

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

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Clear Channel comes up short for Q4

Clear Channel (N:CCU) surprised Wall Street with \$80M in unexpected expenses in Q4—expenses the company said were due to severance costs from reducing the radio division's non-sales staff by 2,000 people and to hiring expenses for adding 600 sales people.

For Q4, radio revenues were down 6.9% to \$890.6M and EBITDA was off 32% to \$299.1M. Pro forma radio revenues were down 9.5% and EBITDA was down 32.5%.

Companywide, Q4 revenues were down 7.8% to \$1.86B and EBITDA declined 45.6% to \$344.7M. pro forma revenues were off 10.8% and EBITDA declined 45.6%.

Rather than trumpeting CEO **Lowry Mays'** favorite metric, after-tax cash flow (ATCF), at the top of the quarterly financial release, the company didn't give its full-year 2001 ATCF figure until the bottom of page two and didn't mention the Q4 figure until page three. Small wonder. Q4 ATCF was 49 cents per share—a far cry from the analysts' consensus of 61 cents compiled by Thompson Financial/First Call in advance of the actual report.

Despite reporting pro forma Q4 radio revenues down 9.5%—far worse than the industry-wide 7% decline—CCU is billing radio as the unit that's going to lead the company out of the advertising recession.

"I am extremely happy to report that the radio division, which is roughly 70% of the EBITDA of this company, is currently performing better than at any point during 2001," said CFO **Randall Mays**. "If current pacing trends hold, the radio division's cash flow, we think, will be up 1% to 3% in the first quarter of 2002 vs. prior year on a pro forma basis. While 1-3% might not be a lot, I can tell you it's exciting to be in positive territory again, so that is certainly something that we think is a very good indicator."

To get to that 1-3% rise in cash flow, CCU is expecting radio revenues to be flat to slightly up for Q1. But don't look for a positive number from CCU's second largest unit, outdoor. President **Mark Mays** said US outdoor is trailing radio by about a quarter in coming out of the recession. He says, though, that the company is well positioned, regardless of how much help it gets from the winds of economic recovery.

"Even though we're starting to see a little bit of wind, you can expect us to row. We've set ourselves up for success with our programming successes and with our attention to sales focus—you can expect us to perform. I think, secondarily, we have the very best management team. As I've tried to highlight to you, it's very deep, it's very talented and it's very cohesive. As I've said in the past, our assets are very synergistic and they work very well together. We're finding out more and more every single day. Number four is our low expense base. If there is any wind that picks up, we've done a great job in controlling costs for 2002 and we think that if the wind picks up our profits will rise faster. And finally and foremost, we're obviously focused on results for 2002—as everybody is throughout the company," Mark Mays told analysts.

RBR observation: For the past few weeks, as company after company reported that it had outperformed the industry, we all wondered who it was that was dragging the average down. Now we know.—JM

Analysts react to Clear Channel, page 7.

Jury: Bubba is innocent

A Tampa jury found WXTB-FM morning DJ **Bubba the Love Sponge Clem** innocent of animal cruelty in last year's castration and killing of a wild hog at a station event. After only about an hour of deliberations (2/28), following a day and a half of testimony and arguments, the six-person jury returned "not guilty" verdicts for Clem and three co-defendants.



Bubba defended the hog killing as he testified in his own defense. He said "Bubba's Roadkill Barbecue" was intended to educate listeners

about the realities of slaughterhouses. The defense also presented wildlife experts and a veterinarian who testified that the way the hog was killed was standard procedure for hunters of wild hogs in Florida.

Prosecutors presented audio and video tapes of the event in laying out their case to the jury, but did not call any expert witnesses of their own to rebut the defense witnesses.—JM

Talk of the town: RBR at R&R Convention

RBR talked with industry talkers at the R&R DC event last week. ABC Radio Network held one of the last official events at the Newseum in Arlington before its Washington mall re-opening in 2006. Highlights included an impromptu political crossfire between **Sean Hannity** and **Sam Donaldson**.



Marty Raab, VP Marketing Premiere Radio Networks and Kraig Kitchen, President/COO of Premiere Radio Network.



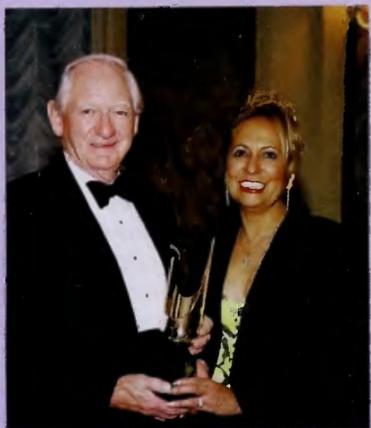
Sean Hannity of ABC Radio Networks and Carl Marcucci, Senior Editor of RBR



Michael Lofrano COO Talk Radio Network, Mark Masters, President of Talk Radio Network and Ken Beck, Entercom, Kansas City



An a-Mays-ing family affair—Lowry, Randall and Mark Mays (top to bottom)



Hughes gets the gold

Cathy Hughes and Alfred Liggins were awarded the Broadcasters Foundation Golden Mike Award at the 2/25 black-tie event.

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Radio Business Report

Voice Of The Radio Broadcasting Industry

NEXT WEEK

The RBR Profiler takes an in-depth look at programming at Triad Broadcasting Company, LLC

Part 2 of a 4-part series on this growing mid- and small-market radio group.

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ABCNRN reports huge spike in Q2 biz

So much so that ABC Radio Networks' Sales Planning Office had to take a breather to process the surge in activity. "We have in the last week-and-a-half booked a record amount of business—the largest week in three years for Q2. The surge has come from all categories. We don't know if this will continue, it caused us to give the sales planning office a breather to process it all," ABC Radio Networks President Traug Keller tells RBR. "We didn't actually shut down the office, it was just a lot to process at once."

Buyers have told RBR that Westwood One is in a similar situation. Both nets stressed that there is inventory remaining. However, "We are finding March and April are becoming spotty at best," MediaCom Director, Network Radio Services Matthew Warnecke explains.

ABCNRN had specifically held inventory from the upfront for the scatter marketplace—that was the strategy. Says Keller: "We had noticed a trend developing of heavy last-minute scatter, advertisers holding back. We felt that it was a lighter than normal upfront. If the scatter trend continued, we wanted to make sure that we had enough inventory to accommodate. We took a risk [and] it looks like it's going to prove to be the right move."—CM

Carping about CARP

Almost immediately after CARP, the copyright arbitration panel recommended a royalty fee structure to the US Copyright Office on webcasting (RBR 2/25, p.2), industry voices echoed what we said earlier: If this gets approved, the industry may bag the idea altogether—or perhaps charge streaming listeners.

Said NAB CEO Eddie Fritts: "The ruling from the Copyright Arbitration Royalty Panel may have the effect of unintended consequences, in that many radio broadcasters may reevaluate their streaming strategies. If the powerful record company interests' goal was to strangle a fledgling new service to radio listeners, it may have succeeded beyond its own expectations."

"I just don't know how we could have been any more clear about how expensive and about how little-to-no money we're making in this area," Dan Halyburton, Susquehanna SVP, told The New York Times. "You just may have witnessed the end of commercial streaming on the Internet."

Clear Channel's Director of Technology Brian Parsons was quoted on CBS Marketwatch.com that the company is currently in the midst of deciding to pull the plug on hundreds of its radio stations that only recently came back streaming after the AFTRA fiasco: "We began crunching the numbers last night (2/21), and given the new royalty rates, the softness of the ad market, and the technology costs, this just isn't a viable business."

RBR observation: It looks like the music industry will end up owning the Internet music space after all. The labels that own companies like PressPlay and MusicNet will just charge each other the same copyright licensing fees and effectively make the services free under their ownership. Had CARP settled on a percentage of webcasting revenues, we'd really have something. But since as yet there are virtually no revenues in this infancy stage, no one in their right mind is going to bleed money to stream their signal. We hope the NAB can put its best lobbying foot forward on this obvious breach of fairness, justice and sanity.—CM

Berman says DOJ looking into CCU antitrust allegations

Rep. Howard Berman (D-CA) said 2/26 that federal regulators are now in the process of exploring his allegations (RBR 1/28, cover), that Clear Channel Radio and Clear Channel Entertainment are forcing out competitors in the concert entertainment biz with unfair tactics. In addition, Berman's letter to the FCC and DOJ, asks for a probe about complaints that CC Radio had limited airplay of artists like Britney Spears for not working with CC Entertainment.

"He's communicated with the FCC and the DOJ and they've indicated they'd be more than happy to get any specific facts and talk to any parties that could inform them about specific inci-

dents in which they feel they were subject to anticompetitive actions, and so we've been trying to get the folks who have told us stories to go to the agencies and relay those stories directly," Berman spokesman Alec French told RBR.

Clear Channel CEO Lowry Mays and President/COO Mark Mays recently met with Berman and presented evidence in their defense. "We believe we addressed each of the Congressman's points with facts and evidence that, while we compete aggressively, we compete fairly and within the law. We are more than happy to meet with the Congressman at any time if he has further questions," Mark Mays told Reuters.—CM

Greenspan sees light at end of tunnel

Federal Reserve Board Chairman Alan Greenspan told Congress (2/27) that it appears the US economy is on its way out of recession. "In the past several months, increasing signs have emerged that some of the forces that have been restraining the economy over the past year are starting to diminish and that activity is beginning to firm," Greenspan said in testimony to the House Financial Services Committee.

In the Fed's semi-annual economic forecast delivered to Congress, Greenspan and his colleagues said they expect the economy to grow 2.5-3% this year. That would amount to a soft recovery, rather than a robust one.

Greenspan's upbeat, but subdued forecast came a day after a negative report from The Conference Board put a damper on Wall Street hopes for recovery. The group's monthly Consumer Confidence Index dropped 3.7 points in February to 94.1 (1985 is the baseline of 100), ending a two-month string of advances.

RBR observation: After watching his performance the past two years, we sure wouldn't want to bet the farm on any forecast by Greenspan.—JM

Chiller in Chillicothe: Sniper fire continues

The battle being waged behind the scenes at the FCC over the sale of WKKJ-FM Chillicothe OH from Secret Communications to Clear Channel (N:CCU) continues. On one side is Clear Channel and its alleged "parking lots," which include Secret, Concord Media and Chase Radio. The original complaint came from Chillicothe/Columbus, OH businessman David Ringer, who has been joined by M&M Broadcasters, Ltd.

Ringer, who essentially contends that CCU has overstepped the ownerships boundaries at numerous stations where it has LMA's or JSA's, wants documentation from CCU and others on a number of items relevant to the case.

Concord Media attorneys Lee W. Shubert and Shelley Sadowsky moved to strike the 2/6/02 "Motion for Document Disclosure" filed by Ringer and M&M. "Armed with nothing more than speculation, innuendo, surmise, conjecture, and malapropian jux-

Clear Channel voice tracking featured in WSJ

Voice-tracking is not news to anyone in the radio business, but an article in Wall Street Journal has now made the information available to the general public. An article focuses on Clear Channel (N:CCU), the group with the most stations and, by extension, the most opportunity to put the practice into use.

In particular, the article looked at CCU's "Kiss" CHR format, which was said to be on 47 different stations. Playlists, promos, liners, contests, and even the voice of the DJs all emanate from distant locations. The case study used involved KSAS-FM Boise, which features the on-air talents of "Cabana Boy Geoff" Alan, who does the show from his base at KHTS-FM San Diego. He also does shows for stations in Medford, OR and Santa Barbara, CA. Playlists are also under the control of one PD, who tweaks and fine-tunes them to local tastes. Local employees of the stations provide local intelligence to aid Alan in his banter.



Randy Michaels

CCU honcho Randy Michaels is quoted, likening the operation to McDonalds. "A McDonald's manager may get his arms around the local community, but there are certain elements of the product that are constant. You may in some parts of the country get pizza and in some parts of the country get chicken, but the Big Mac is the Big Mac."

RBR observation: Clear Channel is putting to the test one of the biggest issues in radio programming today. Is it better to import large-market talent into smaller markets which would never be able to afford it? Or is it better to be strictly live and local, with air talent that is easily able to go out of the studio and mix it up with the audience?

Saga Communications (A:SGA), which was featured in last month's Profiler series in RBR, is of the opinion that local talent is absolutely essential. Saga competes head-to-head with Clear Channel in eight of its 11 Arbitron-rated markets. Wall Street Journal, in its Boise example, notes also that Citadel Communications also is keeping it strictly local, at least in that market, and further has a direct format competitor to the CCU CHR station.

These are radio wars stories that will bear watching and continued analysis. RBR will keep its formatic microscope in order.—DS

tapositions of Internet data and supposition—all mixed with a liberal dose of cabalistic predisposition in their original pleadings—Movants now serve up a further dose of drivel in hopes that somehow this illicit proffer will import an air of efficacy to their previous pleadings," wrote the Concord attorneys. They continue, "...since the Motion is an unlawful discovery request—a blatant fishing expedition—filed without any regard for the current posture of this matter before the Commission, it constitutes a contemptible and continuing abuse of the Commission processes and procedures...along with striking the Motion in its entirety, the Bureau should admonish Movants for their abuse of the Commission's procedures."

Ringer/M&M attorney Arthur V. Belendiuk fired right back. Acknowledging that, procedurally, production of documents would best be done at the hearing level (to which this case has not progressed), Belendiuk noted that the Commission has a practice of requesting additional information before an evidentiary hearing, and requested that it do so in this case.

Belendiuk wrote, "The issues raised in the Petitions, the allegations of lack of candor and material misrepresentations to the Commission, go to the very core of Clear Channel's and the Affiliated Parties' qualifications to remain Commission licensees. For this reason the Commission should hold in abeyance all assignment or transfer applications involving [them] until the Commission has had a full opportunity to investigate these serious charges. As a first step...the Commission should issue a letter requiring [them] to produce material and relevant documents."—DS

EAS rules amended; Amber code to debut

AMBER plans, which cause broadcast program interruptions to rapidly alert citizens in the event of a serious child abduction case, have been added to the FCC's Emergency Alert System. Several other events have been added to the EAS code list. The location code list was also updated.

Broadcasters and cable operators are permitted but not required to install new EAS equipment which is capable of handling the updated codes. However, it will be a requirement for all EAS equipment installed on or after 2/4/04.

Among the events which, like child abduction, are now newly covered by the alert system are avalanches, civil danger emergencies, coastal flooding, dust storms, earthquakes, fire, hazardous materials, law enforcement alerts, radiological hazards, nuclear power plant emergencies, tropical storms and volcanoes. They join familiar events such as hurricanes, tornadoes, tsunamis, severe thunderstorms, floods, high winds, etc. on the list.—DS

Arbitron study says 9M Americans willing to pay for online streaming

...and they're going to have to if the recent CARP panel recommendations are approved (RBR.com 2/21, 2/22). According to Arbitron and Edison Media Research's "Internet 8: Advertising vs. Subscription—Which Streaming Model Will Win?" four out of 10 audio "streamies" would be willing to pay a small amount for commercial-free content, high quality audio or content they can't find anywhere else.

"For streaming subscription models to be successful, however, content providers must follow the time-tested model of offering something extra to the consumer: no commercials, and great, exclusive content," said **Bill Rose**, VP, Arbitron Webcast Services. "In other words, Webcasters must bring the 'HBO model' of cable broadcasting to the Internet." Other highlights:

- 40M Americans (17%) listened to audio or watched video in a typical month, compared to 13% last year.
- Home broadband Internet access was up from 12%-21% in the past year.
- Weekly Internet usage is now 39% in broadband homes.
- Daily online usage (1 hour, 55 minutes) is closing in on radio (2 hours, 11 minutes) and TV (2 hours, 45 minutes) among those with broadband access.—CM

CNN's Futrelle questions satellite radio stock prices

CNN "Tech Investor" **David Futrelle** is comparing the current valuations of XM Satellite Radio (O:XMSR) and Sirius Satellite Radio (O:SIRI) to the "good old days" of the tech-stock bubble—which, of course, burst, and burned investors who'd bid the stocks up to astronomical levels. Futrelle notes that XM now has a market value of \$900M—more than 1,700 times its actual sales. Sirius has a market capitalization of \$300M, but Futrelle wasn't able to do the same calculation since, until this month, the company hadn't booked a penny of revenue.

"It may seem bizarre to expect Americans to pay more than \$100 a year to listen to their car radio, but fans of the two companies note that the services are getting mostly rave reviews from early users and critics," Futrelle said. That apparently isn't enough to convince him that the stocks are a good investment.—JM

Traffic snarls good for a smile—if you're in radio

Traffic in Los Angeles, already horrible, is getting worse, and that's good news for radio, according to an Arbitron study. 20.2% of all individuals 18 and older are on the road by 6AM to deal with traffic, up from 13.7% only two years ago. The average commute is over 1-1.5 hours daily, and 92% of the commuters are alone with their radios.

In fact, according to Southern California Broadcasters Association President **Mary Beth Garber**, "84% of participants in the new Arbitron lifestyle study indicated that listening to radio is their #1 activity while in the car, and more than a third listen to radio at work every day."

Stop-and-shop interludes on the way home from work are also on the upswing. Said Dr. **Ed Cohen**, Arbitron's VP, Domestic Radio Research, "Drive time and driving

patterns—combined with other changes in lifestyles, such as more women in the workforce and more home computer usage—are resulting in changes in consumers' media usage. People are spending less and less time with at-home media, but radio is increasingly important to them in their cars and at work."

RBR observation: Los Angeles isn't the only place with such good news. Arbitron notes that similar forces are having the same effect on lifestyle and media usage almost everywhere. Here in the Washington, DC area, I personally had plenty of time to listen to radio on my way in to work this morning—an hour and ten minutes, to be exact.—DS

CCU Miami evacuated over suspicious package

Clear Channel Miami's Miramar, FL building was evacuated 2/21 over a suspicious package was delivered to the WHYI-FM "**Kenny and Footy**" morning show. The two were forced to broadcast live from the parking lot as the local police and fire departments ordered the evacuation. After the package, which was delivered with no return address, was found to be untrackable by the Y100 staff, the authorities were notified. No one at the building was hurt.—CM

RBR News Briefs



Harvey renews with Radio One

Steve Harvey may have called it quits for a while on TV, but the KKBT-FM Los Angeles morning host is sticking with radio. Radio One (O:ROIA) announced that Harvey has renewed his contract to do LA wake-ups on "The Beat" for another four years. Harvey is, of course, the star of "The Steve Harvey Show," the highly-rated comedy show that is ending its six-year run on the WB network.—JM

Stern pushing for "Big Brother" role

The *New York Post* reports 2/28 that **Howard Stern** says all CBS has to do is ask and he'll bunk in the "Big Brother" house with self-described arch nemesis **Kathie Lee Gifford** just so he can "torture her." Stern says he'll be in a celebrity version if he can be in it with her. "That would be the highest-rated show in the history of television," Stern told listeners.

The Post reported that CBS is looking for celebs to populate an all-star short version of the strangers-in-a-house reality series.—CM

Bert & Ernie lose Cooper to Inner City

William Cooper has joined ICBC Broadcast Holdings Inc., the radio unit of Inner City Broadcasting Corp., as CFO. He had most recently been CFO for Sesame Workshop, the producer of public television's "Sesame Street," following a 19-year career with Capital Cities/ABC. In his new position, Cooper will report to ICBC President & COO **Charles Warfield Jr.**—JM



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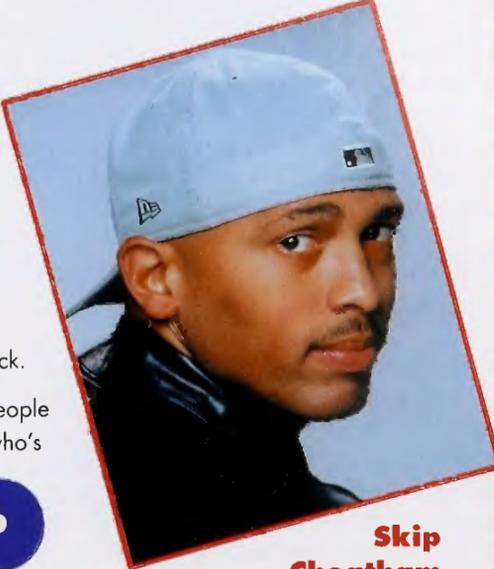
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Skip Cheatham



Wendy Williams



David Benjamin

Triad: Round two for David Benjamin

Triad Broadcasting Company LLC is the second radio company for **David Benjamin**—maybe the third, if you also count his original venture, a single AM station in a small market in Oregon.

Benjamin got interested in radio, strangely enough, while working in the publishing industry. He'd had a summer job at *Fortune* magazine while in business school and after graduation when to work as Assistant to the Publisher—a title, he said, "Which really didn't carry a lot of responsibility."

But while there in the 1970s, he worked on a project for *Fortune's* parent company, Time Inc., on the sale of its radio and TV properties.

"During that time I came to the conclusion, 'gee, radio is a pretty good business.' I quickly learned that my superiors really didn't care what I thought and the decision had already been made," Benjamin recalled.

So Time got out of broadcasting (just before station values began to shoot skyward) and Benjamin decided to get in. He and then-partner **Charlie Banta** (also a group owner today) bought a small AM station in Gresham, OR, a few miles outside of Portland, and operated it as a standalone for five years.

"We did that first deal mostly with seller-financing, and I must say we didn't do the best job of due diligence. But, at any rate, I fell in love with the business, Benjamin said. "That's how I got started, was running a small community radio station outside of a metro."

The two thought they had proven themselves to be savvy operators with their success in Gresham, so they approached the investment arm of NorWest Bank, which had a Portland office, offering an opportunity to invest in their successful radio company. As Benjamin recalls now, the NorWest people were decidedly unimpressed with the Gresham station and suggested that the two might want to come back if they acquired some real radio stations.

A few years later, in the early 1980s, they did find a combo for sale in Spokane, WA—a real, Arbitron-rated market—and needed financial backing to close the deal.

"We approached NorWest again and they said, 'Are you guys still in business?'" Benjamin laughed. "The answer, of course, was yes, and they helped us acquire the AM-FM combination in Spokane—as what became Community Pacific Broadcasting."

That began a relationship with NorWest, now part of Wells Fargo & Co. (N:WFC), that continues today at Triad.

The strategy for Community Pacific was to acquire mid-market stations throughout the West, although it also had stations in Des Moines, IA. The group was sold to Capstar in 1997 for \$35M (*RBR* 1/13/97, p. 13 and 2/17/97, p. 18), which subsequently merged with AMFM, which subsequently merged with Clear Channel (N:CCU). After the deal closed in July 1997, Benjamin briefly served as a Managing Director of Capstar, "but it was pretty clear that was not going to be anything that was a long-term situation."

So, he paid another visit to NorWest to get backing for another radio group.

"I thought there would be an opportunity to acquire some more mid-market properties, despite all of the consolidation that had happened since 1996," Benjamin said. But he also knew that he needed more financial backing to grow in the post-dereg environment. In addition to NorWest Equity Partners, Triad was launched with Bank of America Capital of Chicago and Shamrock Capital Advisors of Burbank, CA—a group Benjamin calls "a three-legged stool of investors."

Triad became an operating entity in July 1999 when closed on its first stations—an already-assembled cluster in the Biloxi-Gulfport market. The company now owns 42 stations.

So, we asked, did that experience back when in Gresham, OR teach him a lot about radio that he still applies?

"I don't think we'd acquire a station like the first one I ran," Benjamin laughed. "I think it gives me a healthy appreciation for how important stations are in the community. I've gone to lots of chamber meetings. I've gone to lots of downtown businessmen's breakfasts and so on. Now the stations we run are giants compared to that. I think those kinds of roots in broadcasting are helpful."

What makes Triad unique

"What's somewhat unique about Triad is: If someone would ask, 'What are we?' I would say we are a diversified, private mid-market broadcaster that's really trying to grow reasonably aggressively," said CEO **David Benjamin**, when *RBR* asked him what makes his company unique. "Now when I say reasonably aggressively, that doesn't mean we're going to take every deal that comes in the house. We're looking for the kinds of deals that fit Triad. There are not a lot of companies today that fit that mold—diversified, private, mid-market broadcasters. In the old days, which goes back four or five years, there were quite a number of those kinds of operations."

Triad is right in what many on Wall Street and in the industry see as the "sweet spot" for growth in radio—middle-sized markets. But while everybody wants to be there, Benjamin thinks Triad has an advantage because it got in ahead of the rush.

"There's still an awful lot of private equity interest in the radio business, which I think is encouraging. The issue becomes, if you're not currently in the radio business, if you go

continued on page 5

Triad's unique approach to empire building

There's a little something for everybody in Triad's radio market array. You can choose the warm Gulf Stream surf of the Atlantic Ocean at the Savannah, GA cluster, which is based just across the state line in the resort area of Hilton Head, SC. There are the calmer, even warmer waters of the Gulf of Mexico at Biloxi, MS. If you like the mountains, there's Bluefield, which straddles the border of West Virginia and Virginia. There's the not-so-sleepy little southern city in the panhandle of Florida which happens to be the capital of a major state—Tallahassee. And if wind-swept plains are your bag, Triad has three options for your consideration: Fargo, ND, Rapid City SD (not far from Mt. Rushmore at the foot of the Black Hills) or Lincoln, NE (another state capital).

In fact, packing your bag is a chore which should be done with care before setting out to visit part of this relatively small yet far-flung radio empire.

This is essentially a small-market group. Biloxi, ranked #136 by Arbitron with a 12+ population of 302,000 is the largest. Bluefield and Rapid City, on the other hand, are ranked in the 260s with populations under 100K.

Triad has developed all of its properties—all are superduopolies and all are competitive in their markets, and in four of the seven Triad is either in or tied for the lead in aggregate Arbitron 12+ ratings. It faces both Clear Channel (N:CCU) and Cumulus (O:CMSL) in two of its markets, and runs into Clear Channel in three more (including CCU's LMA in Biloxi).

The market strategy was good for 37th place among all groups in terms of revenue, according to Broadcast Investment Analysts' most recent study provided to *RBR* December 2001.

Shares are totals from the Arbitron Fall 2001 survey. * indicates a duopoly; ** indicates a superduopoly.

Biloxi (136) 12+ = 302,000

Triad's comes in first in its first market—it runs a cluster which it purchased intact from Gulf Coast Radio Partners in 1999 for \$7.8M (*RBR* 4/19/99, p.20). Note that the two Chase stations listed below are listed on the Clear Channel website as LMA'd/JSA'd stations

Rank	Owner	AMs	FMs	Fa01
1	**Triad	2	4	23.7
2	*Chase	0	2	16.1
3	**Dowdy	3	3	15.4
4	Beach	0	1	8.1
5	Gulf Coast	0	1	1.5
6	Cooper	0	1	1.5

Savannah (159) 12+ = 242,600

Triad lists Hilton Head, SC as its base here, but notes that it is part of the Savannah competitive landscape. This was part of Triad's \$25.6M acquisition of the Adventure Communications group (*RBR* 6/5/00, p.12).

Rank	Owner	AMs	FMs	Fa01
1	**Cumulus	2	5	36.3
2	**CCU	2	4	21.2
3	**Triad	1	6	16.8
4	Thighbrd	0	1	4.7
5	Gilliam	1	0	1.7

Tallahassee (163) 12+ = 226,000

Triad is going to get bigger here very shortly, we suspect—Cumulus has a deal to sell WWLD-FM to Triad, allowing it to purchase another move-in FM. Problem with the move-in have delayed the WWLD to-Triad part. The station pulled a 3.8 12+ in the Fall Arbitron survey.

Rank	Owner	AMs	FMs	Fa01
1	**Cumulus	1	4	28.6
2	**CCU	1	4	21.3
3	**Triad	0	3	11.6
4	WW & NIA	0	1	3.1
5	Dash	0	1	2.1

Lincoln (174) 12+ = 212,700

For regulators interested in a highly competitive environment, this is a dream market. It's so tight that CCU went from first Fall 2000 to worst Fall 2001. Some of the market's ratings are siphoned off by Omaha to the east.

Rank	Owner	AMs	FMs	Fa01
1	**Triad	2	3	22.0
1	*Three Eagles	2	2	22.0
3	**CCU	0	4	19.5

Fargo (217) 12+ = 146,700

CCU's big lead here is almost entirely due to marker juggernaut News-Talker KFGO-AM which pulled 17.3 12+ shares. After that, the two groups are in a very narrowly fought battle.

Rank	Owner	AMs	FMs	Fa01
1	**CCU	3	4	44.7
2	**Triad	1	4	34.4
3	Holland	0	1	4.9

Bluefield (265) 12+ = 91,500

Triad is able to operate a larger-than-you'd expect cluster due to the mountainous terrain and a dearth of big-signal FMs. Nearby markets Beckley and Johnson City take away some below-the-line Arbitron shares. This was the other part of the Adventure deal.

Rank	Owner	AMs	FMs	Fa01
1	**Triad	4	5	44.8
2	Princeton	1	1	12.8
3	High Knob	1	1	6.4

Rapid City (268) 12+ = 89,700

A solid, well-balanced station lineup allows Triad to dominate this market versus healthy competition from Duhamel and Associated Broadcasters.

Rank	Owner	AMs	FMs	Fa01
1	**Triad	3	4	48.8
2	**Duhamel	1	3	25.1
3	*Associated	1	2	11.8
4	*Bethesda	0	2	2.2

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What's wrong with this industry?

"To the extent that our product becomes generic, that is a big problem," Benjamin said when *RBR* asked him what's wrong with radio today. "There is just so much competition for the listeners' time, we really need to maintain a local character of the product. If we don't over time, it's going to not work to our benefit as an industry. I think that's something we have to be concerned about."

It's also concerned about pricing. "I think we have to value our product at an appropriate value. That's not always taking place either."

As reported a few months ago (*RBR* 11/26/01, p. 5), Benjamin has been requiring Triad managers to track spot rates to an extent not seen at other groups. He wants to ensure that each station's rates make sense—and that Triad is getting the best rates possible for its inventory on its best stations. At the very least, the intense rate tracking—which doesn't come easily or cheaply—is making market managers more aware of what they're really selling their inventory for.

Those are his big two issues—localism and pricing.

"Long term, those are things that if we don't keep the faith in those areas, it's going to allow a lot of potential competitors to take share from us," he said.

Could those be dealt with by the industry as a whole, we asked?

"Don't think there's any [industry] mechanism for handling it," Benjamin replied. "I think every company's got to deal with it the best way they see fit."

But he cites a historical lesson for radio to pay attention to.

"If you really look at the TV business, cable had been around since the '50s and it wasn't, as you recall, in the early '90s that serious fragmentation started to take place. It wasn't taking place because of the hardware. It was taking place because cable was finally beating TV—they were gaining audience. We all remember—and it wasn't that long ago—when prime-time TV had 96% of the audience. When cable started making inroads they beat TV in the programming side. It's something that the television industry, regrettably, has never recovered from. I say regrettably—it's regrettable if you're in the TV business."

Speaking of competitive threats, we asked whether Triad is accepting spot orders from XMO:XMSR and/or Sirius (O:SIRI).

Continued from page 4

to a major private equity firm or investors anywhere, the question is posed, "How are you going to become a 10-market company?" I think that's pretty tough these days, to tell you the truth," he said. "I think we were very fortunate to begin Triad in 1999 and we accumulated a fair amount of critical mass fairly early."

While many of his competitors are publicly traded companies, Benjamin is happy for now that he doesn't have a stock price tied to quarterly performance.

"I'm afraid I see a lot of that. We won't have to make decisions on a quarterly basis. We take our budgets quite seriously, and if we aren't hitting our numbers I'm sure there's as much pressure internally at Triad as there is in a lot of other places. By the same token, we do what we do at Triad to create long-term value. What does that mean specifically? Well, if we have to do a research project, we do it—and if that happens to skew the quarterly results in one market, so be it," he said. "We try to keep our eye on what the cash flow is, not only this year, but also several years hence. That is one of the advantages of being private, that you don't get the intense scrutiny quarter-by-quarter which sometimes can produce decisions that aren't helpful in the long run."

Don't think, though, that Benjamin is opposed to public companies or doesn't think that someday Triad's stock might someday betraying on Wall Street—or maybe not. "Going public for us is not the be all and end all, by the way. But we're also not unyieldingly committed to always being private," he explained.

There isn't a market that we're in that we don't compete with a public company—and a lot of them are fine competitors. They win their share of battles and we win ours," Benjamin said. "Believe me I'm not taking them lightly and I have a lot of respect for them. But I think that it does give us the ability to be very, very nimble."



Triad Broadcasting Company, LLC

"I don't know that we've been offered any. We really don't have a company position on taking it or not taking it," said Benjamin. Then he added, "I think all of our market people would have a hard time taking [ads] which directly criticize the medium."

That would appear to rule out any "radio sucks" ads from Sirius. Benjamin did acknowledge that since several of Triad's stations carry **Rush Limbaugh** and some other Premiere Radio Networks programming, they probably are airing XM spots within those programs.

Like most radio groups, one of the biggest challenges for Triad is recruiting and retaining good salespeople. But Benjamin is critical of some larger groups that seem to be hiring everyone they can lay their hands on and letting them sink or swim in an increasingly crowded market.

"I just don't think you can load bodies into an organization. You hear more about the number of sales people than you do about the quality of sales people," Benjamin said.

For Triad's mid-sized superduopolies, the company typically has 14-20 sales people. "You obviously can't survive with five, but just going out and having 30 doesn't make any sense either," he noted. "The trick is to have a well-maintained staff and a well-incented staff—enough people to cover the account, but not so many that they can't make a living."

While liquor ads may be a hot-button issue on Capitol Hill, Benjamin doesn't see it as such a controversial issue. Triad does, indeed, take the business.

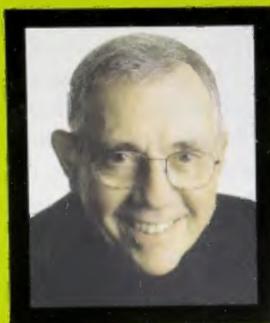
"We have. Our philosophy has been that if it's a legal product, it's not up to us to say that we shouldn't carry the advertising." He said. "And it's pretty hard to make the case that it's OK to carry beer advertising, but not to carry hard liquor advertising. Generally it hasn't been a lot—it's certainly not going to make or break any market—but there have been discussions about it and we decided that we would [carry the ads]."

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THE ISSUES, THE PEOPLE, THE TECHNOLOGY

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The Broadcasters' Foundation: Taking care of our own

With its altogether unique mission, The Broadcasters' Foundation provides anonymous financial assistance to broadcasters who have found themselves in dire straits. Hurting and forgotten broadcasters from all over the country are the beneficiaries of the foundation—from traffic managers and engineers to music librarians (remember them?) and receptionists who may have spent some 40 years at now-legendary radio stations.

"These are people who are down and out, some with incurable illnesses and some who lost their spouse. Many are in acute need due to critical illness or advanced age or an untimely accident or other serious misfortune. These are people who have devoted their whole life to radio and television," says **William O'Shaughnessy**, a long-time director of the Foundation. "You cannot believe the hurting and forgotten souls that we've uncovered in this work."

Broadcasting is actually a very mature industry, now approaching its 82nd year. Over the years, the broadcast community has grown and continues to age. But many have been left behind and never had a chance to share in the remarkable growth of the medium. Add a strained economy to the mix and the demands on the Broadcasters' Foundation have grown tremendously.

"To be very honest, we urgently need more support, because there are more and more people writing us letters every month pleading for help," Broadcasters' Foundation President **Gordon Hastings** tells *RBR*. "Mind you, these are good people," Hastings said. "They paid their taxes, paid their bills and worked 50, 60 hours a week. They never really enjoyed the riches and rewards of stardom or a big \$15M, four-year contract. We don't hear from the **Katie Courics**, the **Rush Limbaughs**, **Don Imus** or **Howard Stern**, but the people who do find their way to our door are the ones who have made those headlines a success."

Lineage

The Broadcasters' Foundation began life as The Broadcast Pioneers, founded by legendary newscaster and commentator **H.V. Kaltenborn**. It had plenty of "lineage" and a wonderful tradition, but had languished over the years with a part time staff and no headquarters office. About seven years ago, the legendary **Ward Quaal** of WGN, Chicago-fame and **Jim Delmonico** of WRGB-TV Schenectady, NY hired Hastings, a well-known radio station group owner in upstate NY and President of Katz Radio. The dynamic Hastings threw the Foundation into high gear and helped it become a well-endowed national charity with national reach. Almost four years ago, former President of ABC Radio and **Rush Limbaugh** discoverer **Ed McLaughlin** was persuaded to become Chairman. Because of McLaughlin's industry contacts and reputation, as well as his generous purse, the foundation now has a national headquarters based in Greenwich, CT.

Those in need...

The Broadcasters' Foundation has always aspired to be a kind of "safety net" all the way back to its founding in 1942. However, it had no funding to sustain its work. That all took a dramatic change in 1998 when the Board of Directors established The Broadcasters' Foundation Endowment Fund. The earnings from the endowment are used exclusively to support the benevolent outreach of the organization. To qualify for the Foundations' consideration, individuals submit detailed applications that include a financial statement, income tax returns, references and medical information.

Major supporters of the Foundation include: **Lowry Mays** of Clear Channel, **Ralph Guild** of Interep, **Eddie Fritts** of NAB, **Dave Barrett** of Hearst-Argyle, **Gary Fries** of RAB, station broker **Dick Foreman**, **Jerry Lee**, the legendary Philly broadcaster, **Phil Beuth**, the Cap Cities veteran, television anchor **Deborah Norville**, financial guru **Diane Linen Powell**, Viacom Founder **Ralph Baruch**, **Michael King** of King World and **Lester Smith** of K-Smith Radio fame.

Nowhere to turn

Said one grateful beneficiary currently undergoing cancer treatments in California: "It's a Godsend. The funny thing is I didn't even know about them, it's not like they're out there tooting their horn. I didn't know what to do. You disassociate yourself from reality, and all of a sudden, reality hit me right between the eyes. And it just sends you spinning. You have friends in broadcasting...and some of them disappear. They're afraid some of your problems might rub off on them. I couldn't think, I couldn't work, I couldn't do anything. A friend ran into somebody who knew about the Broadcasters' Foundation. The next thing I know, they just came to the rescue. I couldn't believe it. I'm a Christian and I believe in God, and I think He put them right there. I hope as word gets out that the membership goes up so they can continue their good work for more people."

"Inside" story

"Inside Edition" anchor **Deborah Norville** got involved as a way to give back to the profession. "I have been so amazingly blessed. I don't have a lot of TV 'connections' per se. I don't come from a powerful family that knows everybody. I worked hard and got lucky. The Good Lord has made me aware of just how lucky I've been," she explains.

"I didn't know about the Broadcasters' Foundation until a few years ago. Most people in our business don't make a lot of money...the average broadcaster makes less than \$50K. And when you're raising a family, sending kids to school, paying the mortgage and keeping the car repaired, there's not a whole lot left," says the TV star.

"Which means the average broadcaster doesn't have great resources to tide them over in an emergency. And that's what we do. We can't make the crisis go away. But what we can do is provide assistance during that time of acute need. No other organization does

that. It's us taking care of our own. I pray that everybody who works in radio and television will join with us, even if it's nothing more than a \$100 membership or a \$100 contribution to the Endowment Fund."

To find out more about the Broadcasters' Foundation, or to become a member, *RBR* readers should call President Gordon Hastings or David Mleczo at the Foundation headquarters at 203-862-8577.

For more details, see the full Broadcasters' Foundation story at RBR.com.

The Golden Mike Awards

The Foundation presented Radio One Chairman **Cathy Hughes** and CEO **Alfred Liggins III** this year's 2002 Golden Mike Award, at a black-tie event, 2/25, at New York's Plaza Hotel. **Tom Joyner** emceed the event, which included a performance by **Luther Vandross** and speeches from Clear Channel's **Lowry Mays**, Radio One's **Steve Harvey**, **Quincy Jones**, **Norville**, **McLaughlin** and **Hastings**.



Phil Lombardo, President of Citadel Broadcasting (TV group), and Nick Verbitsky, President/CEO of United Stations



Ed McLaughlin presents the Golden Mike Award to Radio One Chairman Cathy Hughes and CEO Alfred Liggins III



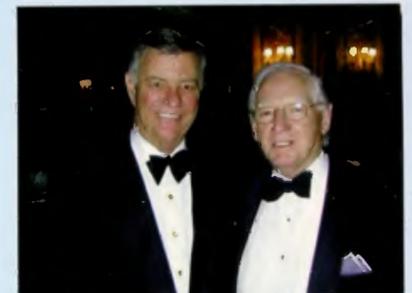
Jay Williams, President of AURN, and Mary Catherine Sneed, COO of Radio One



Carl Marcucci, Senior Editor of Radio Business Report, with Pierre Bouvard, President of Arbitron Webcast Services and New Ventures



Jerry Lee, owner of WBEB-FM Philadelphia, and David Kennedy, President/COO of Susquehanna Radio



Lowry Mays, Chairman/CEO of Clear Channel, and Ed McLaughlin, original syndicator of Rush Limbaugh



Cathy Hughes, Founder and Chairperson of Radio One



Peter Doyle, President of Interep Independent, Larry Wilson, Chairman of Citadel Communications, Virginia Hubbard Morris President of Hubbard Broadcasting's KSTP Radio division and Steve Shaw, President of Katz Radio Group

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By Jack Messmer

Clear Channel stock down on soft Q4

Clear Channel's (N:CCU) stock opened \$2.99 cents lower on 2/27, after reporting disappointing Q4 results (see page 1) after the market closed the previous day. But by the end of the Wednesday session, the stock had recovered a bit to close at \$47, off \$2.09 for the day.



Jim Boyle

Despite missing its targets and underperforming the industry in Q4, most analysts maintained their previous ratings on Clear Channel (N:CCU). One exception was **Jim Boyle** of Wachovia Securities, who downgraded the stock from "Strong Buy" to "Buy." Even so, he's not really going negative on CCU. "We would not be surprised that as the Q4 surprise recedes, and as the investors focus on the much brighter, forward picture that CCU affirmed, that we can revisit our rating with a more positive

view. CCU still possesses superb assets and talented management. Wall Street invariably looks forward and restores credibility once it sees numbers are back to expectations," Boyle said.



Bill Meyers

"While we nearly fell out of our seats when we first reviewed the release, we regained our footing during the conference call, as management largely explained the \$80M shortfall as one-time non-recurring expenses," said Lehman Bros. analyst **Bill Meyers**. "Given increased accounting scrutiny and interest in financial transparency, we were encouraged that management chose to treat the one-time charges as an operational item rather than as a below-the-line adjustment."

Thus, Meyers maintained his "Strong Buy" rating.



James Marsh

"Given management's guidance we are encouraged by signs that the advertising market is starting to turn and believe CCU is well positioned to benefit from a recovery," said **James Marsh** of Robertson Stephens. "While investors may be somewhat skeptical of one-time charges and impairment write-downs, we do not view these as material events and believe the real story lies in the company's ability to participate in an advertising recovery. As a result, we reiterate our 'Buy' rating on the CCU shares."



Gordon Hodge

Although CCU missed its Q4 ATCF target (and his estimate of 59 cents per share), **Gordon Hodge** of Thomas Weisel Partners noted that the company's revenues actually beat his revenue estimate by 3% at \$1.86B. "Clear Channel's radio and outdoor divisions' pro-forma revenues decline by 9.5% and 11%, respectively, essentially in line with our estimates. We look for radio revenues to increase 1% and outdoor revenues to decline 9.5% in Q1, suggesting the spot ad environment for radio has improved.

Outdoor appears to lag radio given longer-term contracts and more international exposure," said Hodge, who maintained his "Buy" rating.

Acquisitions raise NextMedia

Newly acquired stations and billboards boosted Q4 revenues to \$21.2M at NextMedia, a gain of 23.3% over the same period of 2000. Broadcast cash flow (BCF) gained 3.2% to \$6.5M.

On a pro forma basis, however, net revenues were down 9.2% and BCF declined 22.1%.

For the full year, NextMedia's net revenues were up 75.4% to \$73.3M and BCF rose 70.1% to \$24.5M. On a pro forma basis, revenues were flat and BCF declined 8.2%.

Executive Chairman **Carl Hirsch** and President/CEO **Steve Dinetz** are hailing 2001 as a "landmark year in the development of NextMedia." During the year the company raised over \$340M in financing and completed \$130M in acquisitions.

For Q1, NextMedia is expecting radio to outperform outdoor, although things are expected to even out over the course of 2002. In Q1, the company is projecting that radio revenues will rise 6%, while outdoor is expected to drop 16%. In a Wall Street conference call (2/26), Dinetz said that's because the outdoor business held up through the first half of 2001, while radio had already fallen into an ad recession. Overall, NextMedia is expecting cash flow to be down 10-15% for Q1.

RBR observation: You haven't seen NextMedia make many radio buys lately. In the conference call, Dinetz explained why outdoor acquisitions are currently more attractive: "We can clearly buy a platform and enter a major market—if it so exists—from one person for less than we could if we bought a radio station in a market #75 or higher. We can buy an outdoor platform for less than 13 times [cash flow] in a top 10 market." Outdoor is even cheaper, he said, if NextMedia goes in and assembles its own platform by acquiring a number of small players—around 10 times.

Bismarck price is \$4.2M

Jim Ingstad is getting back into Bismarck, ND for a bit more than half of what he got when he cashed out in 1998—although not with the same stations. Documents filed with the FCC show that Ingstad and his former-employees-turned-partners

Larry Schmidt (a/k/a **Bob Denver**) and **Terry Fleck** are paying Anderson Broadcasting \$4.2M (\$3.2M in cash and \$1M in a note) for KBMR-AM, KXMR-AM, KQDY-FM & KSSS-FM. Ingstad owns 80% of the acquiring entity, Radio Bismarck Mandan LLC, while the GM and GSM each own 10%.

That's considerably less than the \$7M that Ingstad got from Cumulus Media (O:CMLS) for KLXX-AM, KBYZ-FM, KACL-FM & KKCT-FM four years ago. It's also less than the \$4.5M that Cumulus was to have paid the Anderson family for three of its stations (sans KQDY) in a deal that got waylaid by **Bill Kennard's** one and only attempt to put to a test his claim of FCC authority to overturn the local ownership rules set by Congress in the 1996 Telecommunications Act (*RBR* 12/11/00, p. 3). Broker (for the current sale): **Jody McCoy**, McCoy Broadcast Brokerage

RBR observation: The way we figure it, Bill Kennard owes **Andy Anderson's** widow and other heirs a couple of million bucks.

CCU steps into Cumulus deal

Clear Channel (N:CCU) is officially filing to take possession of a Columbus, GA combo that's been the subject of a long battle at the FCC. CCU has been LMAing WDAK-AM & WSTH-FM since late 2000, when CCU acquired six other stations in the Columbus market as part of a 22-station deal with Cumulus Media (O:CMLS). WDAK & WSTH had been the subject of a petition to deny filed by Davis Broadcasting, which claimed that Cumulus was amassing too much market share. Now Cumulus has officially withdrawn its 1999 application to buy WDAK & WSTH and CCU has filed its own application to take over Cumulus' contract to buy the combo from **Allen Woodall Jr.'s** Solar Broadcasting Inc. for \$2.725M.

George Reed of Media Services Group is still waiting patiently for his brokerage commission.

Susquehanna Radio Q4 down 18%

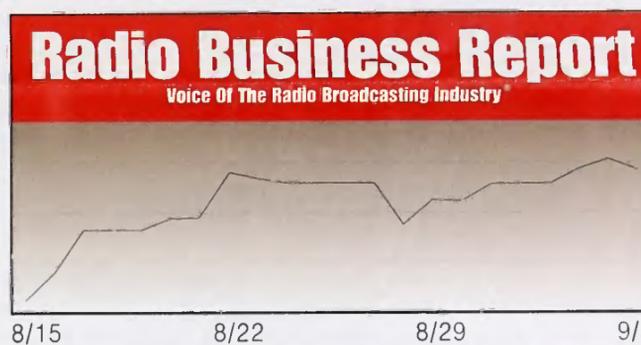
Q4 radio revenues dropped 18% to \$50.1M, according to the latest quarterly report from Susquehanna Media (public bonds). The company said the radio revenue decline was concentrated in San Francisco, where revenues dropped more than 33% to \$12.5M. Q4 broadcast cash flow (BCF) fell 26% to \$20.2M. On a same station basis, the company said radio revenues declined 13% and BCF was off 20%.

Total revenues (radio, cable and data) dropped 8% to \$80.5M. Operating income declined 37% to \$14.8M and adjusted EBITDA dropped 20% to \$28.2M.

The Radio Index™

The Radio Index™ hit a year-to-date high of 240.800 on 2/26, then gave back ground on Clear Channel's bad news. For the week, the Index rose 6.118 to close 2/27 at 238.708.

220
215
210
205
200



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David Benjamin

Triad: Round two for David Benjamin

Triad Broadcasting Company LLC is the second radio company for **David Benjamin**—maybe the third, if you also count his original venture, a single AM station in a small market in Oregon.

Benjamin got interested in radio, strangely enough, while working in the publishing industry. He'd had a summer job at *Fortune* magazine while in business school and after graduation when to work as Assistant to the Publisher—a title, he said, "Which really didn't carry a lot of responsibility."

But while there in the 1970s, he worked on a project for *Fortune's* parent company, Time Inc., on the sale of its radio and TV properties.

"During that time I came to the conclusion, 'gee, radio is a pretty good business.' I quickly learned that my superiors really didn't care what I thought and the decision had already been made," Benjamin recalled.

So Time got out of broadcasting (just before station values began to shoot skyward) and Benjamin decided to get in. He and then-partner **Charlie Banta** (also a group owner today) bought a small AM station in Gresham, OR, a few miles outside of Portland, and operated it as a standalone for five years.

"We did that first deal mostly with seller-financing, and I must say we didn't do the best job of due diligence. But, at any rate, I fell in love with the business, Benjamin said. "That's how I got started, was running a small community radio station outside of a metro."

The two thought they had proven themselves to be savvy operators with their success in Gresham, so they approached the investment arm of NorWest Bank, which had a Portland office, offering an opportunity to invest in their successful radio company. As Benjamin recalls now, the NorWest people were decidedly unimpressed with the Gresham station and suggested that the two might want to come back if they acquired some real radio stations.

A few years later, in the early 1980s, they did find a combo for sale in Spokane, WA—a real, Arbitron-rated market—and needed financial backing to close the deal.

"We approached NorWest again and they said, 'Are you guys still in business?'" Benjamin laughed. "The answer, of course, was yes, and they helped us acquire the AM-FM combination in Spokane—as what became Community Pacific Broadcasting."

That began a relationship with NorWest, now part of Wells Fargo & Co. (N:WFC), that continues today at Triad.

The strategy for Community Pacific was to acquire mid-market stations throughout the West, although it also had stations in Des Moines, IA. The group was sold to Capstar in 1997 for \$35M (*RBR* 1/13/97, p. 13 and 2/17/97, p. 18), which subsequently merged with AMFM, which subsequently merged with Clear Channel (N:CCU). After the deal closed in July 1997, Benjamin briefly served as a Managing Director of Capstar, "but it was pretty clear that was not going to be anything that was a long-term situation."

So, he paid another visit to NorWest to get backing for another radio group.

"I thought there would be an opportunity to acquire some more mid-market properties, despite all of the consolidation that had happened since 1996," Benjamin said. But he also knew that he needed more financial backing to grow in the post-dereg environment. In addition to NorWest Equity Partners, Triad was launched with Bank of America Capital of Chicago and Shamrock Capital Advisors of Burbank, CA—a group Benjamin calls "a three-legged stool of investors."

Triad became an operating entity in July 1999 when closed on its first stations—an already-assembled cluster in the Biloxi-Gulfport market. The company now owns 42 stations.

So, we asked, did that experience back when in Gresham, OR teach him a lot about radio that he still applies?

"I don't think we'd acquire a station like the first one I ran," Benjamin laughed. "I think it gives me a healthy appreciation for how important stations are in the community. I've gone to lots of chamber meetings. I've gone to lots of downtown businessmen's breakfasts and so on. Now the stations we run are giants compared to that. I think those kinds of roots in broadcasting are helpful."

What makes Triad unique

"What's somewhat unique about Triad is: If someone would ask, 'What are we?' I would say we are a diversified, private mid-market broadcaster that's really trying to grow reasonably aggressively," said CEO **David Benjamin**, when *RBR* asked him what makes his company unique. "Now when I say reasonably aggressively, that doesn't mean we're going to take every deal that comes in the house. We're looking for the kinds of deals that fit Triad. There are not a lot of companies today that fit that mold—diversified, private, mid-market broadcasters. In the old days, which goes back four or five years, there were quite a number of those kinds of operations."

Triad is right in what many on Wall Street and in the industry see as the "sweet spot" for growth in radio—middle-sized markets. But while everybody wants to be there, Benjamin thinks Triad has an advantage because it got in ahead of the rush.

"There's still an awful lot of private equity interest in the radio business, which I think is encouraging. The issue becomes, if you're not currently in the radio business, if you go

continued on page 5

Triad's unique approach to empire building

There's a little something for everybody in Triad's radio market array. You can choose the warm Gulf Stream surf of the Atlantic Ocean at the Savannah, GA cluster, which is based just across the state line in the resort area of Hilton Head, SC. There are the calmer, even warmer waters of the Gulf of Mexico at Biloxi, MS. If you like the mountains, there's Bluefield, which straddles the border of West Virginia and Virginia. There's the not-so-sleepy little southern city in the panhandle of Florida which happens to be the capital of a major state—Tallahassee. And if wind-swept plains are your bag, Triad has three options for your consideration: Fargo, ND, Rapid City SD (not far from Mt. Rushmore at the foot of the Black Hills) or Lincoln, NE (another state capital).

In fact, packing your bag is a chore which should be done with care before setting out to visit part of this relatively small yet far-flung radio empire.

This is essentially a small-market group. Biloxi, ranked #136 by Arbitron with a 12+ population of 302,000 is the largest. Bluefield and Rapid City, on the other hand, are ranked in the 260s with populations under 100K.

Triad has developed all of its properties—all are superduopolies and all are competitive in their markets, and in four of the seven Triad is either in or tied for the lead in aggregate Arbitron 12+ ratings. It faces both Clear Channel (N:CCU) and Cumulus (O:CMLS) in two of its markets, and runs into Clear Channel in three more (including CCU's LMA in Biloxi).

The market strategy was good for 37th place among all groups in terms of revenue, according to Broadcast Investment Analysts' most recent study provided to *RBR* December 2001.

Shares are totals from the Arbitron Fall 2001 survey. * indicates a duopoly; ** indicates a superduopoly.

Biloxi (136) 12+ = 302,000
Triad's comes in first in its first market—it runs a cluster which it purchased intact from Gulf Coast Radio Partners in 1999 for \$7.8M (*RBR* 4/19/99, p.20). Note that the two Chase stations listed below are listed on the Clear Channel website as LMA'd/JSA'd stations

Rank	Owner	AMs	FMs	Fa01
1	**Triad	2	4	23.7
2	*Chase	0	2	16.1
3	**Dowdy	3	3	15.4
4	Beach	0	1	8.1
5	Gulf Coast	0	1	1.5
6	Cooper	0	1	1.5

Savannah (159) 12+ = 242,600
Triad lists Hilton Head, SC as its base here, but notes that it is part of the Savannah competitive landscape. This was part of Triad's \$25.6M acquisition of the Adventure Communications group (*RBR* 6/5/00, p.12).

Rank	Owner	AMs	FMs	Fa01
1	**Cumulus	2	5	36.3
2	**CCU	2	4	24.2
3	**Triad	1	6	16.8
4	Thrhbrd	0	1	4.7
5	Gilliam	1	0	1.7

Tallahassee (163) 12+ = 226,000
Triad is going to get bigger here very shortly, we suspect—Cumulus has a deal to sell WWLD-FM to Triad, allowing it to purchase another move-in FM. Problems with the move-in have delayed the WWLD-to-Triad part. The station pulled a 3.8 12+ in the Fall Arbitron survey.

Rank	Owner	AMs	FMs	Fa01
1	**Cumulus	1	4	28.6
2	**CCU	1	4	21.3
3	**Triad	0	3	11.6
4	WW & NIA	0	1	3.1
5	Dash	0	1	2.1

Lincoln (174) 12+ = 212,700
For regulators interested in a highly competitive environment, this is a dream market. It's so tight that CCU went from first Fall 2000 to worst Fall 2001. Some of the market's ratings are siphoned off by Omaha to the east.

Rank	Owner	AMs	FMs	Fa01
1	**Triad	2	3	22.0
1	*Three Eagles	2	2	22.0
3	**CCU	0	4	19.5

Fargo (217) 12+ = 146,700
CCU's big lead here is almost entirely due to market juggernaut News-Talker KFGO-AM, which pulled 17.3 12+ shares. After that, the two groups are in a very narrowly fought battle.

Rank	Owner	AMs	FMs	Fa01
1	**CCU	3	4	44.7
2	**Triad	1	4	34.4
3	Holland	0	1	4.9

Bluefield (265) 12+ = 91,500
Triad is able to operate a larger-than-you'd expect cluster due to the mountainous terrain and a dearth of big-signal FMs. Nearby markets Beckley and Johnson City take away some below-the-line Arbitron shares. This was the other part of the Adventure deal.

Rank	Owner	AMs	FMs	Fa01
1	**Triad	4	5	44.8
2	Princeton	1	1	12.8
3	High Knob	1	1	6.4

Rapid City (268) 12+ = 89,700
A solid, well-balanced station lineup allows Triad to dominate this market versus healthy competition from Duhamel and Associated Broadcasters.

Rank	Owner	AMs	FMs	Fa01
1	**Triad	3	4	48.8
2	**Duhamel	1	3	25.1
3	*Associated	1	2	11.8
4	*Bethesda	0	2	2.2

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What's wrong with this industry?

"To the extent that our product becomes generic, that is a big problem," Benjamin said when *RBR* asked him what's wrong with radio today. "There is just so much competition for the listeners' time, we really need to maintain a local character of the product. If we don't, over time, it's going to not work to our benefit as an industry. I think that's something we all have to be concerned about."

He's also concerned about pricing. "I think we have to value our product at an appropriate value. That's not always taking place either."

As reported a few months ago (*RBR* 11/26/01, p. 5), Benjamin has been requiring Triad managers to track spot rates to an extent not seen at other groups. He wants to ensure that each station's rates make sense—and that Triad is getting the best rates possible for inventory on its best stations. At the very least, the intense rate tracking—which doesn't come easily or cheaply—is making market managers more aware of what they're really selling their inventory for.

So, those are his big two issues—localism and pricing.

"Long term, those are things that if we don't keep the faith in those area, it's going to allow a lot of potential competitors to take share from us," he said.

Should those be dealt with by the industry as a whole, we asked?

"I don't think there's any [industry] mechanism for handling it," Benjamin replied. "I think every company's got to deal with it the best way they see fit."

But he cites a historical lesson for radio to pay attention to.

"If you really look at the TV business, cable had been around since the '50s and it was only, as you recall, in the early '90s that serious fragmentation started to take place. It wasn't taking place because of the hardware. It was taking place because cable was finally beating TV—they were gaining audience. We all remember—and it wasn't that long ago—when prime-time TV had 96% of the audience. When cable started making inroads they beat TV in the programming side. It's something that the television industry, regrettably, has never recovered from. I say regrettably—it's regrettable if you're in the TV business."

Speaking of competitive threats, we asked whether Triad is accepting spot orders from XM (O:XMSR) and/or Sirius (O:SIRD).

continued from page 4

to a major private equity firm or investors anywhere, the question is posed, 'How are you going to become a 10-market company?' I think that's pretty tough these days, to tell you the truth," he said. "I think we were very fortunate to begin Triad in 1999 and we accumulated a fair amount of critical mass fairly early."

While many of his competitors are publicly traded companies, Benjamin is happy for now that he doesn't have a stock price tied to quarterly performance.

"I'm afraid I see a lot of that. We don't have to make decisions on a quarterly basis. We take our budgets quite seriously, and if we aren't hitting our numbers I'm sure there's as much pressure internally at Triad as there is in a lot of other places. By the same token, we do what we do at Triad to create long-term value. What does that mean specifically? Well, if we have to do a research project, we'll do it—and if that happens to skew the quarterly results in one market, so be it," he said. "We try to keep our eye on what cash flow is, not only this year, but also several years hence. That is one of the advantages of being private, that you don't get the intense scrutiny quarter-by-quarter, which sometimes can produce decisions that aren't helpful in the long run."

Don't think, though, that Benjamin is opposed to public companies or doesn't think that someday Triad's stock might someday be trading on Wall Street—or maybe not. "Going public for us is not the be all and end all, by the way. But we're also not undyingly committed to always being private," he explained.

"There isn't a market that we're in that we don't compete with a public company—and a lot of them are fine competitors. They win their share of battles and we win ours," Benjamin said. "Believe me, I'm not taking them lightly and I have a lot of respect for them. But I think that it does give us the ability to be very, very nimble."



Triad Broadcasting Company, LLC

"I don't know that we've been offered any. We really don't have a company position on taking it or not taking it," said Benjamin. Then he added, "I think all of our market people would have a hard time taking [ads] which directly criticize the medium."

That would appear to rule out any "radio sucks" ads from Sirius. Benjamin did acknowledge that since several of Triad's stations carry **Rush Limbaugh** and some other Premiere Radio Networks programming, they probably are airing XM spots within those programs.

Like most radio groups, one of the biggest challenges for Triad is recruiting and retaining good salespeople. But Benjamin is critical of some larger groups that seem to be hiring everyone they can lay their hands on and letting them sink or swim in an increasingly crowded market.

"I just don't think you can load bodies into an organization. You hear more about the number of sales people than you do about the quality of sales people," Benjamin said.

For Triad's mid-sized superduopolies, the company typically has 14-20 sales people. "You obviously can't survive with five, but just going out and having 30 doesn't make any sense either," he noted. "The trick is to have a well maintained staff and a well-incented staff—enough people to cover the account, but not so many that they can't make a living."

While liquor ads may be a hot-button issue on Capitol Hill, Benjamin doesn't see it as such a controversial issue. Triad does, indeed, take the business.

"We have. Our philosophy has been that if it's a legal product, it's not up to us to say that we shouldn't carry the advertising." He said. "And it's pretty hard to make the case that it's OK to carry beer advertising, but not to carry hard liquor advertising. Generally it hasn't been a lot—it's certainly not going to make or break any market—but there have been discussions about it and we decided that we would [carry the ads]."

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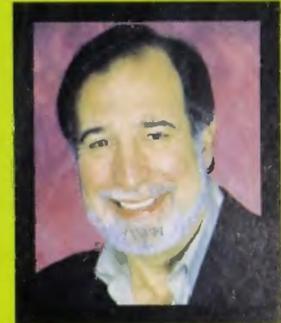
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The Broadcasters' Foundation: Taking care of our own

With its altogether unique mission, The Broadcasters' Foundation provides anonymous financial assistance to broadcasters who have found themselves in dire straits. Hurting and forgotten broadcasters from all over the country are the beneficiaries of the foundation—from traffic managers and engineers to music librarians (remember them?) and receptionists who may have spent some 40 years at now-legendary radio stations.

"These are people who are down and out, some with incurable illnesses and some who lost their spouse. Many are in acute need due to critical illness or advanced age or an untimely accident or other serious misfortune. These are people who have devoted their whole life to radio and television," says **William O'Shaughnessy**, a long-time director of the Foundation. "You cannot believe the hurting and forgotten souls that we've uncovered in this work."

Broadcasting is actually a very mature industry, now approaching its 82nd year. Over the years, the broadcast community has grown and continues to age. But many have been left behind and never had a chance to share in the remarkable growth of the medium. Add a strained economy to the mix and the demands on the Broadcasters' Foundation have grown tremendously.

"To be very honest, we urgently need more support, because there are more and more people writing us letters every month pleading for help," Broadcasters' Foundation President **Gordon Hastings** tells *RBR*. "Mind you, these are good people," Hastings said. "They paid their taxes, paid their bills and worked 50, 60 hours a week. They never really enjoyed the riches and rewards of stardom or a big \$15M, four-year contract. We don't hear from the **Katie Courics**, the **Rush Limbaughs**, **Don Imus** or **Howard Stern**, but the people who do find their way to our door are the ones who have made those headlines a success."

Lineage

The Broadcasters' Foundation began life as The Broadcast Pioneers, founded by legendary newscaster and commentator **H.V. Kaltenborn**. It had plenty of "lineage" and a wonderful tradition, but had languished over the years with a part time staff and no headquarters office. About seven years ago, the legendary **Ward Quaal** of WGN, Chicago-fame and **Jim Delmonico** of WRGB-TV Schenectady, NY hired Hastings, a well-known radio station group owner in upstate NY and President of Katz Radio. The dynamic Hastings threw the Foundation into high gear and helped it become a well-endowed national charity with national reach. Almost four years ago, former President of ABC Radio and **Rush Limbaugh** discoverer **Ed McLaughlin** was persuaded to become Chairman. Because of McLaughlin's industry contacts and reputation, as well as his generous purse, the foundation now has a national headquarters based in Greenwich, CT.

Those in need...

The Broadcasters' Foundation has always aspired to be a kind of "safety net" all the way back to its founding in 1942. However, it had no funding to sustain its work. That all took a dramatic change in 1998 when the Board of Directors established The Broadcasters' Foundation Endowment Fund. The earnings from the endowment are used exclusively to support the benevolent outreach of the organization. To qualify for the Foundations' consideration, individuals submit detailed applications that include a financial statement, income tax returns, references and medical information.

Major supporters of the Foundation include: **Lowry Mays** of Clear Channel, **Ralph Guild** of Interep, **Eddie Fritts** of NAB, **Dave Barrett** of Hearst-Argyle, **Gary Fries** of RAB, station broker **Dick Foreman**, **Jerry Lee**, the legendary Philly broadcaster, **Phil Beuth**, the Cap Cities veteran, television anchor **Deborah Norville**, financial guru **Diane Linen Powell**, Viacom Founder **Ralph Baruch**, **Michael King** of King World and **Lester Smith** of K-Smith Radio fame.

Nowhere to turn

Said one grateful beneficiary currently undergoing cancer treatments in California: "It's a Godsend. The funny thing is I didn't even know about them, it's not like they're out there tooting their horn. I didn't know what to do. You disassociate yourself from reality, and all of a sudden, reality hit me right between the eyes. And it just sends you spinning. You have friends in broadcasting...and some of them disappear. They're afraid some of your problems might rub off on them. I couldn't think, I couldn't work, I couldn't do anything. A friend ran into somebody who knew about the Broadcasters' Foundation. The next thing I know, they just came to the rescue. I couldn't believe it. I'm a Christian and I believe in God, and I think He put them right there. I hope as word gets out that the membership goes up so they can continue their good work for more people."

"Inside" story

"Inside Edition" anchor **Deborah Norville** got involved as a way to give back to the profession. "I have been so amazingly blessed. I don't have a lot of TV 'connections' per se. I don't come from a powerful family that knows everybody. I worked hard and got lucky. The Good Lord has made me aware of just how lucky I've been," she explains.

"I didn't know about the Broadcasters' Foundation until a few years ago. Most people in our business don't make a lot of money...the average broadcaster makes less than \$50K. And when you're raising a family, sending kids to school, paying the mortgage and keeping the car repaired, there's not a whole lot left," says the TV star.

"Which means the average broadcaster doesn't have great resources to tide them over in an emergency. And that's what we do. We can't make the crisis go away. But what we can do is provide assistance during that time of acute need. No other organization does

that. It's us taking care of our own. I pray that everybody who works in radio and television will join with us, even if it's nothing more than a \$100 membership or a \$100 contribution to the Endowment Fund."

To find out more about the Broadcasters' Foundation, or to become a member, *RBR* readers should call President Gordon Hastings or David Mleczo at the Foundation headquarters at 203-862-8577.

For more details, see the full Broadcasters' Foundation story at RBR.com.

The Golden Mike Awards

The Foundation presented Radio One Chairman **Cathy Hughes** and CEO **Alfred Liggins III** this year's 2002 Golden Mike Award, at a black-tie event, 2/25, at New York's Plaza Hotel. **Tom Joyner** emceed the event, which included a performance by **Luther Vandross** and speeches from Clear Channel's **Lowry Mays**, Radio One's **Steve Harvey**, **Quincy Jones**, Norville, McLaughlin and Hastings.



Phil Lombardo, President of Citadel Broadcasting (TV group), and Nick Verbitsky, President/CEO of United Stations



Ed McLaughlin presents the Golden Mike Award to Radio One Chairman Cathy Hughes and CEO Alfred Liggins III



Jay Williams, President of AURN, and Mary Catherine Sneed, COO of Radio One



Carl Marcucci, Senior Editor of Radio Business Report, with Pierre Bouvard, President of Arbitron Webcast Services and New Ventures



Jerry Lee, owner of WBEB-FM Philadelphia, and David Kennedy, President/COO of Susquehanna Radio



Lowry Mays, Chairman/CEO of Clear Channel, and Ed McLaughlin, original syndicator of Rush Limbaugh



Cathy Hughes, Founder and Chairperson of Radio One



Peter Doyle, President of Interep Independent, Larry Wilson, Chairman of Citadel Communications, Virginia Hubbard Morris President of Hubbard Broadcasting's KSTP Radio division and Steve Shaw, President of Katz Radio Group

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Small markets need TV duopoly

Broker **Brian Cobb**, President of CobbCorp LLC, has a bone to pick with the FCC. "Small market television stations need some help. They need the ability to have duopoly. They're the ones that are isolated in this little pod that has to compete against a multitude of cable channels, radio station groups—where only maybe three are in the market—and newspaper, and they're sitting there all by themselves as standalone TV. That's a playing field that is very uneven," Cobb complained.

Under current FCC rules, TV duopolies aren't allowed in smaller TV markets because they don't meet the criteria of having eight separate TV owners remaining after creation of a duopoly. But Cobb notes that in many cases, the third and fourth ranked TV stations in those markets may only receive (for example) 18-20% of the market's revenues, while the number one station might claim 34% all by itself. "When you add in the competition from cable, satellite, newspaper and radio, I don't see any reason for not allowing them to unite," he said.

"The future of the small market TV broadcaster may be, for the first time, in question," Cobb warned. "Some of them are having to drop local news. That's an important thing to do in a small community, is news, and if they can't afford to do it, somebody ought to notice the signs before the lights are turned off."

Cobb says the concerns of small market TV operators are beginning to get a hearing in some parts of the FCC, but the duopoly issue doesn't yet have the high profile of the move to eliminate the newspaper-broadcast crossownership ban—which probably, in comparison, is not exactly a dire need," he added.

Which prompted us to ask, are the newspaper groups chomping at the bit to buy TV stations? "There are some that do, but there's not nearly as many as people would think," Cobb replied. "I think the prime candidates, in my mind, would be Tribune (N:TRB), Gannett



Brian Cobb

(N:GCI) and Media General (N:MEG). When you get past that and look at other newspapers that don't have a tradition of owning stations, I don't think they're going to get up in the morning and want to do it. I hope they do—but I don't think so."

Even so, Cobb believes elimination of the crossownership ban will boost TV station prices. "I think it will have a positive impact, but it's not going to be monumental," he said. "Now monumental would be allowing duopoly in a situation where stations can duopolize when they have below, say, 40% or 35% of the market."

For now, though, TV deals are few and far between.

"It's slow, but getting better," Cobb said of the current market for TV stations. "And compared to last year, I think the latter part of this year will be vastly improved. But I'm also counting on some deregulation in the transaction area."

Multiples are difficult to pin down right now, Cobb said, due to the advertising recession which depressed cash flow results for so many stations in 2001. "No seller could afford to sell off of last year's multiple," he said. But on the other hand, no buyer is willing to buy now based on a multiple of 2000 cash flow.

"I think what has to happen now is there has to be stabilization and a balance. Numbers have to be established in cash flow this year for buyers to feel comfortable in buying and sellers comfortable that they're getting a fair price," Cobb said.

If you look at average cash flow results for 2000, 2001 and 2002 (projected), Cobb figures the current market may be around 10 times for a small market, 11 for a medium market and 12 for a larger market.

So, when will buyers and sellers be able to find common ground?

"There is starting to be activity now," Cobb said. "It's just starting. It's starting to pick up—I can feel it. There are more buyers that are really trying to figure out how to get deals done. And there are sellers that have been wanting to get deals done for over a year, but aren't going to give their station away."—JM

EchoStar/Hughes claim capability for full local TV carriage

A combination of new and more efficient satellites and the elimination of duplicative programming will allow the merged EchoStar/Hughes satellite television systems to provide local TV stations to customers in all US television markets, including Hawaii and Alaska—210 markets in all.

EchoStar (O:DISH) runs DISH Network, and is proposing to acquire Hughes' (N:GMH) DIRECTV. Use of spot-beam satellites, including a new one the companies seek permission to launch, and the realization of spectrum efficiencies by combining frequencies at three other satellite locations are part of the solution, which would bring the merged entity into complete compliance with the FCC's must-carry provisions. Another big factor will be the elimination of more than 500 channels of duplicated material.

"While there are numerous consumer and competitive benefits from this pending merger," said EchoStar Chairman/CEO **Charles Ergen**, "the ability to offer local channels to every consumer in every television market in the country—including rural and underserved areas—certainly is one of the most compelling aspects of this deal. Today, approximately 42 million TV households do not have the option to receive local channels via satellite, and as such, have no choice but to subscribe to cable."

NAB President/CEO **Eddie Fritts** remains unconvinced, releasing the following statement. "[The] announcement appears to be a step in the right direction, but needs to be carefully scrutinized to determine its legitimacy. We would have more confidence in the announcement were DIRECTV to be the surviving entity. Broadcasters have had a long and tortured history of bad faith dealings with EchoStar and its chairman, Charles Ergen. Accordingly, we continue to oppose the merger."—DS

\$40.5M buy is a West Virginia triple play

West Virginia Media Holdings LLC (WVMH), headed by Chairman **W. Marston Becker** and President **A. Bray Cary Jr.**, can now claim a station in three of West Virginia's five Nielsen markets. WVMH is entering the Charleston-Huntington market (#61) with a \$40.5M deal to buy WOWK-TV—a CBS affiliate on Channel 13.

The seller is **George Lilly's** SJL group, which has stations in New York, Pennsylvania and California.

WVMH already owns another CBS affiliate in West Virginia, WTRF-TV (Ch. 7) Wheeling (#150). It also owns WBOY-TV (Ch. 12, NBC) Clarksburg-Weston (#165).

TVBR observation: For any of you brokers who need a roadmap, the cards needed to fill out this hand can be found in Bluefield-Beckley-Oak Hill, WV (#149) and Parkersburg, WV (#186).—JM

AMA launches Gray Lady assault on NBC's liquor

The American Medical Association has not been shy about its opposition to the new liquor advertising policy of GE's (N:GE) NBC Television Network. "The decision by NBC to accept advertising for liquor is shockingly irresponsible and should be reversed immediately. It is obvious the network is putting its desire for profit far above the health of our nation—especially young people who develop many of their ideas and expectations about alcohol from watching TV," wrote AMA Chair-elect **J. Edward Hill** in a 12/14/01 release.

The association has now taken its case to the *New York Times* (N:NYT). It took out a full-page ad last week, telling parents that "watching NBC can be hazardous to your children's health."

TVBR observation: Hill noted that the AMA supports "a total statutory prohibition of advertising of alcoholic beverages except for inside retail or wholesale outlets." That definition would make the restrictions on beer and wine even stricter than cigarette advertising, which still has numerous accessible advertising venues.—DS

PSAs are not a prime property

A study released by the Kaiser Family Foundation found that television broadcasters donate an average of 15 seconds per hour to public service advertising. Most of them, 43%, appear after midnight and before 6AM. PSAs aired during prime time amount to only 9%.

The top four broadcast networks give an average of 17 seconds per hour to PSAs, with five seconds occurring during the three-hour prime time window. Cable networks surveyed averaged less overall—seven seconds per hour, but were a bit higher during prime time, with eight seconds per hour.

Leading the way was the Spanish-language Univision network, which donated an average of 48 seconds per hour, and 49 seconds per hour during prime time.

Buy one, get one free? With PSA time being such a scarce commodity, public interest groups which can afford it often pay for spots. This turns out to be a good way to get some freebies on the air as well—35% of TV stations say that ad buyers are more likely to also receive free time. 75% of TV stations also say they favor local organizations, and 30% look for co-branding or cross-promotion opportunities.—DS

Ratings firms heartened by LIN deal

Both Moody's Investors Service and Standard & Poor's are looking more favorably on LIN TV, following its filing of a \$300M IPO and deal to acquire Sunrise Television (TVBR 2/25).

Moody's immediately raised its outlook to "stable" from "negative."

S&P said it will likely raise its outlook to "stable" from "negative" and added, "A positive outlook is a possible, but less probable outcome. Both ratings services also reaffirmed their previous ratings for the various debt issues of both LIN and Sunrise and their subsidiaries."—JM

Granite: Anxious to spread good news

Granite Broadcasting Corporation (O:GBTVK) isn't due to report its Q4 results until tomorrow (3/5), but the company put out a glimpse of the good news ahead of time (2/21). Granite said its Q4 revenues came in ahead of expectations at \$30.2M, with broadcast cash flow of \$1.7M. Three months ago, the company had said to expect BCF to range from -\$1.2M to +\$200K.

TVBR observation: Does this mean we can go back to calling **Don Cornwell's** company Granite Broadcasting instead of "beleaguered Granite Broadcasting?"—JM

Ten more TVs take the digital plunge

ABC, CBS and NBC each had an affiliate join the DTV ranks, and seven other satellite stations got their digital operations up and running—six of those are satellites of PBS affiliate WKLE-TV out of Lexington, KY. The other satellite, KOBR-TV Roswell NM, is affiliated with Hubbard's KOB-TV Albuquerque. The DTV total now stands at 258, according to the National Association of Broadcasters. Here are the newly digitized.—DS

Station	Market	Net	Owner/sat. of
WHAS-TV	Louisville	ABC	Belo
WHO-TV	Des Moines	NBC	NY Times
KVAL-TV	Eugene OR	CBS	Fisher
KOBR-TV	Roswell NM	NBC	s/KOB-TV
WKGB-TV	Bowling Green KY	PBS	s/WKLE-TV
WKMA-TV	Evansville IN	PBS	s/WKLE-TV
WKMU-TV	Paducah KY	PBS	s/WKLE-TV
WKHO-TV	Evansville IN	PBS	s/WKLE-TV
WKPD-TV	Paducah KY	PBS	s/WKLE-TV
WKSO-TV	Lexington KY	PBS	s/WKLE-TV