR Services **Bill Barr** said RAB was actually surprised that the percentage of stations targeting cause marketing NTR wasn't higher, following the events of 9/11.70% of all respondents said they were pursuing cause marketing, but that was still a distant second to event marketing at 92%. As noted above, cause marketing was also second to event marketing as an NTR area for increased effort this year.

***RBR* observation**: Who are those 3% of stations who have so much money rolling in that they're cutting NTR efforts? Perhaps they're Cumulus stations, where an edict has gone out from headquarters to stop doing low-payback NTR events. However, CEO **Lew Dickey** has been careful to note that the company isn't abandoning NTR—only NTR that isn't profitable.—JM

RIAA's Rosen wants meetings on indies

RIAA President/CEO **Hilary Rosen** announced 3/14 that new rules need to be constructed for independent promotion, and she plans on talking to the FCC and broadcasters about doing just that. The music industry is currently a severe slump and the labels are no longer willing to shell big dollars to the indies to get songs played on the radio. Rosen is hoping the FCC will come up with new, tougher payola rules for radio. She compared independent promotion companies ("indies") to political contributions: "It sucks, but it's not illegal. It isn't really pay-for-play, but it's like political money. It doesn't buy you votes, but you just hope you don't get kicked out of the table."

Meanwhile, Salon.com columnist **Eric Boehlert** says labels are considering their own organized offensive against being squeezed out of radio independent promoters and others. In his "Record companies: Save us from ourselves!" story, labels are wondering if paying some $100M yearly to the indies, who in turn pass along money to radio stations whenever they add new songs to their playlists ("pay for play") is worth it. "The labels are going to ask the government to draw up strict guidelines that would wipe out the current pay-for-play system—one they helped create to get around charges of payola—that pours millions of dollars into station coffers," Boehlert writes.—CM

Union attacks Cumulus director

Cumulus Media's (O:CMLS) $307M in deals to acquire Aurora Communications and DBBC LLC are expected to close this week, once shareholder votes are tabulated on Wednesday (3/28). That's despite efforts by the New England Health Care Employees Union/SEIU to get the SEC to block the vote, charging that **Holcombe Green** has undisclosed conflicts of interest in his role as a director of Cumulus. The union has been locked in a bitter labor battle with Yale University, where Green is a trustee, and that's expanded to an attack on Green personally, as detailed on a union website, www.holcombegreenhouseofcards.org, which "examines the business activities" of Green and the various companies he has run or been affiliated with.

"Green is not a direct investor in the two entities to be acquired. However, Green has connections to the investors in these companies which are likely to affect his judgment: in the case of the **Dickeys** and **Weenings**, because he is a co-investor with them; in the case of Bank of America, because it is his principal creditor. Shareholders should be permitted to take these facts into account when evaluating whether to approve either transaction," the union said in its letter to the SEC.

Cumulus CEO Lew Dickey said Green's investment in CML Holdings, whose Cumulus stock is voted by former Executive Chairman Richard Weening, is very small and dates from an earlier investment in Weening's Quaestus venture partnerships. And Dickey notes that CML is not an investor in DBBC, which is 96% owned by the Dickey family and 4% by Weening. Green was one of two outside directors who evaluated Cumulus' deal, with Gardner, Carton & Douglas as outside legal counsel, to acquire DBBC's three Nashville stations.

"So Holcombe had no interest in DBBC, so he was not conflicted, and Holcombe's interest in CML was disclosed to Gardner, Carton and Gardner, Carton dismissed it as immaterial. Certainly everything was above board," Dickey told *RBR*.

As for the suggestion that Green had a conflict because he owes money to Bank of America, whose affiliates are investors in both Aurora and Cumulus, Dickey noted that he also has a checking account at BofA.—JM

RBR News Briefs

Smyth promoted at Greater Media

Peter Smyth

Peter Smyth needs to have new business cards printed again—this time to change just one letter, from COO to CEO. Smyth has been at Greater Media for nearly 16 years, rising from station GM to being named President and COO 16 months ago. Now he's President and CEO. "We've worked with Peter Smyth in his current position and President/COO for 16 months and we're very pleased with the experience, hard work and management skill he has brought to the position and his forward-looking vision for the company," said Chairman **John Bordes**.—JM

The Hill comes to Las Vegas

The 107th Congress is sending a ten-member delegation to NAB2002 in Las Vegas. They will serve as panelist at the Congressional Breakfast at the Hilton 4/8. Senator include **Conrad Burns** (R-MT) and **Michael Crapo** (R-ID). Coming from the House of Representatives will be **John Dingell** (D-MI, who is also receiving the NAB's **Grover Cobb** award), **Richard Burr** (R-NC), **Gene Green** (D-TX), **Darrell Issa** (R-CA), **George Radanovich** (R-CA), **Jim Sensenbrenner** (R-WI), **Terry Lee** (R-NE) and **Greg Walden** (R-OR).—DS

Joan Rivers quits WOR radio show

...Probably really due to being bounced from her time slot from WOR-AM NY/WOR Radio Networks' adding **Bill O'Reilly** in May (**Bob Grant** moves to 5-7P, pushing her show forward). The *New York Post*'s Page Six reports Rivers is giving up her WOR radio show after four years: "'It's the first job I ever left,' Rivers told Page Six. 'It's sad, but it's time.'—CM

400 "dis"-honor Olds in NYC

Unintended humor is often best, so RAB President **Gary Fries** got one of the biggest laughs at the Bayliss Foundation Radio Roast when he introduced ABC Radio News correspondent **Steffan Tubbs** as "**Ernest Tubbs**." Tubbs, Steffan that is, was the first former Bayliss scholarship recipient to be honored for his professional achievement.

Some 400 people turned out for the black tie event, with Katz Media Group CEO **Stu Olds** in the hot seat as the "dis"-honoree. There were lots of golf stories and fake photos that purported to show Olds' Wisconsin boyhood. Each attendee received a button which featured a real photo of Stu, circa age 10, inscribed "Needa rep?"—JM

By Carl Marcucci

Two years later: Traug Keller's ABCRN

Traug Keller, ABC Radio Networks (ABCRN) President, took the reins there in June of 2000, replacing **Lyn Andrews**. Since we interviewed him a month later (*RBR* AdBiz 7/00), he's pretty much accomplished all he set out to do—and a good deal more as well. Launching **Sean Hannity** and the Urban Advantage Network come to mind, as well as upgrading ABC Radio News and expanding ESPN Radio's presence in the marketplace. ABCRN's record-setting revenue growth is also a feather in his cap.

Keller joined ABC Radio Networks as VP/Eastern Sales in '94 and was upped to EVP/Ad Sales and Marketing in '97. Prior to his work at ABC, Traug was the Sales Manager for CBS Radio Networks in New York and held marketing and sales titles with the New York Times Company (N:NYT).

Here, almost two years later...

What has been your main modus operandi since taking the reins at ABCRN?
Focusing on growth, solidifying our distribution base, innovating in the new product and revenue stream models, building and strengthening my management team and people.

How have you changed the management style and structure of the network since taking those reins?
I now have a broader perspective of the whole power and potential of network radio and the quality of proprietary audio content. It allows me to see our operations and business model from this new perspective and it's allowed me to align the company to take advantage of the opportunities that exist out there.

I'm much more of a bottom-up than top-down kind of manager. I don't pretend to have all of the answers, but I rely on listening to people down the line who are close to the street, know what's going on and let that bubble to the top. I see that as an important way to drive business.

How has coming from the sales side helped in your running the network?
Well, revenue is the fuel that drives the engine. And I really don't have to worry that I don't know what's going on in the sales department or the media marketplace—because I came from there, I know it. I stay involved with it on a daily basis. Having that knowledge and not having to learn it frees me up to spend the majority of my time in other ways, to grow the business and to drive profitability at the networks.

How many salespeople have you added since your tenure? What changes have you made to better get the attention of the buying community?
We've added people in focused areas—in Urban, on the ESPN side, Radio Disney. A focused sales effort yields results, and you need more people dedicated to those particular disciplines. And we've seen it pay off.

Obviously, Westwood One got Bill O'Reilly. You wanted him too. What was the problem?
We had a home for Bill 10AM-Noon. We work in conjunction with our own stations, and as you know, most of our own stations take **Rush Limbaugh**. We felt that going up against Rush is a tough putt. I think O'Reilly will be successful, but I don't think he will be as successful, as compared to if he had gone 10A-Noon.

How has ABC Radio News increased its business since the 9/11 tragedies?
We have been investment spending in news for a number of years. We've been growing it, to try and superserve our different tiers of stations. And I think what happened with 9/11 is it made a lot of stations around the country realize that it does matter where you get your news. Radio is first and foremost a server of the community of people. There was never a time like there was in those middle weeks of September when the communities of America became one and radio was serving it. We estimate there were over 6,000 stations in the first few days taking our news.

The follow-up to all of that is I think a realization on the part of news directors and GMs and operators is that they've got to be associated with news. Because you never want to be without it, when, God forbid, those times occur when you do need it.

Post 9/11, how many additional affiliates do you think ABC Radio News has signed?
I would say certainly in excess of 100, for FM and AM—from crisis coverage to 24/7.

Why did you take the gamble to hold back on inventory in the 2002 upfront buying season (*RBR* 3/4, p.2)?
Well, we knew our product is quality product, and we felt that the upfront was shallow. There had been kind of a strong scatter marketplace occurring, and we felt that instead of dropping rate completely to take share in the upfront, we wanted, obviously, to try and maintain share— but not grow it significantly.

How is that gamble paying off now?
We have inventory that advertisers want, and we're able to sell it for what it's worth and that is good for the short and long term health of our business.

Are you finding that you're able to raise the rates, now that it's gotten so tight?
Yes, because of the supply and demand equation.

What other trends are you seeing in the network radio business?
As I think I stated when I started, content is king, to use an over-used phrase. Look at major TV talent like **Dan Patrick**, Sean Hannity, **Keith Olbermann**, **Sam Donaldson** and now **Bill O'Reilly**. They're entering the business and the advertisers and affiliates are eating them up. You know, satellite radio needs and wants branded content with established megabrands like ESPN, Disney and ABC News. New advertisers and categories are finding that network radio can really move their business.

What are your thoughts on XM and Sirius? Are they are a threat to network radio, especially now since we're getting the idea they might be going local?
I think if they go local, they are a threat. But I think as a national vehicle, it's like gravity—there's nothing you can do to change the fact that it exists. It's inevitable that DARS was going to happen. That's what happens with technology as technology moves forward. We found an opportunity to partner with them because I maintain we are in the audio distribution business. I'm still on the fence as to whether or not that it's really going to work, but if it does work, we've got a ticket in that horse race.

Tell us the story behind signing Hannity
Mitch Dolan, who runs the station side of the business, and I have been friends for a long time. And before we ever got our current jobs, we always said that if we do move along and get these jobs that we would work together to keep the good talent we have in-house, and capitalize on the strengths of our owned-and-operateds, being these powerful News-Talkers.

Hannity is a perfect example. Here's a guy that's talented and moving the needle. "Let's work together, let's launch this guy on our O&Os and watch it happen." Sean's got the talent, and we coupled that talent with the station lineup in the Top-10 markets that only we can provide. And I think once other groups saw us make that commitment on the kinds of stations that we have, it kind of spread like wildfire. And the rest is history—140 stations signed up to date, in four months. It's the real deal.

What was/is your vision behind Urban Advantage Network?
Urban offers tremendous growth opportunity for the network. We want to be the leaders in Urban radio programming and distribution for advertisers. The first couple of years have shown us the model works and provides a solid platform on which to build not only revenue and distribution, but also to be a major influencer of public opinion in the Urban marketplace. For example, we've formed a pioneering strategic alliance with the US Department of Health and Human Services and the Urban Advantage Network, called "Closing the Health Gap." It's impacting public policy at HHS and also getting the word out to the African American community that they have to take charge of their health. We're working directly with Sec. **Thompson** and the Surgeon General on this campaign. This has also provided a new avenue for strengthening and growing our business in the healthcare and pharmaceutical segments.

How did the deal come about with Radio One signing on with UAN? You seemed to be at the right place at the right time on that one.
Well, focusing on growth. We're both the leaders in Urban programming. They had terrific distribution in top markets, so it made perfect sense for us to get together. They've been terrific partners and are fantastic to do business with.

What do you think Radio Disney's importance is to the radio medium?
Radio Disney is bringing kids into the medium—it is what the old WABC was when we were growing up: Top 40, but it's Top 40 for kids. It's amazing how the kids have gravitated to it. Even though despite all the technology that surrounds them, it speaks to radio's ability to endure. The kids of today are more tech-savvy than any of us adults. They have clearly found Radio Disney, they're listening to it and because of that, they've got the great pleasure of discovering the medium of radio. That serves all of us in this business well.

Explain how you've grown the ESPN brand on the radio so effectively.
We're now at over 200 stations, 24/7; at over 400 affiliates in some way, shape or form, covering 99.7% of the country including New York, Los Angeles and Chicago. That's pretty good stuff. It's simple—ESPN is one of the most powerful brands on the planet. We just needed to make sure we didn't screw it up! We stayed close to the folks up in Bristol [CT] and the brand groups, to make sure what you hear on the radio delivers the brand promise of ESPN, the ultimate sports fan destination.

Are you involved in much cross-platform selling with your Disney counterparts?
Yes, we are involved with something called ABC Unlimited. We sell across all of the venues available to Walt Disney Company, but what dictates what goes into that is generally what can best help the client.

By Jack Messmer

Triad: Seven markets and growing

RBR wraps up our four-part in-depth look at Triad Broadcasting with a look at the privately-held company's finances and growth strategy. Although it is less than four years old, Triad is endeavoring to grow in an atmosphere where small companies are being gobbled up by industry giants. We spoke with the company's top executives about how Triad plans to expand by being more nimble than its giant competitors.

David Benjamin

Triad's acquisition strategy

"Quality is a lot more important to Triad than quantity," CEO **David Benjamin** said in explaining Triad Broadcasting's acquisition strategy. "We're never going to have a thousand stations, nor is that our aspiration."

But Triad does want to grow beyond its current 42 stations.

"In house, there are things we refer to—'this is a Triad kind of deal.' And some are not," Benjamin explained. "We're very cognizant of trying to have our portfolio be coherent internally."

In general terms, Triad is looking for clusters in markets 50-200. However, three of the company's seven current markets are smaller than market 200. "Our small market clusters pack a lot of wallop in terms of cash flow," Benjamin said proudly.

As he went on to explain the idea of a "Triad kind of deal," Benjamin said he's looking for "quality clusters in terms of market position and local management."

And they have to be growing markets. "Not every market's going to be Tallahassee, FL or Savannah, GA—they're not all going to be growing at that pace—but they ought to be solid, local economies, because in this business you really are the prisoner of your local market," he said. "The other criteria we have is that we don't buy anything unless it has at least a million dollars in demonstrated cash flow. It's not cost-effective for us to manage it if doesn't have at least that amount." Although Triad has made a few add-on acquisitions along the way, it has generally bought already-assembled clusters.

But while Triad is focused on certain attributes for its markets, it is not limited by geography. "We are spread out. We're operating in every time zone, except Hawaii," noted Benjamin. In fact, his company doesn't have a single station in the same time zone with corporate headquarters, which is in Monterey, CA.

While Triad doesn't currently have any acquisitions pending, Benjamin told *RBR* that he is working on some new deals in the Midwest and South, although nothing is yet to the letter of intent stage.

"I would say prices are down from the really frothy period of the last couple of years, but they're by no means cheap. That's good news and bad news," Benjamin explained. "On the one hand, we don't want what we have to be worth seven times cash flow, but on the other hand we're certainly not going to pay 17 times cash flow. Even in this environment, and what the industry's been through in 2001, there are no screaming bargains, but clearly the crazy days are over—and I suspect they will be for some time."

In at least one way, though, he sees the current station trading environment as making more sense than what was sometimes seen in recent years.

"One of the major changes has been that there's a focus on demonstrated cash flow, rather than projected cash flow. So many transactions in the past have been done on projected numbers," said Benjamin. "I think that part of it is over for sure."

Public vs. private: Is there really much difference?

For CFO **Tom Douglas**, joining Triad Broadcasting in 1999 marked a return to the radio industry after a stint with an electronics manufacturer. Douglas had been CFO of Osborn Communications Corp. when it was a public radio company, until it was sold to Capstar in 1996.

Although he's now with a private radio company, Douglas says the fiscal discipline is much the same as being a public company. "We don't have public shareholders, obviously, so we do not have to deal with public filings and the SEC and a broad shareholders group, including shareholder analysts," Douglas noted, "But basically everything else is the same. Our directors are our major institutional equity financing groups, so our shareholders are very visible and we communicate directly with them on a regular basis. Instead of hundreds of them, it's just a few."

While public companies are sometimes criticized for operating quarter to quarter, Douglas says the common perception that public companies think short term and private ones long term is an oversimplification. "You always want to be thinking short-term and long-term. So I think you have the ability to plan out a little bit in the future and not have to be a slave to quarterly comparisons, but I think you want to run your business to the maximum both in the short term and the long term."

As CFO, Douglas spends much of his time dealing with Triad's lenders and equity backers, letting them know how the stations are doing and lining up financing for additional acquisitions. Triad's principal investors are NorWest Equity Partners, Bank of America Capital, Shamrock Capital Advisors and **George Couch**, a major Anheuser-Busch distributor who's been a long time friend and business associate to CEO David Benjamin. Triad's banking syndicate is led by Key Bank.

So while it might seem strange at first glance to have the CFO in Connecticut while the rest of corporate headquarters is in California, there are actually advantages since many of those financial contacts are also in the Eastern Time Zone, as is the company's corporate law firm and its FCC counsel. So the CFO spends a week or two each month on the West Coast, but the bulk of his time at his East Coast office.

Of course, Douglas is also in constant contact with Triad's market managers to compare actual results to budgeting and to prepare budgets for the next year. "To the extent that the performance year over year would be better or worse, or we think there are things that need to be worked on, we would share that with the managers, but the first cut of the budget certainly is built at the station level," he said of the annual budget process. Each market's budget then goes through several stages of back and forth development until CEO David Benjamin, Douglas and the local market manager agree on what targets to set for the next year—both for revenues and expenses.

To convention or not to convention?

As an active member of both the NAB and the RAB, David Benjamin is a supporter of the radio industry's organizations. But he told *RBR* that for a Triad manager to attend a convention, the expense has to be justified—there has to be a specific reason for that manager to attend an event.

"And I must say, as the industry has consolidated, the advantage of individual market people being at a lot of the events has diminished because there are so few that go," said Benjamin, noting that some of the large radio groups have taken all such events out of their managers' budgets.

"Although we have representation at most of the meetings, we don't have policies that we're going to have everybody there—or nobody there," he said.

Benjamin laughed at the suggestion that some groups have barred local managers from attending conventions because they're afraid of losing them to other companies. All of Triad's managers certainly know other people in the business and they have phones, he noted. "I don't think keeping people out of conventions is going to stop employee turnover," said Benjamin.

Triad: What's in a name?

The name of Triad Broadcasting goes back to the company's first deal, before it was actually a company, when David Benjamin and **Judy Peterson**, who'd been Vice President and Controller of his previous company, Community Pacific Broadcasting, were lining up the purchase of radio stations in the Biloxi-Gulfport, MS market.

"We had really three entities involved in that project—myself, NorWest, they were the principal backers of Community Pacific, and my friend George Couch, who's an Anheuser-Busch distributor. Hence, Triad," Benjamin explained.

Since then Benjamin has added Bank of American Capital and Shamrock Capital Advisors as financial backers, but he'd not about to amend the name.

"What is a Triad? It's really three different legs that all bring strength. George Couch is probably the biggest radio user in his market—a huge radio user. In NorWest, being a backer of young companies, and then myself, we all bring a different perspective—but a very cooperative and constructive perspective."

Triad Broadcasting Company, LLC

Benjamin: Business is stabilizing

Like other broadcasters, Triad had to revise revenue expectations last year as a nationwide advertising recession hit all markets. But now, David Benjamin says things seem to be looking up.

"It's certainly stabilized. We were running, for the first quarter, modestly ahead of last year's first quarter –and the first quarter for us, by the way, was a pretty good first quarter last year. The industry turned down in December [2000], but we actually had a pretty decent first quarter. Our first quarter of 2001 was up 5%," said Benjamin.

So is Benjamin happy not to be in large markets, which were hit hardest by the recession?

"Over time, if you really look at the large markets vs. small markets over decades, the revenue growth has been about the same," he said. "The large markets will bring more down [to cash flow] because of their margins, and there are periods where national is just booming—and we don't get as much of it. It's only about 11% of our business, whereas it could be 20% or more sometimes in large markets. So there are times when our markets look as though they're lagging and then there are times like this when national performs poorly and it looks as though mid and small markets are the place to be. The fact is, if you have good properties in quality mid or large markets, over time I think the revenue growth will be about the same."

As for margins, Benjamin freely admits that Triad isn't going to hit the 50% cash flow margins that Infinity has managed to hold onto with its large market group, even in the face of the 2001 recession. "I think they're outstanding operators," Benjamin said of **Mel Karmazin** and his team. "I would say in our size markets, 40% is what everybody who's reasonable aims for—and I think mid-30s is doing a pretty good job." He noted that Triad is, indeed, doing 40% margins in some of its markets—a level that Benjamin called "extraordinary" for mid-market radio operations.

By Jack Messmer

Edwards scores first radio buy


Eddie Edwards

TV veteran **Eddie Edwards** said his new company would buy both radio and TV (*RBR* 1/14, p. 14)—and he has indeed struck first with a radio deal. Edwards Broadcasting Inc. is paying $1.6M for WCSZ-AM San Souci, SC, in the Greenville-Spartanburg market. The price tag is considerably higher than the $350K that **Glenn** and **Charles Cherry**'s Tama Group LLC paid for the station in 1996.

Edward's first FCC filing for his new company shows that he owns 9% of the equity of Edwards Broadcasting, but has 100% voting control.

***RBR* observation:** Edwards will also be getting a somewhat improved signal for WCSZ. At the same time the sale was filed with the FCC, the licensee also filed an application to slightly modify the 50kw daytime signal and increase nighttime power from 1.5kw to 1.8kw. WCSZ, whose transmitter is just northwest of Greenville, is on 1070 kHz. Glenn Cherry told *RBR* that the upgrade will improve coverage of Spartanburg during the day and the entire market at night.

Business looking good in smaller markets

Medium and small market radio panelists told the Kagan Radio Summit in New York (3/14) that business is looking pretty solid. **Skip Weller**, President and COO/Radio at NextMedia Group, said January was up 12% for his group and NextMedia is targeting 6% growth for this year. **Charlie Banta**, CEO of Millennium Broadcasting, said his still-young company is looking for growth of 10-11%. Even so, the group owners say business is coming in late so they have no forward visibility, just the confidence of seeing sales success build month by month.

While many broadcasters have been saying that satellite radio poses no threat, Weller decided to check out the competition. He bought an XM receiver for his own car. "I'm not concerned about them," was his verdict.

"What we're interested in is local, local, local," said **Rolland Johnson**, CEO of Three Eagles Communications, of how his group defends its turf—both from satellite and remote voice-tracking by terrestrial competitors. Johnson condemned the practice of having DJs claim on the air to be in one town, when they're actually hundreds of miles away. "To me that's false and misleading. It borders on fraud," said Johnson.


ROLLAND JOHNSON

Regent files $250M shelf registration

Terry Jacobs already had this in the works when he heard investment bankers at the Kagan Radio Summit advising public companies to move on debt and equity offerings as soon as possible—since no one knows when the window will close. Regent Communications (O:RGCI) has filed with the SEC to offer up to $250M in new securities—stock, bonds, preferred stock or just about anything else you can think of. No underwriter is yet listed.

Interep Q4 revenues down

It's no secret that Q4— indeed all of 2001—was awful for national radio spot sales, and Interep reported the fallout last week (3/20). Q4 radio commission revenues fell 26% to $19.5M and operating EBITDA plunged 91% to $800K. For the full year 2001, commission revenues declined 19% to $80.4M and EBITDA dropped 77% to $5.6M. However, the company said, "If $3.4M in severance costs (due to an internal cost-savings program) and $1.2M in legal and other fees relating to acquisitions and the settlement of litigation are excluded, operating EBITDA was $10.2M for the full year 2001." That would have cut the decline to 59%.

In his conference call with analysts, CEO **Ralph Guild** stuck with a projection that 2002 revenues will be flat to up slightly, with the same for Q1. But due to cost controls, he expects to produce EBITDA of $17-18M even if revenues are flat.

"We do see several positive signs in the first quarter," Guild said. "Half of all radio ad categories are now pacing up, compared to the first quarter of 2001. Some of these include movies, fast food, restaurants, airlines, cable advertising, beer and wine and banking institutions. Automotive, which is radio's third-largest category, is up 20%. Telecommunications, our second-biggest category, is up 30%. And retail, which is one of the harbingers of radio advertising revenue—growth or decline—and our largest category, is now up in single digits." Guild also reported that Interep's Internet sales division will operate in the black for the first time this month and no longer serve as a drag on earnings.

Beasley gets new terms from its banks

Another broadcaster has gotten some breathing room from its bankers. Beasley Broadcast Group (O:BBGI) announced that its loan covenants have been revised to allow its debt-to-EBITDA leverage to go to a maximum of 7.25 times as of 3/31, declining to seven times on 6/30, 6.75 times on 9/30 and 6.25 times on 12/31.

After applying $19.65M in net cash proceeds from it sale of WRNO-FM & KMEZ-FM New Orleans to Wilks Broadcasting for $23M—a deal which closed 3/21— Beasley will have $206M in senior debt. Based on the company's 2001 EBITDA of $31.6M, that puts leverage at 6.52 times, Beasley noted.

"The New Orleans divestiture strengthens our balance sheet and enables us to focus on those stations we believe will offer the greatest return to shareholders," said CEO **George Beasley.** "Continuing to reduce leverage through operational improvements and returning to cash flow growth are our top priorities in 2002."

Beasley's bank group includes Fleet, Bank of America, Bank of New York and Bank of Montreal.

XM gets Wall Street whiplash

The stock price of XM Satellite Radio (O:XMSR) plunged $2, or 13%, on 3/19 to $13 after the Dow Jones Newswire ran a story noting that XM's auditor, KPMG, had included a caution in its audit that the company's need for future cash "raises substantial doubt about our ability to continue as a going concern."

The Dow Jones story spooked some investors, who apparently weren't aware that the warning was routine. The stock went into a slide and prompted XM to issue a statement. "XM wishes to reaffirm the company's confidence in its ability to raise sufficient capital to fund its operations on an ongoing basis," that statement said in part.

Sirius Satellite Radio (O:SIRI) has not yet filed its 2001 10-K. However, its auditor, Arthur Andersen, did not include a "going concern" caution in its audit statement for 2000.

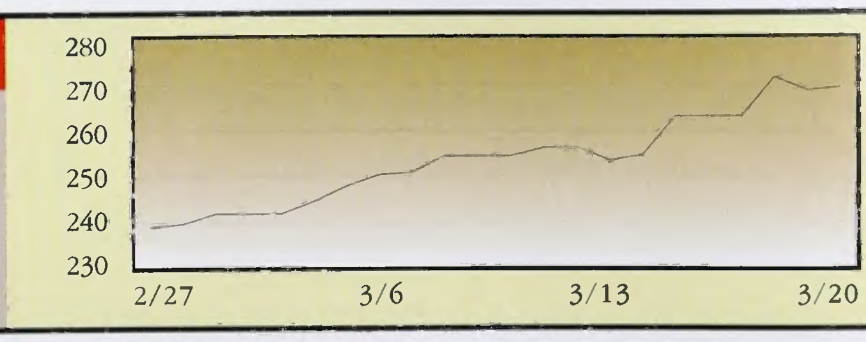
***RBR* observation:** Shouldn't investors be paying more attention to where they're putting their money? If they didn't know that XM was an early stage company with high capital demands, and that such "going concern" statements were boilerplate for the audit statements on such companies, what were they doing buying the stock?

We know of plenty of reasons to avoid this stock, but the KPMG statement isn't one of them.

Radio Business Report
Voice Of The Radio Broadcasting Industry™

The Radio Index™

The Radio Index™ pushed to an all-time high of 271.579 on 3/18. The Index closed 3/20 at 269.505, up 16.054 from a week earlier.



Television Business Report™
Voice Of The Television Broadcasting Industry®
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NBC back on the wagon

"Recently, the bipartisan leadership of the House and Senate Commerce Committee asked NBC to reconsider our policy on distilled spirits advertising and to continue discussions with various public health and interest groups. We have agreed to do that. We've said from the beginning that we want to be responsible on this issue. We are therefore ending the first phase of branded social responsibility advertising on our network and will not proceed into the next phase of carrying product advertising for distilled spirits. We will, however, continue to produce our own 'The More You Know' PSAs on using alcohol responsibly."

With this statement, the NBC Television Network ended its flirtation with hard liquor advertising. The General Electric (N:GE) owned web had planned to accept such advertising (with a smorgasbord of time and content restrictions).

NBC in all likelihood is staving off at least some level of Congressional intervention with this move. House of Representative members **Frank Wolf** (R-VA) and **Edward Markey** (D-MA) were swift in their condemnation of the initial decision to run the ads, and both were quick with comments on the ads' demise. Both applauded the move.

Millie Webb, National President of Mothers Against Drunk Driving, said that the elimination of distilled spirit ads "...misses the big picture...NBC and every other network airing alcohol advertising is overlooking the larger issue of how to minimize the amount and irresponsible content of alcohol advertising to which our children are exposed," thus serving notice that the organization still had beer, wine and malt beverage ads in its crosshairs. "MADD is not against alcohol advertising; we simply want standards in place that will protect our children from constant exposure and messages that directly appeal to them."

The Television Burueau of Advertising remains on the fence on this issue—it is not picking one side over another, saying it's a decision for each group to make. TVB told *TVBR* that business is taking a turn for the better—noting, however, that this fact argues neither for nor against distilled spirits advertising.

The Distilled Spirits Council, on the other hand, was not pleased with the decision. The Council has long tried to end what it sees as the demonization of its products, particularly when compared to beer and wine.

DSC President **Peter Cressy** told *TVBR*, "The [NBC] decision fails to recognize the fundamental scientific fact that alcohol is alcohol. It doesn't matter what the source is. A standard serving of beer, wine or a mixed drink all have the same alcohol content. Clearly, beer, wine and spirits should all be held to the same standards for both TV advertising and market access." Noting what will be a dramatic decrease in public awareness messages, he continued, "One in five ads were going to be responsibility spots. I believe the present ratio on television is one in 70. This would have been an extraordinary advance. We are very grateful to NBC for having had the courage to reach out. Our criticism would be reserved for those misguided folks who are chasing the wrong problem."

None of the other over-the-air networks, including ABC, CBS and Fox, had followed NBC into distilled spirits advertising.—DS, CM

***TVBR* observation**: This must be great news for the magazine business. Print figured to take the biggest hit as advertising dollars moved into big time network TV. Some of this money which distillers are just dying to spend will go to cable TV, to local affiliates and to radio. See related story in this issue—agency reaction and the implications for the radio industry on the *RBR* cover.

On a different level, it can be seen as another sign that the advertising environment is improving. NBC may have felt that it was doing well enough without distilled spirits, particularly with the damage the ads were doing to the company's PR department.

Finally, this may be a signal that GE wishes to participate in the frenzy to purchase television stations in the event that regulatory restrictions on ownership levels are relaxed. The first step in that direction was taken by the US Court of Appeals. It is entirely possible that NBC wants its relationship with the government to be as squeaky clean as possible before embarking on the acquisition trail.—DS

TVB conference a sell-out


Chris Rohrs

The 2002 TVB Marketing Conference kicks off tomorrow morning (3/26) with a new location that's produced a sell-out. Some 700 TV professionals, advertisers and ad agency executives have pre-registered for the confab which is being held for the first time just before the opening of the New York International Auto Show at the Jacob Javits Convention Center.

In previous years, the TVB conference had been held in conjunction with the NAB Convention in Las Vegas. "That model ceased to be the most effective for us," TVB President **Chris Rohrs** told *TVBR*. "It became to much us talking to us—a conference of just broadcasters. Our concept is that a marketing conference ought to be built around customer interaction. We couldn't get customers to come to the Las Vegas location in significant numbers, unless they were on a panel or gave a speech."

Figuring that New York would be the best location to attract advertisers and agencies to the conference, TVB took that a step further by partnering with a show for the industry that is television's biggest ad category—automotive. Rohrs and other TVB staffers hung around last year's auto show to get an idea of what went on, then made the deal to hold the TVB Marketing Conference in conjunction with the auto show.

"It gives it a strong automotive flavor, although the conference is not exclusively about automotive," said Rohrs. "The response has been overwhelming. We closed down the conference—it's sold out—we cannot register anymore people."

Out of that crowd of 700, Rohrs said there is a strong representation from the advertising side, not just broadcasters. "I think we've found the right formula," he concluded.

Major speakers throughout the day include Viacom (N:VIA) President & COO **Mel Karmazin**, MindShare Worldwide Chairman & CEO **Irwin Gotlieb**, and General Motors (N:GM) advertising chief **Michael Browner**, with NBC news anchor **Tom Brokaw** as luncheon keynote speaker.

The NBC Affiliates Board will hold its annual meeting at the Javits Center in conjunction with the TVB conference. Seven major station groups are having management meetings next week in New York as well—ABC, Hearst-Argyle Television, LIN Television, NBC, Nexstar Broadcasting, Scripps Howard, and Tribune Broadcasting.

***TVBR* observation**: Congratulations to TVB for some creative thinking. If you missed the cut-off this year, be sure to sign up early for next year—and read our coverage of this year's event next week.—JM

TV operators place faith in duopoly

TV duopolies are currently allowed only in the top 20 or so (depending on the number of "voices") TV markets, but panelists at Kagan TV Station Investments & Finance Summit in New York (3/15) were convinced that will be changing soon.

"Regulators will gradually accommodate duopolies and even triopolies in those markets," Granite Broadcasting (O:GBTVK) President and COO **Stuart Beck** said of the smaller markets. When that day comes, he said, station values in those smaller markets will be greatly enhanced. Noting that his father was a long-time radio group owner (the old Beck-Ross group), Beck noted that the stations his father used to own have changed hands several times since deregulation began—each time at a higher multiple. "I view our business in exactly the same way. That's what will happen," Beck said.

"For us to be successful in the future, we have to follow our brethren in radio," agreed **Dan Sullivan**, President and CEO of Quorum Broadcasting. But Sullivan warned that a "purportedly deregulatory FCC" is facing oversight by legislators on Capitol Hill who don't share that deregulatory inclination. "That's going to be a harder battle than some people think it is," Sullivan said of the effort to move TV duopoly downmarket.

While outright ownership (or LMA) of a second TV station isn't yet legal in most small and mid-sized markets, Kagan panelists said many operators have already put in place the next best thing—a Joint Sales Agreement (JSA), often linked to some additional sharing of services and programming (mainly local news) and a purchase option once duopoly is allowed.

Broker **Larry Patrick**, President of Patrick Communications, said he's been amazed that some CEOs have turned down opportunities to do an in-market JSA with a purchase option—some telling him that they don't see the value of selling another station's inventory. "If you don't get that and understand that—which is the best step you can take toward full-blown duopoly—you don't have a future in this business," Patrick exclaimed.

The broker agreed with fellow panelists who are group owners that duopoly, when it comes to all markets, will be the biggest boost ever to the TV business. "But the smart guys are out there doing duopolies right now—quasi-duopolies within the limits of the law," Patrick said.

Nextstar Broadcasting Group CEO **Perry Sook** noted that his group currently has real duopolies in only two markets where there are enough "voices" to allow owners to have two stations under the current FCC rules. But he noted that Nexstar has other arrangements in four other markets, so that it is selling time on more than one station in six of its 13 markets.

***TVBR* observation**: The real problem now is timing. That duopoly is going to be the salvation of mid- and smaller-market television is obvious to people in the business, but many politicians in Washington see only the power of CBS, NBC, ABC and Fox, not the struggling little guy in rural Montana or Oklahoma. Further deregulation is not yet on the front burner for FCC Chairman **Michael Powell** and even if he does take up the cause, this won't be an easy concept to sell on Capitol Hill.—JM