



Radio & Television Business Report

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Voice of the Broadcasting Industry

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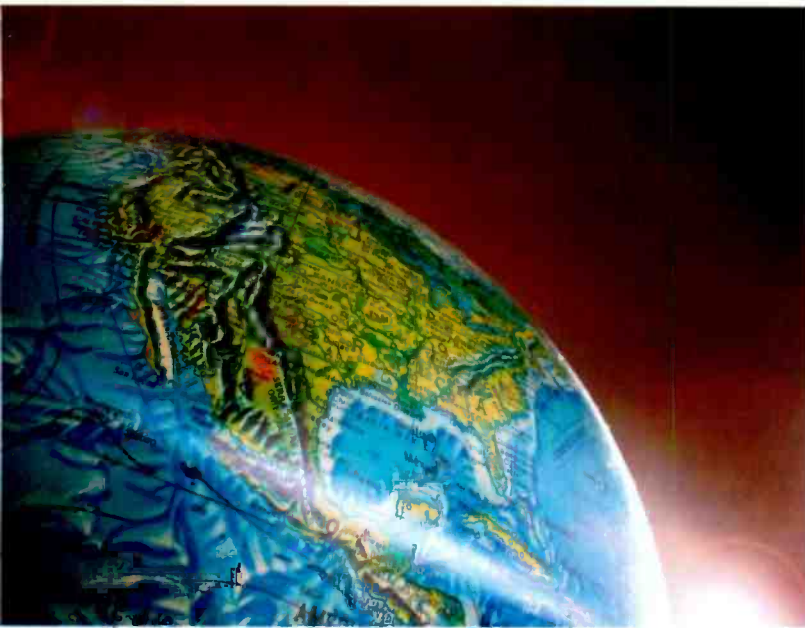
NETTING SALES SUCCESS IN '06



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Bob Iger

Iger working on ABC Radio and Pixar deals

Valentine's Day is upon us and as this issue went to press Disney CEO **Bob Iger** still hadn't announced whether or not he was going to sell ABC Radio—a decision he had originally promised investors by Thanksgiving of last year. But that doesn't mean a sale

is less likely, or more likely, to happen. Rather, it's a very complicated process and Iger has been busy on another front as well. Rumors have been circulating lately that Disney is working on a deal to re-establish itself as the distribution agent for Pixar Animation Studio. If Iger succeeds in wooing **Steve Jobs** back into the Disney fold, it would be seen by Wall Street as a big feather in the cap of the new CEO—reversing one of the most painful failures of **Michael Eisner**.

RBR observation: Wall Street will certainly applaud Iger if he gets the Pixar deal done. Disney took quite a hit when Jobs walked away back in 2004. As for ABC Radio, for months now, the grapevine has been saying that the bidding is down to two suitors—Entercom and Kohlberg Kravis Roberts (which doesn't seem to have aligned with an operator, but has former Jeff-Pilot radio head **Clarke Brown** as a consultant). Bidding has apparently gone beyond the 13 times cash flow multiple of Susquehanna Radio, so Wall Street is likely to applaud Iger for the price tag. Still, these beachfront assets would have brought a lot more just a couple of years ago. Is he convinced that multiples are down to stay?

NAB sees record industry threat to HD Radio

Might copyright protection for record companies send the radio industry back to square one on HD Radio? That's what NAB President & CEO **David Rehr** fears if Congress were to enact legislation being sought by the Recording Industry Association of America (RIAA).

Rehr has written to RIAA Chairman & CEO **Mitch Bainwol** seeking cooperation on a way to address RIAA's concerns about content and copyright protection—without scrapping everything that's been done to date to roll out HD Radio. Rehr complains that some of the proposals put forth by RIAA would simply be unacceptable to broadcasters.

"For instance, RIAA has previously suggested broadly empowering the FCC to mandate that all radio broadcasters encrypt their digital content at the source. This approach is antithetical to the concept of free, over-the-air broadcasting. No US free, over-the-air broadcast service, analog or digital, has ever been required to encrypt its transmissions," the letter said. Rehr said mandatory encryption would likely render obsolete all HD Radio receivers already on the market and set back broadcasters who are broadcasting in HD or preparing to do so.

In reply, Bainwol said he understood the technological objections that NAB raised to encrypting at the source and said he would "therefore support working with you to implement a broadcast flag solution for digital over-the-air radio."

VNU negotiating with suitor

We may know this month whether VNU is going to be sold after seeing its takeover deal with IMS Health collapse under a shareholder backlash. As this issue was heading to press, VNU said it is negotiating exclusively with one equity buyout consortium which has made a non-binding proposal to buy the company for 28.00-28.50 euros per share. At the top end that's a bit shy of nine billion US bucks.

If VNU is bought and its pieces sold off, as is likely if the equity consortium succeeds in its bid, the assets most likely to go on the auction block are in the publishing division, the least profitable part of the company. In the US, the division includes such titles as Billboard, Adweek and The Hollywood Reporter. American businessman **Frank Maggio** recently told RBR/TVBR that he wants to bid for Nielsen Media Research and its related businesses, which are VNU's most profitable businesses.

The equity group in negotiations to buy VNU includes AlInvest Partners, The Blackstone Group, The Carlyle Group, Hellman & Friedman, Kohlberg Kravis Roberts & Co., Permira and Thomas H. Lee Partners.

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SBS to close first TV purchase this month

Spanish Broadcasting System CEO **Raul Alarcon** has faced a severe Wall Street backlash to his plan to move the Hispanic radio specialist into TV as well. Since the \$37 million deal to buy WDLF-TV Key West-Miami was announced last July, the company's stock has fallen by nearly half and briefly traded in penny stock territory—below \$5—in December.

Investors beat down the stock because they want SBS to remain a pure play radio group and they've beaten up on Alarcon in his quarterly conference calls for making the TV move. Zinio users can hear this particularly testy exchange from SBS' Q3 results call in December, with an investor berating Alarcon for sacrificing \$300 million in equity value to make a \$37 million acquisition. [AUDIO LINK]

But Alarcon remains committed to moving SBS into TV, where it can begin to compete with multi-media Spanish rival Univision in video as well as audio. SBS handed over another \$1.3 million payment to seller **William De La Pena** last month and now has made downpayments totaling \$2.05. The latest payment included \$300,000 for a closing extension. Along with a previous \$250,000 extension payment, the total closing price for WDLF is now up to \$37.55 million from the original \$37 million.

TVBR observation: SBS has paid a heavy price for Alarcon's desire to expand into television. Wall Street clearly thinks he made a bad move. But if SBS were to walk away from the TV buy, is there any guarantee that its stock price would move back up to around 10 bucks? Nope.

Are broadcasters facing another tough year on Wall Street?

After visiting the CES show in Las Vegas, Harris Nesbitt analyst **Lee Westerfield** is worried that rather than being a recovery year for radio and TV stocks, 2006 could see another 15-20% slide in broadcast stock prices. "Announcements at CES foreshadow events ahead in 2006, such as a) deepening web media partnerships between mobile broadband players and the likes of Yahoo! and Google; and b)

launch of Microsoft Vista [new operating system] with its media functionality this coming fall," he said in a note to investors. As such, Westerfield is maintaining his "Negative" rating on the broadcasting sector (although he does like the Hispanic specialists). He expects pure-play radio company values to contract from their current multiples of around 11.5 times EBITDA to 10 times and pure-play TV from 10.5 to nine times.

TVBR observation: Ouch! As noted in our interview with TVB President **Chris Rohrs** (page 20), new media technologies are both competitors and potential partners for content providers. On the radio side, we and a few others have been saying for years that mobile broadband, not satellite radio, is the big threat that terrestrial radio is going to have to deal with. In fact, we don't see how either XM or Sirius will be able to stay in business once mobile broadband becomes widespread. Terrestrial radio broadcasters will have to figure out how to compete with their own broadband offerings, as well as HD Radio, as thousands of Internet audio streams become available to every car driving around in their local market.

NBC looking to lighten O&O portfolio

NBC Universal is shopping four of its smaller market O&O stations, seeking to open space under the national ownership cap to buy in growth markets with large Hispanic populations where it can develop NBC/Telemundo duopolies. The sales are expected to bring around \$600 million.

Here's a shopping list:

Rank	Market	Calls	Channel	04' billings
29	Raleigh, NC	WNCN	17	32.6M
32	Columbus, OH	WCMH	4	52.0M
40	Birmingham, AL	WVTM	13	23.7M
51	Providence, RI	WJAR	10	39.2M

Source: BIAfn Media Access Pro

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“What new categories did you net most in 2005? Where are the dollars shifting?”



Chris Osgood, Cox Radio's WBS-AM Atlanta GSM:

“I don't know if there were necessarily any new categories emerging in 2005 but there were a number of existing categories that have grown substantially. Atlanta is one of the fastest growing population bases among the major markets. Subsequently a number of related categories grew in the Atlanta market. For example, home builders, investment properties/second homes

and the home furnishings continue to do fairly well. Health care, professional services and transportation have all grown in Atlanta, with the population base. Additionally, employment/recruitment continues to get larger and larger. There are categories that have become more aggressive as a result of their industries becoming increasingly competitive such as the battles between broadcast television, cable and the satellite companies for viewership. Since the Olympics in '96, Atlanta has been one of the most wired cities in the country. With that, there have been very aggressive campaigns to have consumers here upgrade to high speed Internet access. Finally, Georgia deregulated the utility companies a couple of years ago. 2005 was the first year that the various competitors tried to seriously to promote their respective differential competitive advantages. All of these categories off set the instability of automotive category and the lack of political advertising last year. The market finished up by about 1%. With all that being said, I am cautiously optimistic about the direction of Atlanta radio in 2006.”

Deon Levingston, Inner City Broadcasting's WBLS-FM NY VP/GM

In 2005, we focused on growing more dollars in Urban radio. We targeted current radio advertisers that under utilizing Urban radio and advertisers in other mediums that weren't buying radio. We developed several success stories in areas of financial services, hair care products, beverages and casinos. Our story was simple; Urban radio was the best way to reach their current and potential clients.

I think it's important to stress that we sold the value of Urban

radio first, not specifically our stations. We even convinced one advertiser to include Urban radio in their media mix; unfortunately it wasn't our station they purchased. I wanted the dollars on us, but the dollars are now in radio and eventually we will get our unfair share.

The dollars are shifting to internet and cable, and we are helping them shift. Our industry is its biggest competitor. We have to grow radio as an industry and stop cutting each other's throats for the same dollars. The major problem is that we have stopped creating new dollars and stopped converting major new advertisers to radio. We just keep crossing the same advertisers for the same dollars instead of cutting our rates for existing dollars. I thought “less is more” was a great concept if it created more dollars for radio. All I've seen so far is traditional radio advertisers convinced to spend 60 – 70% of their total budget on :30's.

I am not pointing fingers at Clear Channel. We all need to start creating new dollars. Radio works. The more advertisers we convenience to use radio, the more dollars we all make.



Sue Goldsen, Vice-President/Owner Jackson Radio Works' WKHM/WIBM, Jackson, MI:

“Our company enjoyed business from many different areas. The key for us has been local/direct business. We have more retailers on, more service businesses on and are relying less on automotive and high tech. One area that has continued to be a great category for us is cellular phones. However, we are

cautious about them in the coming year. Other than cellular we really did not have a big product category. As local community stations, we need to focus doing business with local community businesses. The category for us is local business and that is what we plan to continue to focus on.”



Bob Davis, General Manager/Director of Sales, Max Radio of the Carolinas:

“No new categories of business made much impact for us in 2005. As with most radio stations, car dealers continued to be our number one category of business. Because we are a resort area that features many luxury beach cottages our furniture category of business doubled in 2005. The newest forms

of communications and new media take longer to reach our size market. The Elizabeth City/Nags Head market we serve when last rated was market 244. Even paid radio is a virtual non factor in our market at the present time.”



Better Measurement Better Radio

“It’s time for the radio industry to embrace electronic measurement so that it can be more accountable to advertisers. When Arbitron says they and the industry are ready to go with PPMSM, we’ll be the first to switch to Portable People Meter audience estimates in order to plan and buy radio.”

Susan Nathan

SVP, Director of Media Knowledge
Universal McCann



Better measurement. Better radio. It's time for PPM.

MAXIMIZING REVENUE

Sponsorship – The new value proposition

By Elaine Clark

Sponsorship and sales promotion dollars have experienced double-digit growth during the past 10 years. Even last year, when advertising dollars were flat, sponsorship and sales promotion dollars together grew an estimated 13%.

Sponsorship is more than just naming rights to an event. Sponsorship is an investment in exchange for access to the exploitable business potential associated with an event or property. Under this definition, stations don't have to "own" the event to sell sponsorships. All the station has to do is become a partner with the ability to leverage that relationship to help station sponsors achieve a business goal.

Stations cannot afford to ignore sponsorship dollars. In addition to increased revenue, sponsorships give potential clients more options, give the station access to companies that otherwise would not advertise, and can lead to more direct billing. Sponsorships are profitable, often generating revenue from something in which the station is already involved.

Creating an atmosphere encouraging account executives to look beyond air time is critical. AE's must think bigger than "spots" in terms of station assets and traditional advertisers. In a survey of RDS clients, over 40% of all NTR department revenue was attributed to sponsorship – literally millions of dollars. The greatest revenue increases were attributed to new revenue streams, including sponsorship, cause marketing, and interactive sales. Many sponsorship dollars came from non-traditional radio advertisers, including surgeons, sanitation departments, and hair salons. Non-spot dollars were used to pay for things like blimps, golf carts, e-mail lists, and half-time floor sweepers.

Understanding the client's needs is the first step to creating a winning partnership. The second step is matching the need with the right package elements. Once the package is created, i.e. customized, you can then assign a value in order to price the package. When the proposal addresses a key need, clear results can be measured, and the package price is perceived to be in line with current expense versus return, the client will buy.

So what do you have to offer? First, you have sales events, such as fireworks shows or Bridal Fairs. Second you have lots of opportunities with station promotions, equipment, and things you are doing already. Station vehicles and tents used for on-site appearances are two examples. All of these items have a value to the right client.

Why companies sponsor events

According to the International Events Group (IEG), there are a few key reasons why a company might sponsor an event. Reasons include:

Increase Awareness: This is especially true when a company is new to the community or they have a new product line or brand. Remember the slogan, "Cingular, Raising the Bar"? This cell phone company wants to increase consumer awareness of the company's superior coverage.

Identify with a Lifestyle: Jaguar came out with a new, lower end vehicle. The automaker was targeting a whole new consumer group; young African-American professionals with a combined house hold income of about \$90,000. To reach that group, Jaguar sponsored the Janet Jackson tour.

Separate Themselves from the Competition: Category exclusivity and "ownership" are ways to separate themselves from the competition.

Enhance their Role in the Community: Unions are a good example of this. Often local unions have to fight a negative perception. As a result, often local chapters can be tapped for sponsorship of community-oriented programs or events.



Entertainment/Schmooze: Tickets and VIP areas are in demand from companies that want to entertain their key accounts. Typical companies that look for these opportunities are business-to-business companies, such as those in the pharmaceutical, financial, and high tech areas. Cable television networks also spend a lot of time and money on their local cable affiliates.

Merchandising: What companies are looking for here are ways that they can make an impact by associating themselves with the event logo or materials. Do you have an event that draws tremendous crowds year after year? If so, a local company might want to have their name attached to the event as well. "The Best of..." and "Taste of..." are examples of programs that afford significant merchandising opportunities to the right companies.

Shape or Reinforce their Perception: Levi Strauss is trying to shape the perception that the company is "hip" so that young people will once again want to buy Levi's jeans. Nike wants to reinforce the perception that "winners" wear Nike brand products. That's why Nike associates with only the top athletes.

Impact the Bottom Line: Pouring rights for a beverage company is one way to impact the bottom line. Offering discounts for signing up on-the-spot is another way to help increase sales for companies.

Once you know why your client would benefit from associating with your event, you must customize a package meeting all of his needs and including those things that help the client achieve his goals. Determining how or why someone would buy your event can only be determined after a thorough needs analysis.

Package elements: Take an inventory of everything you have available at the station. Include your events and the specific elements you have to offer in each event. Include air time and anything you own that is exposed to the public.

Measuring results: The most prominent change in sponsorship spend-

ing over the past 10 years is the need to measure results. Sponsors need to know whether or not the investment was worth their money and time. As partners, broadcasters need to understand the client's expectations and deliver the results. With sponsorships, result expectations can vary from receiving a targeted e-mail list to selling "X" number of cases, to locally activating a national sponsorship tie. Before signing a contract, know the client's expectations and make sure they are "definable and measurable." Then create "hooks" to deliver the results. For example, last year Allstate signed on as a national sponsor of NASCAR. Allstate wanted to leverage that national exposure to create local sponsorships tied to NASCAR events and specifically to NASCAR fans. The desired result was a specific dollar increased sales and number of inquiries. Working with the district manager, a station customized local packages to create a series of promotional opportunities including ticket give-aways, appearances, and consumer sweepstakes. All of the money generated came through the sales division for targeted promotional sponsorship opportunities, not advertising budgets.

Getting started

1. Focus on your assets. Know what the station can and cannot do, what assets do you have in addition to air time?
2. Think creatively and listen to your client.
3. Target national companies with local sales support. Then call on the highest ranking salesperson who covers your market. This person can lead you to the money.
4. Know which national sponsorship ties your prospect supports and think of different ways you could help support those efforts locally.
5. Build local activation in order to "ring the cash register." Don't allow any client to sign on to your sponsorship without a clear understanding of definable and measurable expectations along with the tools to achieve success (such as an interactive game to capture data or bounce-back coupons.)

Sponsorships can grow revenue when traditional ad sales are down, grow the station's visibility within the community, and reach an entirely different group of prospects. Sponsorship positions you as a more valuable resource to your clients and creates a new value proposition to the station.

Revenue Development Systems specializes in growing station revenue through non-traditional sources including interactive programs, events, sponsorships, vendor-driven programs, B2B, and cause marketing.

Elaine Clark has over 25 years experience in NTR and has worked for Jefferson-Pilot and Emmis Communications. In her current capacity as General Manager of RDS, Elaine consults with hundreds of broadcasters and has spoken at RAB, NAB, TVB, and CAB conferences. You can reach her at 707-864-2667 or EClark@rds.emmis.com.



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One on One

By Carl Marcucci / cmarcucci@rbr.com



Bob Cesa, EVP/Advertising Sales Twentieth Television & DirecTV

Bob Cesa is the EVP/Advertiser Sales for Twentieth Television and DirecTV, which has offices in New York, Chicago and L.A. He's responsible for overseeing the sale of national commercial time to advertisers within all 20th Television's syndicated programs. In March 2004, he assumed the responsibility for all advertising sales on DirecTV as well. Bob was hired by 20th Television in 1990 as VP/Advertiser Sales to start its in-house sales division. Having achieved a great deal of success with the sales of "The Simpsons", "A Current Affair", "COPS", and the company's barter movie packages, he was promoted to SVP/Advertiser Sales in 1993. In 1996 he was once again promoted, to EVP. Here, he talks about selling two very different media in an increasingly competitive marketplace.

How are VOD and DVRs affecting the marketplace?

I think you have to take into consideration there's still only about 11 million or so DVR/PVR homes, so it isn't as attractive an option to advertisers as VOD. Keep in mind, VOD is evolving and mostly used for subscription VOD (Premium/Pay Programming), music, free content, movies, that kind of stuff. While it's still in the early stages of developing advertising applications, advertisers are testing VOD. Recently I read an article where Ford did a deal with Cablevision and Charter Communications to do a lead generation off of a VOD application. We're using our DVRs and long-form commercials to do lead generation, as well.

Advertisers are also employing more branded and product integration in order to avoid falling prey to ad-skipping. They're trying everything they can, even going as far as providing cable, DBS and wireless broadband providers with original content for programming themselves, in order to make their messages more relevant to the viewer.

What's your take on all the content deals for mobile and Internet?

It's amazing to me how many announcements were made over the last couple of weeks and I think the trend will accelerate through the first quarter. It seems everybody is ready to take that step now. Since there are other issues involving affiliates and licensing agreements with distribution platforms that have to be taken into consideration, you're not going to see a full-scale download of libraries made available. Content providers are going to experiment with it to see if they can make money using these new platforms. Since everyone keeps saying content is king, they're all going to be content agnostic in the future with their product. I think you'll see that mobile content will be different than internet content as they both evolve since they are two completely different viewing experiences.

We did an OneonOne interview with Julie Roehm from Chrysler. She's wondering if the TV upfront process is obsolete. What do you think?

The upfront is still important to a lot of advertisers even though many of them are experimenting with other forms of media, which is smart. However in the immediate future, if you want to continue to reach large numbers of people, make a dramatic impact, create brand awareness or convey brand attributes, there's nothing like a

30-second spot to do that. Television still reaches huge numbers of people. I don't see large numbers of advertisers abandoning the upfront entirely.

The main reasons why they would buy upfront are still valid. Advertisers don't want to be shut out of certain programs or to pay higher prices in scatter. The fact remains that there are still a lot of top programs that if you don't buy in the upfront, you're probably going to pay much higher prices for and may not even be able to buy later in the year. You could be shut out by exclusivities. There are also the branded integration deals that go along with these top shows, that you have to do far in advance. They are usually sold prior to or during the upfront. Now, will its importance diminish in the future? It depends on how successful these new forms of media become.

How do you think VOD and DVR are changing the upfront process?

Some money is being shifted from television budgets, and I guess that would include the upfront. Advertisers are shifting money, particularly from lower-rated, less popular broadcast and cable properties and they're using those dollars to test other media options.

However, keep in mind that at present there are only so many homes you can reach doing these things. The key is to be able to measure the effectiveness of these new initiatives.

Tell us how DirecTV is sold differently than network and syndication.

There are differences, the main being that in syndication we sell on a program-by-program basis, while the networks sell their inventory in dayparts. We sell DirecTV across 83 cable networks and in nine demographically targeted clusters. We group them into female, adult, lifestyle, kids, teens, sports, news, male, and Spanish clusters. When you buy a spot in a cluster, it will run within five or ten minutes across all those networks, in a roadblock fashion. There are some advertisers that don't buy all the networks that we have in a cluster but they would like to. By buying DTV, it increases their reach for that demographic. We also sell a large amount of sports programming and interactive advertising on DirecTV, both of which we don't sell in syndication. DTV will be launching unique original programming in 2006. Our first foray will be "CD USA", which is going to consist of live music performances, comedy, special events, and dating programs. We also plan on launching a gaming channel in the second quarter. Syndication is still a great and it's a lot of fun to sell, because it's sold on a program-by-program basis. At 20th we have a great line of off-network shows and are constantly launching new first run programs.

How much has DirecTV changed under News Corp.'s ownership?

DTV's management is focused on a number of new initiatives and are working very closely with other News Corp

companies to grow the subscriber base. Two of their earlier initiatives were to renew the NFL Sunday Ticket contract, and introduce three mix channels: news, sports and kids, which are essentially video guides. For example, when you tune to channel 102 you would see six news channels. There you can scroll to any one of those networks. They are introducing new High Definition DVRs with enhanced applications and features, and they have launched several new satellites.

What's the outlook on syndication for 2006?

I think it's going to be more challenging. We face more competition from cable as the secondary and tertiary networks become more widely distributed. We're now facing the growth of the Internet, VOD and wireless applications which we talked about earlier. At Twentieth, we still have high rated first-run and off-net programs. Syndication continues to deliver large audiences in the access and early fringe time periods, where you can't buy broadcast network ratings. Our daytime is very strong, with entertainment, court and talk shows which are well-established. Our off-net ratings are balanced, delivering high ratings throughout the year, with low commercial content—we retain more of our audience during commercial breaks. I think we have some very good stories for the advertiser. In addition to that, at Twentieth we're introducing programs next year that will afford great opportunities for branded integration, such as our Telenovelas. We're really excited about it because it is all original programming and it's exclusive to the broadcast station.

Do you remember the Eagles song, "The New Kid in Town"? Well, everyone is looking for the "New Kid" stuff, because they have to. I still think if you want to sell product, we offer great historically-proven programs to do that. However, every year we face more competition.

What about satellite's growth? Are you seeing the same kind of double digit growth that cable had in its heyday?

From what I've been reading and what numbers I see, satellite has been growing faster than cable. In fact in some cases cable has lost subscribers. I think that because DirecTV is so concentrated on the viewer experience, which we talked about—having the exclusive for the NFL, coming out with new channels unique to our platform, coming up with all these mix channels and interactivity for the consumer—they're offering a better option for the subscriber. However, we're going to be facing even more competition from the phone companies in the future.

Local cable spot sales is doing great these days. Are there any plans to offer, technically, a way to insert local spot via the DirecTV boxes found in everyone's homes?

Stay tuned. That's all I can say about it for now.

The new generation of radio revenue specialists

There is a quiet revolution underway in radio sales. A new generation of radio revenue "specialists" is challenging the way business is done in 2006. These new companies are filling a need in a time of change. Each has a different way of getting to the same place. There are at least four unsold inventory specialists out there accomplishing similar objectives, but with different ways of getting to it and some very different bells and whistles: dMarc Broadcasting, Bid4Spots, Marketing Architects (which declined to be interviewed for the story) and Soft Wave Radio.

Now revenue can be created by letting your computer do the work of a salesperson. It solves many of traditional radio's needs—it's low cost; interactive and provides new revenue streams from non-traditional sources including direct response. Here, we take a closer look.

Google has agreed to acquire dMarc Broadcasting with plans to integrate dMarc's RevenueSuite inventory buying technology into the Google AdWords platform, "creating a new radio ad distribution channel for Google advertisers."

The companies put the cost of the deal at \$102 million in cash. Google says the acquisition will close in Q1. dMarc had acquired Scott Studios 10/04. Through its RevenueSuite product, dMarc currently offers the Scott Studios and Maestro studio automation systems via bartered, networked spots. RevenueSuite fills open avail opportunities after the logs have closed for the day. It inserts paid advertising through dMarc's national network of advertisers. RevenueSuite spots are delivered, scheduled, played, validated, and billed by dMarc.

The deal with Google may be an 800-lb. Gorilla in the making—Google sees radio and television as 14,000 candy stores spread out all over the country. The thinking may be there is no reason to have a national sales organization like Interep or Katz. And this can all be automated. Advertisers/agencies may go direct for their buys. You go onto Google, you find WRQX midday. How much can I buy it for? Here's your audience delivery. All automated. So a buyer in NYC wants to make an 18-34 Women buy. Show me all the stations that have a 1 rtg. or better throughout the 300 counties surrounding Washington, DC.

However, don't most stations have agreements in place with companies like Interep and Katz for much of their inventory? It certainly looks like Google will bring the transactional business beyond dMarc's remnant inventory abilities with its AdWorks platform and host of online advertisers.

Chad Steelberg, dMarc CEO, insists, "We're not about and we never have been about remnant inventory. For us, we look at this as more of a yield management and automation function bringing much-needed technology to the radio broadcast industry. And really embracing a segment of advertisers that heretofore have not had the capability to advertise and participate in the radio world because of the existing sales channels that are there. Rather, we're building a technology solution that can help manage all of that inventory and be complimentary with the existing sales forces that are out there."

He adds the advertisers that may jump on board spans the entire gamut—from micro-local advertisers who heretofore have never advertised on the radio because of "not having enough budget to warrant a phone call back from a radio station sales rep all the way to the national advertisers who are looking to manage their radio buys in a more efficient and automated manner. Advertisers can go directly to the stations now. It will be much easier."

Marc Guild, Interep's President/Marketing, tells RBR/TVBR that to date all of the radio station owners he's talked to will be up in arms about this. As well, isn't this inventory already represented by the rep firms? "Contractually, it has to go through Interep," he says.

What about when the contract runs out and stations want to sell the Google/dMarc ad buys direct? "I'm sure we will have to fight it," Guild predicts.

Regarding advertisers transacting directly with stations for inventory that would have been repped by Interep or Katz, **Tim Armstrong**, Google

VP/Advertising Sales, tells us his company has a very similar business on the Internet where there are both people who sell directly and third parties involved in the process. "And we've been able to build what really equates to a very large, healthy business for all constituencies that we deal with. I think the best premise...is to do things that the customers want to do themselves. For the market to be its most healthy, it's an ecosystem. The bottom line is the ecosystem has many different components of it. The tools that dMarc and Google have allow for different groups of people to use them in different ways. That may be third parties, it may be people directly. Instead of a zero-sum game where people feel they may or may not benefit



Mike Caprio: Soft Wave EVP, Stavros Aloizos: CTO,
Chuck Omphalius: President and Josh Wexler:CEO.

from this, I think you will see a growth of the overall ecosystem."

Eventually, Google and dMarc will be connecting their ad networks together and give advertisers the ability to see both web inventory and radio inventory that could be impactful for them. They will be competing with Westwood One, Premiere, Katz, Interep, etc.

Kathy Crawford, MindShare President/Local Broadcast, says she understands why one might think this might curtail the need for the reps, however, "I'm not convinced we're going down an inevitable path today. I think we all have to take a deep breath and say, 'Where are we really going?' Google has jumped into a bunch of things lately. Google does one thing very well. Are they going to do six things very well? This dMarc platform has only been for certain types of inventory for certain types of clients. I had a conversation with them after looking at their site. I said I wanted very specific rating points and dayparts and they couldn't offer it. Based on that, I would call it remnant. They say this software package will eventually allow me to buy exactly the same as I would through a rep. Let's crawl before we walk and find out what this is really is before we pronounce death to the rep."

She adds, "This has to be in conjunction with the stations, so the real determiner will be with the sellers, not the buyer. Will they embrace it?



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What do stations use the rep for? I can tell you they have done a terrific job of supplying the buyer with things we need—for instance they have solved electronic invoicing problems. They have given us buying abilities that we didn't have before. It is quite clear that many people who build software packages who don't understand the business that I'm in and the business that the rep is in, and it takes a very long time for them to actually come up with a product that speaks to our needs. So I'm not so quick to say that it's death to the rep. On the other hand, if this evolves, which it could very easily do, then we're talking another subject. Either way, this is probably a wake-up call to everybody."

With his company Bid4Spots, radio ad veteran and CEO **Dave Newmark** sports the industry's first CPM-based reverse auction. The model leverages the Internet to offer a flexible, fast solution that increases radio stations' revenues by ensuring that no daypart goes unsold, while helping advertisers get access to radio airtime, often for the first time.

Advertisers create the auction and select the market, claypan, demographic and station format in which they would like their spots to run. They also decide the maximum amount they are willing to spend. Radio stations meeting the market and format criteria are invited to participate in the auction. Stations can pre-screen the advertisers and their spots to determine if they want to bid in the auction. Bidding takes place on Thursdays between 8 AM-Noon (PT) and winning spots air the following broadcast week.

"Functionally, we are simply an electronic meeting place where buyers (advertisers) create the auctions and sellers (radio stations) bid against one another for those advertisers' dollars," Newmark explains. "In this meeting place, the lowest price wins. Financially, we are more like an ad agency in that we are compensated by the radio stations (not the advertisers)."

There may be two stations bidding against one another or two hundred. It depends completely on how the advertiser has created his/her auction. At the conclusion of the auction, spots may be won by many stations across the country.

Bid4Spots says it has signed up 1,280 stations, representing nearly all the top 300 U.S. DMAs. Nearly 200 advertisers and more than 40 ad agencies are participating.

Soft Wave Radio, previously known as Remnant Radio (www.softwaveradio.com), has developed an inventory management tool now being used by most of the industry's leading broadcasters. This money is not from traditional radio advertisers. It's not PI's (per inquiry).

Soft Wave is a way to add significant annual revenue to the bottom line without the high commission costs, raising the spot load, or production hassles. It's used almost daily in most of the top 50 markets and many of the smaller markets. Even networks, syndicated shows, sports programming and anyone with unsold inventory can take advantage of this online tool.

Former ABC and Infinity (CBS) radio sales exec and Soft Wave Radio president **Chuck Omphalius** understands non-traditional inventory management from the street up. Starting at WABC-AM NY 10 years ago, he began putting together fringe and overnight deals for clients that weren't normally buying radio. After five years he became the top new business biller at the station. Approached by Infinity with an opportunity to apply the same model for their entire group of stations, Omphalius (and future partner **Mike Caprio**) created a multi-million dollar business from inventory once considered "worthless."

Chuck and Mike put together unwired networks after contacting com-

pany stations and learning of their open inventory. They would bundle 20-40 Hot AC, Country, News Talk, Oldies, and other Infinity stations for advertisers using "last minute" unsold inventory, and generating millions from virtually nothing.

Before long, the idea of creating a company for the purpose of placing business on stations using "last minute" inventory was born. Partnering with software developers **Stavros Aloizos** and **Josh Wexler**, they created Softwave Media.

Unique to Soft Wave is an impressive set of patent-pending ROI tools that allows marketers to measure the campaigns, see how many direct response calls and dollars were made in each station's coverage area, then provide an instant calculation of ROI dollars by spot load.

When a station logs in, they're shown a one-step view of relevant advertisers seeking time. They can execute an order on the spot. The copy (an MP3 audio file) insertion order, and instructions are e-mailed instantly.

Soft Wave CEO Wexler describes the many advantages for stations, "Our system enables advertisers to fly standby. The clients are pre-approved and have already logged a profile of whom they want to reach. (Demo, format, region, market, station group, whatever the criteria). Once the profile is created, it's entered in our system, dynamically screened against a database of more than 14,000 licensed stations and matched with those that meet the target."

"Our station managers love it! It's cash for inventory they would have received nothing for!" said Wexler. "The cost of sale is zero, the money drops to the bottom line, and on an annual basis, it is a significant station, cluster, company, revenue opportunity."

Soft Wave allows stations to transact a week in advance.

OMD's **Robin Bender** and Mindshare Interaction Senior Partner/Director of Direct Marketing **Marion Murphy** control a half-billion dollars of business between them. However, they spent zero dollars in radio in 2005. Why? The answers are too fragmented and way too labor-intensive for just a couple of buys. However, in Q1 2006, both ladies may be spending on radio.

Murphy remarks, "One of the things with radio for Direct Response (DR) is in many cases it just doesn't pay out. There are just not the economies of scale or the audience to get the numbers up to a positive ROI with radio. A lot of radio is background media and even if you're using a mnemonic [vanity] URL or phone number, it just hasn't paid out the way DR TV has. Soft Wave's system is offering ROI data and the flexibility that DR needs. And that's what we want to test here. It's a little more promising, we will be able to pick the stations that are successful for us. We've made some recommendations with some clients."

So the radio inventory management space is moving quite quickly and starting to attract new advertisers. Agencies and advertisers have been pushing vendors to get more electronic and accountable for years with some success. While some of these strides have been made from the springboard of remnant inventory, the entire process of buying and selling all inventory is evolving beyond. We're not sure Google/dMarc will change the game completely. We're not sure Softwave will bring its needed ROI tools eventually to all radio transactions, but the dam has broken. Technology waits for no one. The hope is these systems can make it easier and more desirable for new advertisers to buy radio, bringing in more dollars to the medium. Some reps could end up losing their jobs. But as Crawford said, it's really all in the hands of those who own and control the inventory—the stations themselves.



Tim Armstrong



Marion Murphy

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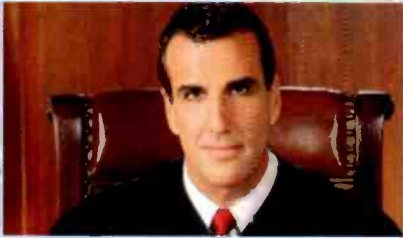


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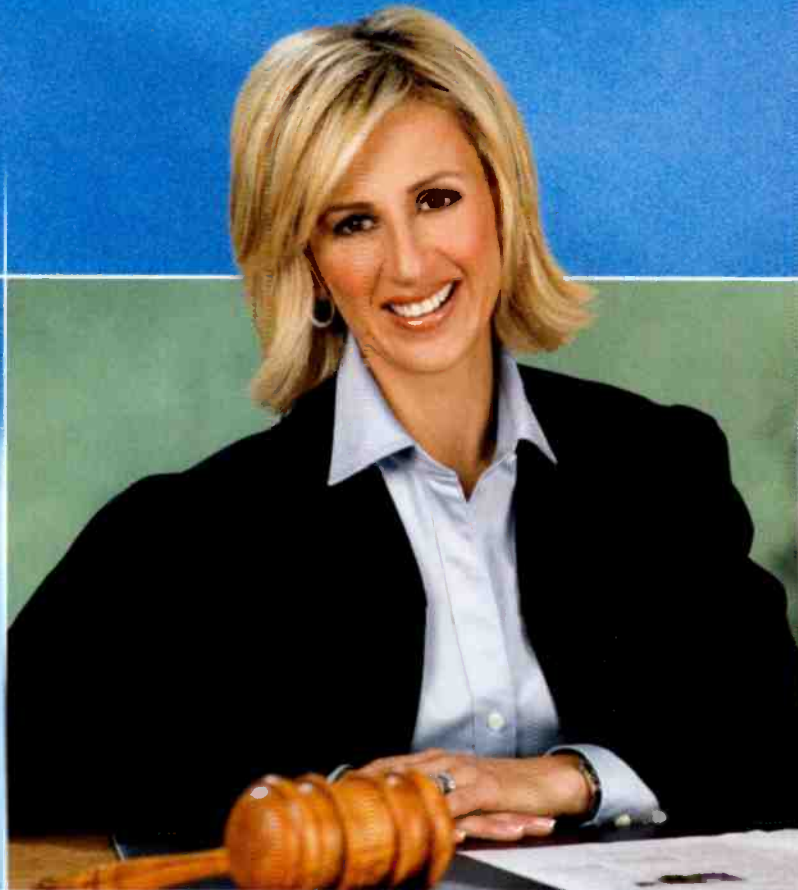
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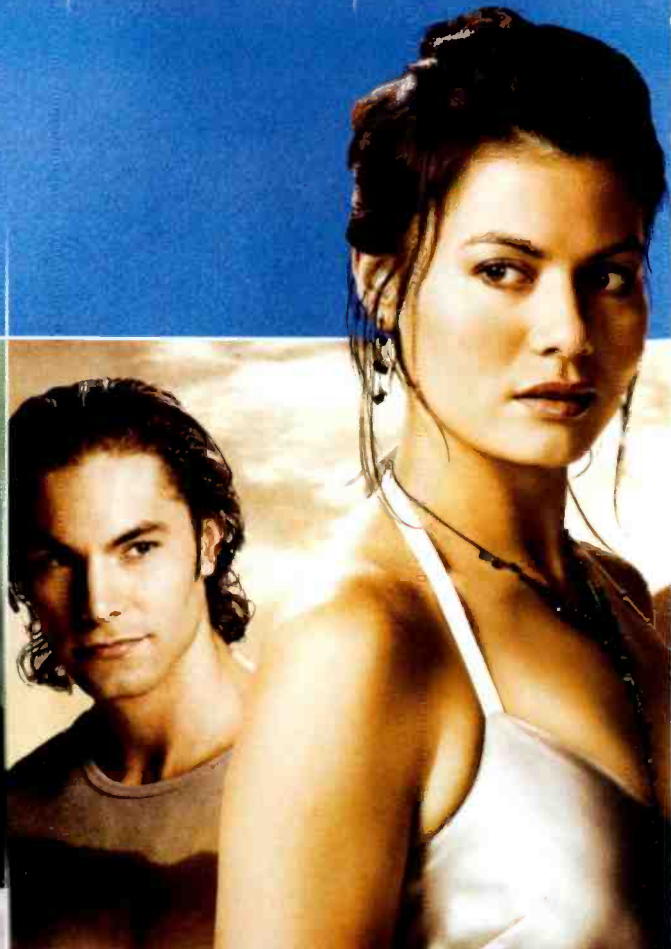
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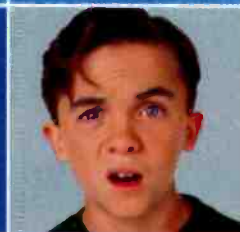
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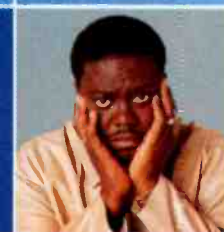
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the bernie mac show



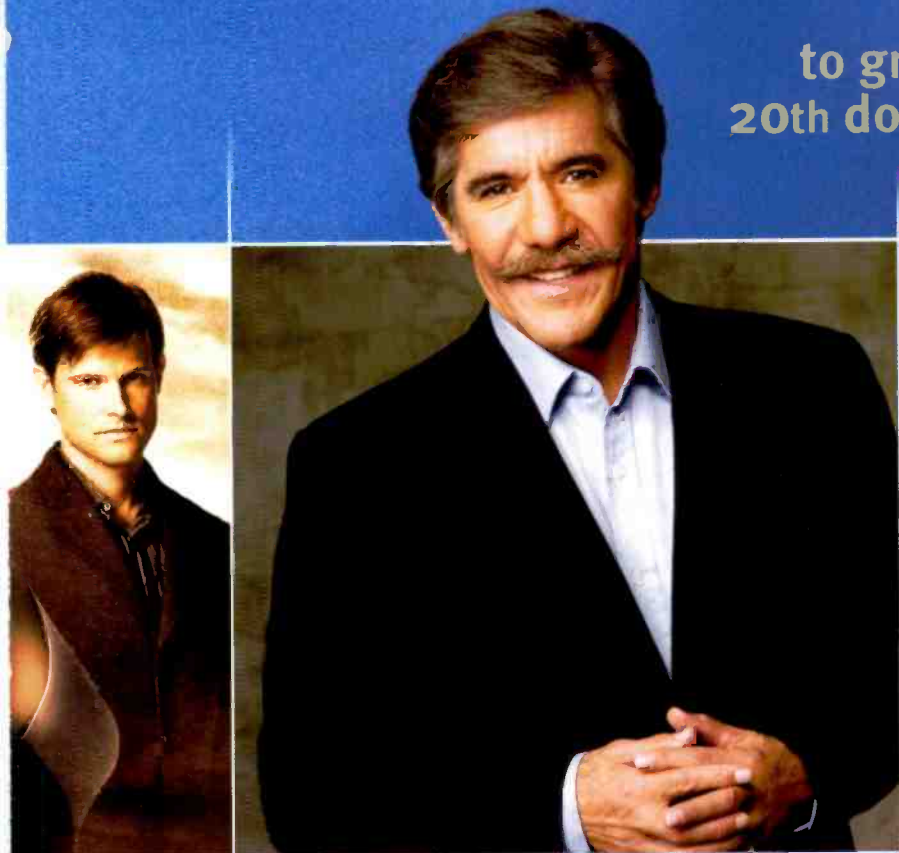
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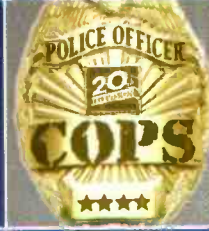
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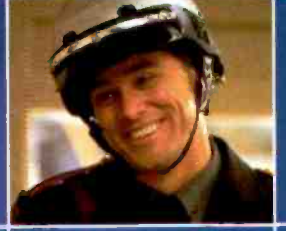
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What AEs can bring to the table

By Kim Vasey

I have always thought it extremely important for our account executives from the stations, networks and networks to meet the planners, account managers and clients and I work tirelessly to help facilitate these introductions across all of our accounts. I look at most of our A/E's as partners



in the business and, thus, have enjoyed so many successes in "selling in" radio due to their efforts. As a team we work together to provide support, research, creative ideas and, more importantly, a consistent and continuous reminder of the value of our media.

Sadly, so many of the A/E's I've met over the years have shared with me their frustrations of not being able to break through the various levels within the agency to meet with planners and account managers. I find that very sad because I believe the A/E's can be instrumental in bringing new dollars into radio.

The thrill of a "win" on a recent joint effort with Premiere Radio Networks reminded me, once again, the important role the A/E's play in our efforts to sell in radio. It also reinforced my, long held, belief that teamwork is an essential element in the art of the deal.

Facilitating introductions creates an atmosphere of camaraderie and partnership that can open the door to new ideas and result in new radio dollars. Our A/E from Premiere Radio Networks along with the support of our account managers (on the brand) played equal roles in bringing this effort to closure. Working together as a team we got the job done.

One of the exciting things about this deal was that it took months. Why does that excite me – because it demonstrates that professionalism, patience and persistency (not pushiness) can pay off. While a quick "win" is extremely gratifying it has always been the long hard win that, I find, brings me the most satisfaction because a long term sell requires patience and "sell in" from **many** players – and is generally a win that I could never have accomplished on my own. A good A/E can be a true partner, can help grow your radio expenditures and can help bring new ideas and opportunities that may be lost or left undeveloped at the transactional stage of buying.

Another example of team work is the recent outpouring of support that was extending from Clear Channel Katz Advantage and from Interep on developing some extremely important client initiatives speaks volumes of the professionalism, patience and persistence that our industry can withstand to help demonstrate the dynamic capabilities that radio brings to the table. Literally jumping through hoops, on a days notice, CCKA helped provide both research and creative thinking to assist in an on-going project that, in the end, may prove to be a long shot. Yet, despite the overshadowing cloud that this "long shot" project meant to them – they responded no less enthusiastically than if I had

said this project was a sure thing.

These two most recent examples of service and team work, once again, serve as a reminder to me that the rep firms, networks, research teams and Account Executives play a vital role in the buy / sell and developmental process and should be looked at as an asset to the process. I liken it to having additional staff and draw on them often for assistance. Take a closer look at your A/Es. Are you overlooking a valuable asset in him or her? He/she may not be the enemy that you think they are!

If you are an A/E, learn to sell the power of the medium, first, and not just "push a package" and perhaps you will begin to develop a greater trust with your agencies and potential clients. Work on developing your relationships so that your contacts don't feel threatened if you meet with other people in their organization. If you are professional, politely persistent and a true resource for your clients you WILL increase your successes.

Be a voice for the industry, not just for your station/network or packages and have the patience to cultivate the trust and confidence that is crucial to cementing the bond in these relationships.

I'm often asked by people in the industry if I think the RAB is doing a good job getting the word out about radio. My response is "given the limited staff they have to cover the country across thousands of agencies and national advertisers, I'd say yes but we shouldn't leave it all up to them." Their representatives are poised, professional and deliver a terrific presentation on the benefits of radio—but how can we, as an industry, expect that six people dedicated to this task can cover the universe? We can't – I say we MUST ALL work together to be a "voice" for radio.

GM's, GSM's and NSM's when you visit markets – don't just dedicate the time to see buyers only. Try to set up appointments with planners and account managers. I know it's not easy to get in at this level but if you don't, at least make the effort, to break down the barriers we'll continue to remain stagnant in growing our shares.

Additionally, we must use every resource available to help educate clients, account managers and planners on the benefits of radio and I encourage all station managers to make sure that all of their A/E's are aware of the RAEL studies (www.radioadlab.org) and the significance of them.

I often speak at sales training sessions for many of the broadcast groups and I generally include a brief overview of the RAEL studies. At two recent sessions that I spoke at for some of the Greater Media stations in New Jersey and for the Barnstable Group on Long Island several A/Es shared with me their success in using the RAEL studies to help bring new clients to radio. I was **thrilled** to learn that many A/E's are aware of, and more importantly, taking advantage of these studies. They are new studies and extremely relevant to the roles that media plays in our lives today. PLEASE use these resources – they CAN make a difference!

As I look to the future I am excited by many of the new initiatives that are being developed in our industry that will provide new opportunities for your clients. I'm looking forward to bringing these opportunities to our clients and one thing I know for sure – a good A/E will be right there beside me. Do you have one next to you?

Kim Vasey is the Senior Partner/Director of Radio, mediaedge.cia. She's an outspoken advocate for the radio medium, attending and presenting at numerous industry events yearly.

An Open Letter to the Industry

Is this a bad dream or am I living in "The Land of the Brain-dead?" What is wrong with this industry? We are at the most important crossroad of our existence since the inception of FM and our "Leaders" are overdosing on "Stupid pills."

HD radio is at our doorstep and IT IS TEN YEARS LATE. Why? Because our "Leaders" fought needlessly over engineering standards. We COULD have been first to digital radio, but weren't. The result: A huge opening for satellite radio, based on digital quality and new channels that you'd never hear on terrestrial radio.

Next, instead of using the greatest marketing minds in America, people who brand and market companies like Microsoft, Mini, and Target, our industry leaves its critical marketing decisions to **CEO's and committees who run broadcast groups. What do they know about marketing?** If they were brilliant marketers, THEY'D BE IN MARKETING AND NOT RADIO. You wouldn't ask Ries and Trout or Seth Godin how to create a format clock, or whether omni-directional antennas are better than directional antennas. So, why would you ask a radio executive how to market a new product? The HD radio effort is going to take more than TV spots with album covers, music videos, and the Birthday Game.

Continuing our stroll down the path of insanity, there's the **HD Alliance**. It consists of a group of companies and station owners who march toward doom and failure, in the face impartial, irrefutable research, warning us to change course. Only one executive had any common sense, commissioning a research project, to determine the basis for the way the HD band is displayed on the YET TO BE PRODUCED HD radios. It's not like the horse is out of the barn...YET. In fact, not only are there a VERY small number of HD radios in existence, but many of them don't have the ability to receive the additional HD channels that are at the heart of this issue. And, NONE of the manufacturers (Kenwood, Panasonic, Boston Acoustics, to name a few) have agreed upon a standard as to how the extra channels will appear to the listener, or how the listener tunes to them. **THIS IS THE TIME FOR US TO SET THE STANDARD; TO ALLOW THE RADIO MANUFACTURERS TO SET THE STANDARD WOULD BE "THE TAIL WAGGING THE DOG."** Furthermore, the manufacturers don't really care which standard we use, they just want to know what it is. Why isn't "The Alliance" creating and setting a standard that makes sense and then TELLING the radio manufacturers what we intend on using?

Bob Neil, at Cox, hired Bob Harper to determine listener perceptions and how to best capitalize on WHAT THE PUBLIC ALREADY BELIEVES. The results were definitive and irrefutable. **The public wants a display that is simple and intuitive. NOT a layered approach. In fact, when the layered approach was suggested to the 12 groups researched, they thought it was a trick question. It made no sense to them.** On the other hand, they understood the concept of the expanded band, instantly. The results of this bona fide research are available in both streaming form (you can watch the actual interviews being conducted) or as a written summary, by going to www.bobharper.com/reports.htm. This research has been available and accessible to the HD Alliance, and what was their response? "That's nice but we're doing it the layered way, in spite of overwhelming evidence to the contrary." Are these "Leaders," who, for the most part, have no programming or marketing background, so omnipotent, that their whim overrules even the most compelling and irrefutable research?

Oh sure, the Alliance would rather not change directions midstream, that might create some actual work. I've also heard the argument that if we went to the expanded band, perhaps the FCC would have to approve it. Hey fellas...the expanded band is VIRTUAL. We would not really be using the 108.1 or 111.7 (expanded band) frequencies; the radio would ONLY BE INDICATING that is where the listener had tuned. **THIS IS THE KIND OF SYSTEM THAT PEOPLE WANT AND ALREADY UNDERSTAND.** If the "Leaders" of the industry don't understand it, they can call me and I'll explain that 108.1 is really a MACRO that performs a combination of functions with one button push.

With the layered approach, if a person listening to the second (or third) new HD channel of 103.5 wants to listen to the third HD channel of 95.7, he must FIRST manually tune down the band until he arrives at the main 95.7 analog / digital channel. THEN, wait 7 seconds for the main channel to buffer to digital and THEN must tune up the dial two stations to FINALLY reach the third HD channel of 95.7 (95.7 HD-3). THAT is an unnecessary and disorienting ordeal. With the layered approach, a listener cannot *listen to, sense the existence of, or tune to* a second or third HD channel without first being forced to hear the audio from the original analog / digital station on that frequency. **PLEASE UNDERSTAND: Before being able to listen to one of our new stations, listeners will always be FORCED to first tune to a station that they may hate.**

If we utilize the expanded VIRTUAL band, the listener would simply press one button that says (for example) 109.7 and instantly the macro switches to the 95.7 main, analog / digital channel, then automatically mutes that main channel (so that the listener never hears the main channel on the way to the second HD channel) and then it instantly tunes the radio to the second HD channel and unmutes it. The listener never knows that any of that has happened. HE SIMPLY THINKS THAT HE HAS TUNED TO 109.7 AND HE IS NOW LISTENING TO THE STATION WHICH BROADCASTS ON THAT FREQUENCY, when in fact, it is the new second HD channel of 95.7. Why do "The leaders" of the industry not see the simplicity of this?

Remember, in the layered system, if a listener wants to listen to one of the new HD channels, he must first tune to a station that he does not want to listen to, before he gets to the station that he does. If that happens, the new formats on new channels of (each main frequency), become permanently associated (in the listeners' minds) with the format of the main channel. Another negative is that the additional HD channels will seem to not be on the air if a person attempts to tune directly to them, without first going to the analog / digital main frequency. **DOES THIS LAYERED SYSTEM MAKE ANY SENSE?**

Here's another question: Why would we think that Madonna can promote terrestrial radio? She is a musician. Aside from the fact that Madonna is irrelevant to people under 25, what credibility does she hold in the radio landscape? Would Jerry Seinfeld be a good spokesperson for HD or analog TV because his programs were broadcast on television? Same thing here. Madonna's SONGS were played on radio, nothing more. If you want to bring some credibility to radio, **IMPROVE THE QUALITY OF WHAT GOES OUT OVER THE AIR. And by the way, "Less is more," only if less really is. Reducing the minutes of commercials, while increasing the number of units, is hurting the cause, not helping.**

Where are the "Leaders" who understand that this moment is the most important moment in the life of terrestrial radio and we are treating it as if we're choosing the color of a car? Now is the time to stop thinking like shareholders and start thinking like consumers. Listeners have told us what they want: 1) Diverse content options, 2) A clutter free environment, 3) A simple and easy way of locating the content (the expanded band).

How many times do we need to make the same mistakes? Take the advice of the listeners and give them what they want, or the satellite broadcasters will.

It's a multiplatform world

All sorts of new systems and devices for delivery of video content have been springing up lately. They're all competitors to television. But each also represents an opportunity for a local TV station to generate new revenues by repositioning their content. Thus, it's a tricky minefield to navigate. That's why TVB's (Television Bureau of Advertising) annual marketing conference in April will, for the first time ever, be devoted to a single topic: "Television Goes Multiplatform."

Chris Rohrs, President & CEO of TVB, tells RBR/TVBR there are now three screens being used by consumers. "There's the television in the home, where our play is traditional and very clear, but it of course is dramatically reenergized by the emergence of High Definition, where we just have a tremendous opportunity and a leadership position because most of the strong programming that is being delivered to the home is broadcast television network programming. I continue to believe that it may well turn out that HD is the single greatest benefit to the consumer of all of the digital developments. It is such a homerun to the consumer in the house. We're excited about that, so we think that that bodes well for continuing strength in that screen, the television in the home," he said.

"The second screen, of course, is the computer screen. That brings us to the online web site opportunity, [where TV stations] have these really sophisticated websites now. If you go to the better broadcast TV station websites you'll see what great progress has been made in terms of delivering video and content. Of course, that is our path to VOD. We believe, and I think as individual consumers you can already see, we're all accessing on-demand content on our television screens by way of our cable provider, but we're also accessing perhaps just as much or even more on-demand content by our computer screen. We think that will continue to expand. There's a huge opportunity for television stations to put up on-demand content that the consumer will find of great value," Rohrs explained.

"Then the last screen is the handheld wireless device—whether it's the iPod or other competing devices. That has just begun to rock and roll and we think that's going to be huge and that opens up a whole new world of content that can be provided and broadcasters have a great opportunity there—as great as anyone to develop content that really works for that size screen. That's different content by and large than the content that works on the larger screens. I think that what we're seeing now, when I download content from the iTunes store I watch it on the computer more than I watch it on my video iPod. I find it's kind of fun and if I'm on an airplane I'll watch 'The Office,' which is one of my shows. But more often when I download 'The Office' or 'Lost' I watch it on my computer screen. The point is, we think the content that will really click on the handheld wireless device

is content that fits that screen and there's a great opening there for local broadcasters," said Rohrs.

As we noted, the companies behind these new technologies are both competitors to broadcasters—and potential partners. So, it's going to be complicated for broadcasters to figure out just what they should be doing—and with whom.

"Yeah, it is complicated and that's one of the reasons we are emphasizing this and making it the focus of the conference. It's going to be hard and complicated work. There are going to be missteps and there are going to be misalignments. There's going to be trial and error. There are going to be ventures that will sink and those that will swim and we want to be part of enabling and fostering and stimulating and stirring-up all of that, because it is complicated and maddeningly fluid," he said.

The agenda for the April 20th TVB conference at the Jacob Javits Convention Center in New York City has three parts:

- "Multi-Platform: Expanding Local Broadcast TV Offerings"
- "Media Mix: Mixing Traditional TV with Multi-Screen Opportunities"
- "The Online Opportunity: Dimensioning the Market and Navigating the Process"

The keynote speaker hadn't been announced at deadline, but it will be a "media futurist"—someone who will give a "big picture" presentation on how the multiplatform world is developing and where it is likely to go in coming years. A second major speaker will be a TV executive who will detail new opportunities for broadcasters in multiplatform use of their content. And there will be new research presented on online opportunities for broadcasters.

"Then we will also then sort of do a reality check session, in which we'll look at the automobile industry and we'll take a look at how the traditional media is merging with the new media opportunities, particularly online," said Rohrs.

Within those sections of the conference, there will also be panels, with broadcasters, advertisers, agency people and others giving their perspectives on multiplatforming. After all, adding multiple screens creates new challenges for advertisers as well. If consumers are going to new platforms for content, advertisers want to figure out how to promote their products there as well.

"They talk about being media agnostic in their thinking and we believe that is the case—that they are. That it doesn't start and end with TV or any traditional medium—that their thinking includes all sorts of multi-platform opportunities," Rohrs said. "We accept that those are the realities that are here, that it is a multi-screen world for the consumer and that it's a multiplatform approach for the advertiser. So we decided that should be the center of our work for 2006 and therefore, for the first time ever, we should make our annual conference a single-theme conference and get at that and deal with how to begin to monetize those opportunities."





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The art of negotiation

By Greg Guy, VP/Patrick Communications

Every day the trade publications are full of station sale announcements. Stripped down to their essential elements of buyer, seller, call letters and price, these announcements do not mention the months of negotiation that have gone into reaching that point. In the radio business, as in any business, negotiating skill is a key element of success.

Some people are born great negotiators while others develop their skills from training, practice and experience. Regardless of an individual's level of expertise, there is always room for improvement. In negotiating a radio transaction, there are several key elements which, if addressed properly, can position a buyer or seller for a more positive result. Here are some helpful tips to set you up for success in negotiating your next radio deal.

In negotiating, preparation has a disproportionately large effect on the outcome of the negotiations. **Benjamin Franklin** put it best when he said *"By failing to prepare you are preparing to fail."* The first step in preparing to negotiate a radio deal is to assemble a good negotiating team. Typically this team includes a broker, attorney, engineer and accountant. The make-up of this team is very important as each member will provide you with the information necessary to make educated, informed decisions. Take extra care in selecting an attorney and a broker as they are key elements in the negotiations and will go a long way toward determining the quality of the deal that is cut. In both professions, there are "deal-makers" and "deal-killers." Make sure that the people you retain understand your goals and will work with you to accomplish them. With the right team in place, you have the resources and expertise to make informed decisions.

It is critical to do your homework when evaluating an acquisition opportunity. The more information that you can gather about the other party, the more effective you will be when you are negotiating. Try to evaluate the situation from both sides of the table. What are the pressure points that the other side is facing? What are their motivations, desires, resources and limitations? Each party brings to the table a mental list of issues, both positive and negative, which they face. This "list" is a closely guarded secret as it typically contains the limitations in which each party is willing, and able, to negotiate. More importantly it contains the reasons for these limitations, which can often be turned into opportunity. The more information you can gather from the other parties list, the more effective you will be in your negotiating.

At the same time, managing the information on your list is essential in protecting your interests and negotiating the best deal possible. In managing your own list, evaluate and prioritize your goals. Recognizing the strengths and weaknesses of both positions is essential to good negotiating. One of the easiest ways of gathering this information is simple but often overlooked—listen. Listening is one of the most important tools of an effective negotiator.

Aside from listening, your data gathering should include back-

ground information on deals the other party has negotiated. Your broker or attorney can advise you on typical behavior of buyers and sellers and may have negotiated with the party across the table before. This experience can offer valuable insight into their negotiating styles. Understanding the style of the other party can clue you in to what type of strategies you can expect to hear during the course of the negotiations and how they should be handled. Deadlines and "take-it-or-leave-it" offers carry far different meanings depending upon the person making the statement.

Another excellent source of background information is the purchase agreements used by the party in other transactions. Purchase agreements from the past several years are available on the Federal Communications Commission website. Armed with this information, you see where the other party has conceded and where they have held firm in past negotiations. By reading between the lines you can also get a peek at what was on their "list" in other deals.

Equally important to doing your homework is the concept of managing the tone of a negotiation. Most people look at negotiating as a contest with a winner and a loser with each gain by one party equal to a loss by the other. While this approach can result in the parties reaching agreement, it is short-sighted. In broadcast transactions this method often results in both parties leaving money on the table. A calm, pleasant demeanor can communicate a point just as effectively as yelling and screaming and also has the ability to help the other party appreciate your position. An adversarial approach rarely works and often has the effect of putting further distance between the parties.

The most effective and rewarding negotiations are win-win negotiations. Win-win negotiating often is misinterpreted as any negotiation where a compromise is reached. A true win-win negotiation is one in which additional value is created that is unique to the two parties in the negotiation. This is a scenario where one plus one equals three. The key question to a win-win negotiation is "What unique assets, opportunities and issues are the parties faced with that can be addressed or enhanced uniquely by the other party?" With a little digging, there are typically a number of win-win opportunities in every broadcast deal.

Once the deal is done, even more can be learned by going back and evaluating your steps (and missteps) throughout the negotiation process. What worked? What didn't work? What would you have done differently? Experience is an excellent teacher. Others will judge you based upon your performance in previous deals. Why not take the opportunity to learn and improve your negotiating skills by tapping this excellent resource.

It is important to remember that there is but one opportunity to negotiate a deal. The success or failure of your business can hinge upon the decisions you make during negotiations. With so much on the line it is important to position yourself for success. Regardless of your skill level, given the right preparation and approach, you can dramatically increase the effectiveness of your negotiating.

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Should your station go HD or not?

By Bert Goldman

It's been about 15 years since the idea of digital broadcasting first was uttered in connection with US broadcasting. During that time we have struggled with new band options, a number of in-band options but at long last, we have closed in on a standard to be used for digital broadcasting in the United States. Many stations have converted to HD Radio both for AM and FM and many are in the process, but as uncomfortable as it may be to admit, while certainly the right thing for most stations, a conversion to HD Radio at this time may not be in the best interest of some stations. While there has been significant testing and analysis of the interference from a new digital transmitter to an analog station, there is not as much information on what to expect from a digital receiver in the presence of other analog and digital interfering stations. In many cases, there just isn't much information available yet. This article is meant to look at what you might expect from your digital station so that you won't be disappointed when you flip the switch and only pertains to FM IBOC. I have also kept the text purposely non-technical for those who don't spend all their time on engineering matters.

First, let's identify who *should* consider converting:

1. You are in a top 75 market (a marketing, not technical issue).
2. Your transmitter places a solid 60dbu signal over most, if not all, of the market you are intending to serve.
3. You do not have (generally grandfathered) first or second adjacent channel interference issues on *both* sides of your center frequency.
4. From a competitive standpoint you may need to consider HD regardless of any negative implications.

While most is self-explanatory, I mentioned top 75 markets because that is where the initial push will be from a marketing and competitive perspective; however, in smaller markets it may be wise to wait just a bit for potential co-op dollars or better market penetration of receivers.

A simple rule of thumb is that if you experience poor coverage currently; don't expect that your HD transmitter's coverage will somehow improve over the analog you have now. In some cases, however, it will. Let's go over those:

1. If you currently experience interference from one 2nd adjacent channel (either the upper or lower), digital receivers may allow a significant improvement in recoverable audio, but only if your station places a good digital signal in the vicinity of the interference.
2. If you currently experience interference to your signal from one (either the upper or lower) 1st adjacent channel, you may see further degradation of your analog signal when your neighbor goes digital, but when you add digital, your digital received signal will be considerably improved. Again, the caveat is that you must have good signal to begin with.
3. If you currently experience co-channel interference (usually found

in unusual terrain, grandfathered situations or ducting), a significant improvement may be seen in your station's digital reception after you add HD, up to 16dB of improvement (e.g. the FCC says interference will occur if the interference is 20dB below the desired signal. IBOC can be recovered with as little as a 4db desired to undesired).

Let's discuss now which facilities that may want to pause on deploying HD Radio, at least for now.

Stations not placing enough signal into the market.

This will be the single most critical reason to take a hard look at deployment to HD Radio. Currently, the receivers being sold are first generation receivers. These receivers require a reasonably high signal level (typically a *solid* 60dBu) to recover a solid digital signal that doesn't blend to analog. Many stations that emanate from outside the market, if they don't get a solid signal into the desired market, while listenable in analog, may tend to switch back and forth between digital and analog audio on a digital receiver after HD is added. Blending, while designed to be as smooth as possible, may be distracting to some listeners. Since your station will only get one chance to make its first digital impression, you may want to consider waiting until more sensitive receivers are available to consumers; that way your listener's digital experience with your station may be more enjoyable. Just as the first digital mobile phones were of marginal quality and range, expect advances to take place in digital broadcasting which will allow what might be a marginal digital facility today to be a good digital facility even with less recoverable signal in a few years.

Stations receiving interference on both upper and lower adjacent channels.

One of the strengths of the HD Radio FM system is the ability to recover a digital signal even if one of the adjacent channels experiences interference. It stands to reason that if *both* channels are receiving interference then the HD signal may be difficult to recover. A problem that may come up in these initial stages of digital radio will be to second adjacent stations outside of the desired market which have a high power second adjacency *both* above and below their frequency and emanating from the same or nearly the same transmitter site. In these cases, the digital carriers may produce up to 3,500 watts (peak) power on your *first* adjacent channel (class C station). It should be noted that significant interference may be received by your analog station in this case since it is now receiving this new digital interference into an analog receiver from the *first adjacent* digital signal. Whereas new digital receivers are designed to work in this environment, most analog receivers are not. If, however, *both* the upper and lower second adjacent channels are obliterating your digital signal in this way, you may not be pleased with either the analog or the digital results if you are trying to serve the listening area in the vicinity of co-located 2nd adjacent channel interfering stations.

Stations with boosters

If your station relies upon an on-channel analog booster to cover large portions of your intended audience, then you should keep in mind

that co-channel hybrid analog/digital boosters are not yet available. A few tests in one or two markets show some promise, but there is no commercially available product that will generate an appropriately synchronized signal in both the analog and digital domain. When equipment to do this is available, you can count on it being fairly expensive.

One interesting solution for stations using boosters that may be available in the very near future is a digital-only booster that properly times the HD digital information but leaves a hole for the analog so that stations will be able to take advantage of the robust signal of the digital booster while not being affected to the same degree as the difficult timing and destructive signal overlap problems that are inherent in analog boosters. The good news is that HD Radio was designed to work with co-channel digital boosters, they're just not quite ready for prime time yet.

Infrastructure problems

Many stations have converted to digital audio systems in recent years and many have added RBDS to their existing station infrastructure. Many have not and may have computer systems that would require major changes to handle the text-based information that is part of the HD Radio system. If your station has not updated its infrastructure to handle these services, don't shortchange your new digital listeners. In addition to the cost of the transmission equipment, plan on updating your audio system to allow for text based artist and title information. In some cases, this update will also require replacing or modifying your existing STL system as well.

Stations should consider adding RBDS to their infrastructure if they have not yet done so. This way, if your station blends to analog, you won't be depriving your listener of artist and title information while the station is blended to analog.

If you don't have a solid digital signal, don't plan on secondary audio channels

In the case of your main channel, losing the digital information will only require a receiver to blend to analog. If a listener is tuned to a secondary audio channel that signal may go away or may provide intermittent coverage. Don't disappoint yourself or your listeners if you have a marginal digital facility as described above; neither you nor your listeners will appreciate the results. Don't despair though; new receivers may extend the range of digital reception in just a few years.

Bert Goldman has served as Group VP of Engineering for Shamrock Broadcasting, Patterson, Nationwide Communications and ABC/Disney and has most recently worked as Senior VP of Engineering at First Broadcasting. Bert is currently a consultant in the field of broadcast engineering management. You can reach him at Goldman Engineering Management, 972-387-0111 or email at bert@bgoldman.net.

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By Jack Messmer / jmessmer@rbr.com

Hedge funds are changing the broadcasting lending landscape

They're the new kids in town—and these are big kids with lots of money. Over the past year or two, hedge funds have discovered the radio and television station business. They've become aggressive players in the lending market and have made other lenders become more competitive as well. All in all, it's been good news if you've needed to borrow money for a broadcast acquisition or refinancing.

According to **Greg Widroe**, Managing Director of Media Venture Partners, a San Francisco-based firm which represents broadcasters in seeking financing as well as brokering sales, the hedge funds have a little different approach from other lenders when it comes to broadcast station loans.

"For a long time we've seen both the traditional banks that were in the media industry and the non-bank commercial finance companies like GE and CIT lend primarily on a loan-to-EBITDA type basis, and with some willingness—not for the banks—but for the non-bank commercial finance companies to do a little bit of loan-to-value lending. You know, on a stick deal they'd loan a certain percentage," Widroe explained. Not so for the hedge funds. "With the hedge funds, their first look is 'where am I on a loan-to-value basis?' The difference is they're really asset-based lenders. With that they are able to be quite a bit more aggressive on either stick deals or turnaround deals," he noted.

Hedge funds tend to keep a very low public profile and they shun contact with reporters. One did agree to be interviewed for this article—then withdrew. But while they stay out of the spotlight, they are managing huge piles of money. They're known for making big plays to bring in above-average returns for their well-heeled investors. When interest rates fell to historic lows and some of their more exotic investment options dried up a couple of years back, some of the hedge funds discovered radio and TV station lending as a place where they could still earn decent returns with minimal risk. That's because FCC licenses are still scarce commodities with real stick value to cover a worst case scenario—unlike some other sectors where they'd seen asset values fall to zero.

So, there's new money available for broadcasters needing financing. And that is a plus, whether you end up borrowing from a hedge fund, or one of the other lenders.

"All the new money coming is making the money cheaper. Number two, like Greg said, they [hedge funds] are more creative and flexible in terms of how they structure loans. We'll get development deals where they lend you an industry reserve to service that day while you actually evolve the property it gets to the point where the cluster or group is generating its own cash flow," said **Brian Pryor**, Vice President of Media Venture Partners.

"On any aggressive broadcast deal there has been a hedge fund that has been in on [bidding for] the deal," said Widroe of his recent experience. His company has done five or six deals with hedge funds over the past 18 months and he figures there may have been as many as into the 20s across the radio industry—deals where a hedge fund has either done the loan, or bought it afterward.

Another plus for many borrowers is that the hedge funds don't look for amortization of the principle. "When you go do a bank deal you basically, at some point in your projection, have to show how you pay this back," said Widroe, but the hedge funds are willing to go without any principle paydown over the life of the loan. "So as long as you cover the interest, as Brian said—and they will even lend you the interest—so when you develop a stick deal you just add a lot more leverage," he said.

"The third impact they have added is that competition from the hedge funds has made the traditional broadcast lenders do things they wouldn't have done in the past. It's forcing them to get more flexible and creative on their own. We've done a couple of deals now with broadcast lenders that are probably more traditionally know for extending credit on a multiple of cash flow. A number of those folks, like the CITs and the GEs of the world, now will look at those stick deals and development deals. It really pushes them from a structural perspective and it also pushes them on a pricing perspective," said Pryor.

And there's still more to make hedge funds appealing as lenders to broadcasters. "They are also real flexible in terms of where to invest on the balance sheet. And in some respects they will structure proposals that might include any combination of senior debt, mezzanine or some strip of equity. In some instances they might even put forth a proposal that involves all three of those and really allow the borrower, or the operating company, to sort of get a one-stop shop for all levels of the balance sheet. They will really play up and down and in a lot of instances are really different. They are not strictly senior lenders. They expect the appropriate return for the appropriate level of risk that they are taking but they'll do that up and down the balance sheet," said Widroe.

Who are these hedge funds? Some of the ones who have been active in broadcasting of late, according to the MVP advisors, are HBK, a Dallas-based company that's one of the best-known hedge funds, D.B. Zwirn, Guggenheim Partners, Farallon, Cerberus Capital (via its Ableco subsidiary), Highland Capital and Fortress. And they add that another three or four have begun looking at broadcast deals, but haven't done any yet.



Greg Widroe



Brian Pryor

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William O. Barry
President & Chief Executive Officer

\$5,000,000.00

Todd W. Fowler represented the buyer in this transaction.

East Tennessee Radio Group, L.P.

&

North Georgia Radio Group, L.P.

Paul G. Fink
President of the General Partner

*has agreed to acquire the assets of

WTUN-FM

Chattanooga, TN/Ringgold, GA

WDAL-AM / WBLJ-AM / WYYU-FM / WQMT-FM

Dalton, GA

from

Clear Channel Communications, Inc.

John Hogan
President - Radio

\$6,000,000.00

Todd W. Fowler represented the buyer in this transaction.

Norsan Entertainment Group, LLC

Norberto Sanchez
President & Chief Executive Officer

*has agreed to acquire the assets of

WKGN-AM Radio

Knoxville, TN

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Triple S, Enterprises, Inc.

Robert L. Stewart
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Todd W. Fowler represented the seller in this transaction.

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One hedge fund did make an appearance on a financing panel at last fall's NAB Radio Show in Philadelphia. **Ivan Zinn** of HBK Investments said hedge funds are looking for new opportunities due to a lack of opportunities in their traditional investments. "Hedge funds are willing to make the bet on the value of FCC spectrum," he said.

So, while radio and TV stocks are in the basement on Wall Street, the financial world likes to lend to broadcasters.

"It is a great time to be a borrower. There is more capital coming into the market. Despite the fact that broadcasters in general turned in a lackluster second half of '05, the flow of capital looking to do deals in the business is strong. People are doing higher debt-to-value at cheaper pricing, cheaper spreads over LIBOR," said Widroe.

"We literally go through periods where we feel like we're talking to a new source of capital every week. There's just lots of money continuing to flow into this space and then lots of investing appetite at all of the lenders that we know really well. I talked to a couple of them this morning and said, 'What's your outlook for 2006?' They said our appetite is strong and we are going to continue to aggressively pursue radio deals," said Pryor.

"I will tell you the availability of this cheap capital is one reason that has kept private market multiples up in the face of an outlook for the radio industry that is showing slower growth," said Widroe. "I guess we would be remiss if we didn't mention a benchmark deal from both multiple perspective and from a financing perspective—and that's Susquehanna. You and your publications looked at that deal up and down, right? And that is a deal that was done in a little over 13 times trailing cash flow, you know—albeit for stock, but probably just as significant is the fact that you had a \$1.2 billion deal done with only \$225 million in equity. That deal basically levered at 11 times. That is really, really significant and all the buzz about the industry is the fact that they had a pretty deep pool of lenders that are in that facility. They had a number of term sheets and over 10 times leverage. The buzz is that they had seven-plus term sheets and over 10 times leverage," he said.

How do you help broadcasters get that money?

"Our job really is to work with operators. Help them look at their business as ongoing board pieces and from that you design a capital structure that's going to work for them. When I say works for them, the number one thing we do is sort of say, how do you design your capital structure so even in your worst case you have enough liquidity to fund the business? The second and third things really are getting the right amount of equity and debt to optimize pricing. The first thing we do is look to make sure they have sufficient capital to have liquidity for their businesses. But working with them in terms of looking at their business plan, helping to design a capital structure and then going out and talking to these various financing sources to get the best deal for the borrower," explained Widroe.

The focus has been on radio. What about TV?

"It's good by historical standards for TV in terms of multiple but not as robust or is there as much deal activity on the TV side," said Pryor. "One: Generally there are less TV deals done. Two: I think there are probably more lender concerns about macro factors impacting the over-the-air television business. It is still a good time to be a borrower if you are a TV broadcaster."

Wall Street wrap-up 2005: A year broadcasters would like to forget

You had to be a really good stock picker to make money on radio and TV stocks in 2005. There were few winners in either sector—and lots and lots of losers.

Wall Street traders beat up on radio stocks in 2005—and not without justification. When the year began, even pessimists were looking for low single digits revenue growth. Instead, the pascings got worse and worse and '05 turned into a flat year. Of the 28 terrestrial and satellite radio stocks reported daily by RBR, only four managed to post growth in 2005.

Similarly, of the 35 stocks that TVBR reports on daily, only five showed growth last year.

Most of the stocks which showed gains did so because they were selling all or part of their company to someone else. Jefferson-Pilot announced a deal to be acquired by another insurance company, Lincoln National, with its radio and TV stations included. Liberty Corporation has a deal pending to sell the entire TV company to Raycom for nearly a billion bucks. And Emmis Communications rose because it spent much of the year selling off its TV assets, with a couple of deals yet to be announced, choosing to focus on the radio business.

In TV, the year's biggest winner was McGraw-Hill, driven by its educational and financial data businesses, rather than its small TV station group. So, of the five gainers, the only one to move up on the strength of its broadcast performance was Univision—and it rose only 0.4% for the year. At the other end of the scale, Young Broadcasting plunged 75.4% and became a penny stock as a year of poor advertising demand was particularly poor in San Francisco, home to its largest station, KRON-TV. Spanish Broadcasting System dropped 51.6% as investors punished the radio company severely for announcing plans to enter TV as well.

Gaylord, which is barely even in radio any more with a single AM station, rose on the strength of its hotel business. So, of the four gainers in radio, the only one to move up on the strength of its broadcast performance was also Univision—and more because of its TV business than radio. With most radio stocks having a tough year, RBR's Radio Index, comprised of 15 stocks whose main business is radio, fell 21% for the year.

Although not a part of our index because it is a penny stock, Interep was the worst performer in radio, falling 52% in the face of a terrible year for national sales and some prominent client defections. Close behind was SBS, which is an index component, although it was briefly in penny stock territory itself in December.

See the Radio & TV Stock numbers on page 30.

RBR & TVBR February 2006



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2005 radio stock performance

Radio Company	12/31/04 Close	12/30/05 Close	2005 Net Chg	2005 Pct Chg
Jefferson-Pilot	51.96	56.93	4.97	9.57%
Gaylord	41.53	43.59	2.06	4.96%
Emmis	19.19	19.91	0.72	3.75%
Univision	29.27	29.39	0.12	0.41%
Arbitron	39.18	37.98	-1.20	-3.06%
Clear Channel	33.49	31.45	-2.04	-6.09%
Hearst-Argyle	26.38	23.85	-2.53	-9.59%
Viacom, Cl. B	36.39	32.60	-3.79	-10.41%
Viacom, Cl. A	37.08	32.76	-4.32	-11.65%
Sirius	7.62	6.70	-0.92	-12.07%
Regent	5.30	4.64	-0.66	-12.45%
Disney	27.80	23.97	-3.83	-13.78%
Cox Radio	16.48	14.08	-2.40	-14.56%
Entravision	8.35	7.12	-1.23	-14.73%
Fisher	48.88	41.43	-7.45	-15.24%
Citadel	16.18	13.44	-2.74	-16.93%
Entercom	35.89	29.67	-6.22	-17.33%
Cumulus	15.08	12.41	-2.67	-17.71%
Journal	18.07	13.95	-4.12	-22.80%
Beasley	17.53	13.51	-4.02	-22.93%
XM	37.62	27.28	-10.34	-27.49%
Salem	24.95	17.49	-7.46	-29.90%
Saga	16.85	10.87	-5.98	-35.49%
Radio One, Cl. D	16.12	10.35	-5.77	-35.79%
Radio One, Cl. A	16.10	10.27	-5.83	-36.21%
Westwood One	26.93	16.30	-10.63	-39.47%
SBS	10.56	5.11	-5.45	-51.61%
Interop	0.75	0.36	-0.39	-52.00%

2005 TV stock performance

Television Company	12/31/04 Close	12/30/05 Close	2005 Net Chg	2005 Pct Chg
McGraw-Hill	45.77	51.63	5.86	12.80%
Jefferson-Pilot	51.96	56.93	4.97	9.57%
Liberty Corp.	43.96	46.81	2.85	6.48%
Emmis	19.19	19.91	0.72	3.75%
Univision	29.27	29.39	0.12	0.41%
Sinclair	9.21	9.20	-0.01	-0.11%
Scripps	48.28	48.02	-0.26	-0.54%
Meredith	54.20	52.34	-1.86	-3.43%
General Elec.	36.50	35.05	-1.45	-3.97%
Clear Channel	33.49	31.45	-2.04	-6.09%
Hearst-Argyle	26.38	23.85	-2.53	-9.59%
Time Warner	19.45	17.44	-2.01	-10.33%
Viacom, Cl. B	36.39	32.60	-3.79	-10.41%
Viacom, Cl. A	37.08	32.76	-4.32	-11.65%
News Corp.	19.20	16.61	-2.59	-13.49%
Disney	27.80	23.97	-3.83	-13.78%
Fisher	48.88	41.43	-7.45	-15.24%
Entravision	8.53	7.12	-1.41	-16.53%
Belo	26.24	21.41	-4.83	-18.41%
Media General	64.81	50.70	-14.11	-21.77%
Wash. Post	983.02	765.00	-218.02	-22.18%
Journal	18.07	13.95	-4.12	-22.80%
Gannett	81.70	60.57	-21.13	-25.86%
Tribune	42.14	30.26	-11.88	-28.19%
Paxson	1.38	0.90	-0.48	-34.78%
New York Times	40.80	26.45	-14.35	-35.17%
Saga	16.85	10.87	-5.98	-35.49%
Gray, Cl. A	14.15	9.05	-5.10	-36.04%
Gray (common)	15.50	9.82	-5.68	-36.65%
LIN Television	19.10	11.14	-7.96	-41.68%
Nexstar	9.22	5.01	-4.21	-45.66%
Granite	0.41	0.21	-0.20	-48.78%
ACME	7.01	3.55	-3.46	-49.36%
SBS	10.56	5.11	-5.45	-51.61%
Young	10.56	2.60	-7.96	-75.38%

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\$81,800,000

Filed in 2005

We thank the following clients, deal partners, their brokers and investors who filed or closed transactions with us in 2005.

Nassau Broadcasting Partners
Mega Communications
J Sports Boston LLC
Kalil & Co.

Access.1 Communications
CIBC World Markets Corp
Pacesetter Capital Group
Quantum Communications
The Cape Cod Stations Trust

Star Media Group
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Television dealing gets under way promptly

By Dave Seyler / dseyler@rbr.com

The stalled attempts to liberalize local ownership caps for television owners has beyond any doubt thrown a wet blanket on the station trading market. To a lesser extent, the modest increase in the national cap from 35% to 39% of all TV households has also contributed to the stall. Still, deals are getting done. Local caps aren't necessarily a factor when a company like Emmis decides to put some good standalone stations on the block. And another deal, the sale of Liberty to Raycom, actually forced some stations to be sold.

Such was the case of WWAY-TV, the Channel 3 ABC affiliate in Wilmington NC. Raycom was already in the market with WECT (NBC 6), and the market isn't big enough to support a TV duopoly. That's how **Charles H. Morris's** Morris Multimedia Inc. managed to come by the station. It'll pay \$18.5M to enter the market.


Raycom actually decided to put a number of stations up for sale after its acceptance of the Liberty portfolio. WWAY was one of only two stations coming from Liberty that it simply deflected away. The other was KGBT-TV (CBS 4) Harlingen-McAllen-Brownsville. In both cases, Raycom decided that the station it already had in the market was superior to the one coming in. In three other instances, it decided to keep a Liberty station and put its own property on the block, and it decided to simply pull up stakes in seven other markets.

A bigger deal went down in a small market well north of Wilmington. In Binghamton, Granite Broadcasting elected to spend \$45M to get WBNG-TV, an unusually muscular CBS affiliate making its analog home on Channel 12.

The unusual muscularity comes from the absence of a CBS affiliate of any description in the neighboring Elmira market. The upshot is that WBNG is the source of CBS programming for both markets, getting a station in Nielsen #156 and #173 off of just the single stick.

The seller in Binghamton is Television Station Group Lic Subsidiary LLC, which is noted as part of Gateway Communications on FCC license renewal documents.

It's a great deal for Granite since it amounts to a territorial expansion in upstate, where it's already active in two markets, Syracuse (also CBS) and Buffalo (ABC). Granite honcho **Don Cornwell** said, "WBNG is a very strong station with a long history as the market's leading news provider and complements our other upstate New York stations in nearby Syracuse and Buffalo. This acquisition is a terrific fit with our stated strategy of capitalizing on our core strength of operating news-oriented, Big Three network-affiliated stations in the nation's mid-sized markets."



CLOSED!

Media Venture Management WTXL-TV

Tallahassee, FL - Thomasville, GA

has been sold to

Southern Broadcast Corporation

Manny Calvo, President

*Brian Cobb and Denis LeClair
represented and advised the seller
for this transaction.*

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