

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

March 19, 2001

Volume 18, Issue 12

AMERICAN URBAN RADIO NETWORKS

#1

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RADIO LEADER



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Logjam breaks at FCC: 32 "red-flagged" deals cleared

Acting on orders from new Chairman **Michael Powell** (R) to clear up its backlog of pending radio transfers, the FCC's Mass Media Bureau last Monday (3/12) approved 32 long-pending transactions. Powell said that was approximately 75% of the applications which had been held up because of "red flagging" to take a closer look at local market revenue consolidation.

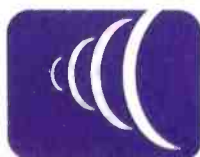


(A market-by-market, station-by-station list of the approved transactions appears on page 7.)

Powell announced the move to break the logjam of deals as he addressed the NAB State Leadership Conference in Washington—and he assured broadcasters that

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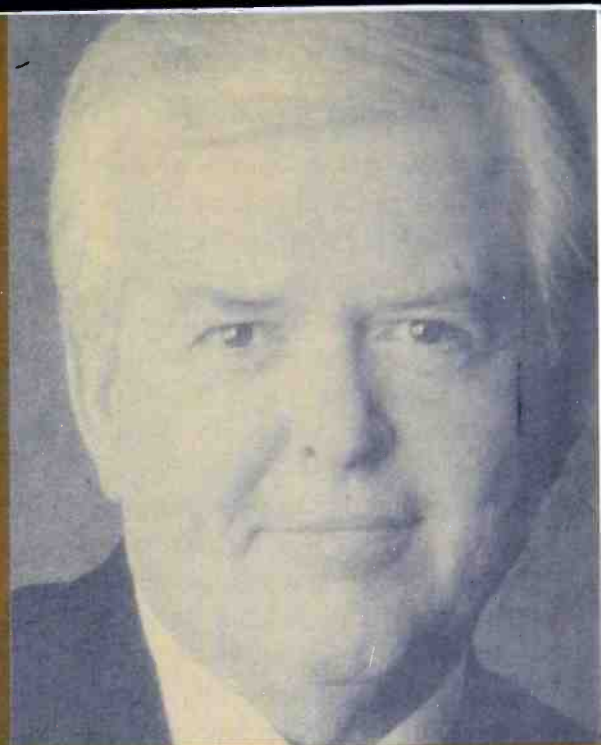
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Radio execs hopeful at Bear Stearns

After the tough comps of the dot-com era end in June, radio companies are expecting better showings against year-ago revenue figures for the rest of 2001. At the Bear Stearns 14th Annual Media, Entertainment & Information Conference in Boca Raton, FL, Radio One (O:ROIA) CEO **Alfred Liggins** noted, however, that just how much improvement the second half will bring is dependent on the health of the nation's economy.

"I'm no economist. I have no idea what the back half of the year is going to look like from a macro perspective—and certainly we're all going to be affected by that," Liggins said. "But hopefully that won't be as bad as some people think that it might be and we'll be on our way out of this."

Speaking on the same panel, Interop (O:IREP) CEO **Ralph Guild** said what the radio industry should be concentrating on is building market share after pushing out of the long-occupied 7% range to claim 8.3% of total US ad spending last year.

"All that says to me is that 8.3% is the new benchmark," Guild said. "We should strive to be at 9% by 2005 and perhaps even 10% by 2010."—JM

Campaign underway for Rowe on FCC

Montana's Senators, **Conrad Burns** (R) and **Max Baucus** (D), have united to push Montana Public Service Commissioner **Bob Rowe** for a Democratic seat on the Federal Communications Commission.

Never mind that there are currently no Democratic seats available. (President **George W. Bush** does have two Republican seats open that he has yet to fill.) Burns and Baucus are betting that Commissioner **Gloria Tristani** will resign in the next few months to seek elective office in New Mexico.

One Democratic seat will definitely become available at the end of this year, when Commissioner **Susan Ness**' appoint-

ment expires. That's expected to go to **Michael Copps**, the former Chief of Staff to Sen. **Ernest Hollings** (D-SC) who's currently a Loyola University professor.

By teaming up from opposing parties, the Montana senators are hoping to lock their guy in for the expected second Democratic vacancy.—JM

Westwood One will soon offer uplink services

Westwood One/CBS is soon joining the club: ABC Satellite Services/Globecast, NSN Satellite Services (Clear Channel) and NPR Satellite Services provide uplink service to outside syndicators/broadcasters. While Westwood currently offers uplink services exclusively for its own content, that's all about to change. "Well, we've changed our position on that. Essentially, with the changeover of Satcom C5 to the GE-8 satellite, it gives us additional bandwidth and we are planning to actively sell that additional bandwidth," Westwood One VP Engineering **Conrad Trautmann** tells *RBR*.

No clients have yet been announced. Like the other satellite services companies, all programming to outside clients will be delivered via the new StarGuide "store and forward" digital system. (also see p. 9)—CM

Viacom threatens to sue FCC

Pouncing on a recent federal court ruling which struck down the FCC's national ownership cap for cable TV systems, Viacom (N:VIA) has asked the Commission for emergency relief to avoid the looming 5/4 deadline for Viacom to file spin-off deals which will get its O&O TV group under the 35% national TV audience cap.

Viacom set a deadline of last

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Pacing: Making the pitch in Peach City

Here's our latest clandestine look at revenue pacing, from a Miller, Kaplan, Arase & Co. report provided to *RBR* by an anonymous source. The market is Atlanta, and while the picture is still cloudy, there are now rays of sunlight discernable.

For example, local business for March less than two weeks into the month is already into positive territory (this statistical reading is as of 3/11), and it is certainly possible to overcome the total revenue debit of -4.4% during the remaining weeks. Atlanta was a target market for the dot-coms, and like everywhere else, that business has dried up. However, we hear that other categories are beginning to pick up, and more advertisers are committing to long-term contracts.

	Local	National	Total
March	+0.3%	-17.4%	-4.4%
April	-19.0%	-31.0%	-21.8%
May	-14.9%	-30.2%	-17.8%

Source: Miller, Kaplan, Arase & Co.

Friday (3/16) for the FCC to grant its request—otherwise, it's heading to federal court. Viacom says it will suffer irreparable harm if it is forced to divest TV stations to get under the 35% cap. It's been at 41% under a temporary waiver since the Viacom-CBS merger last year.

Viacom has joined in a lawsuit that Fox filed in the DC federal court seeking to overturn the 35% TV cap. Briefs in that case are due this week (3/22). Viacom is asking that the FCC (or the court) suspend any divestiture requirement until that case is decided.—JM

Another view on market definitions

The FCC has finally found someone who supports its proposal to change the way local radio markets are defined for applying ownership caps.

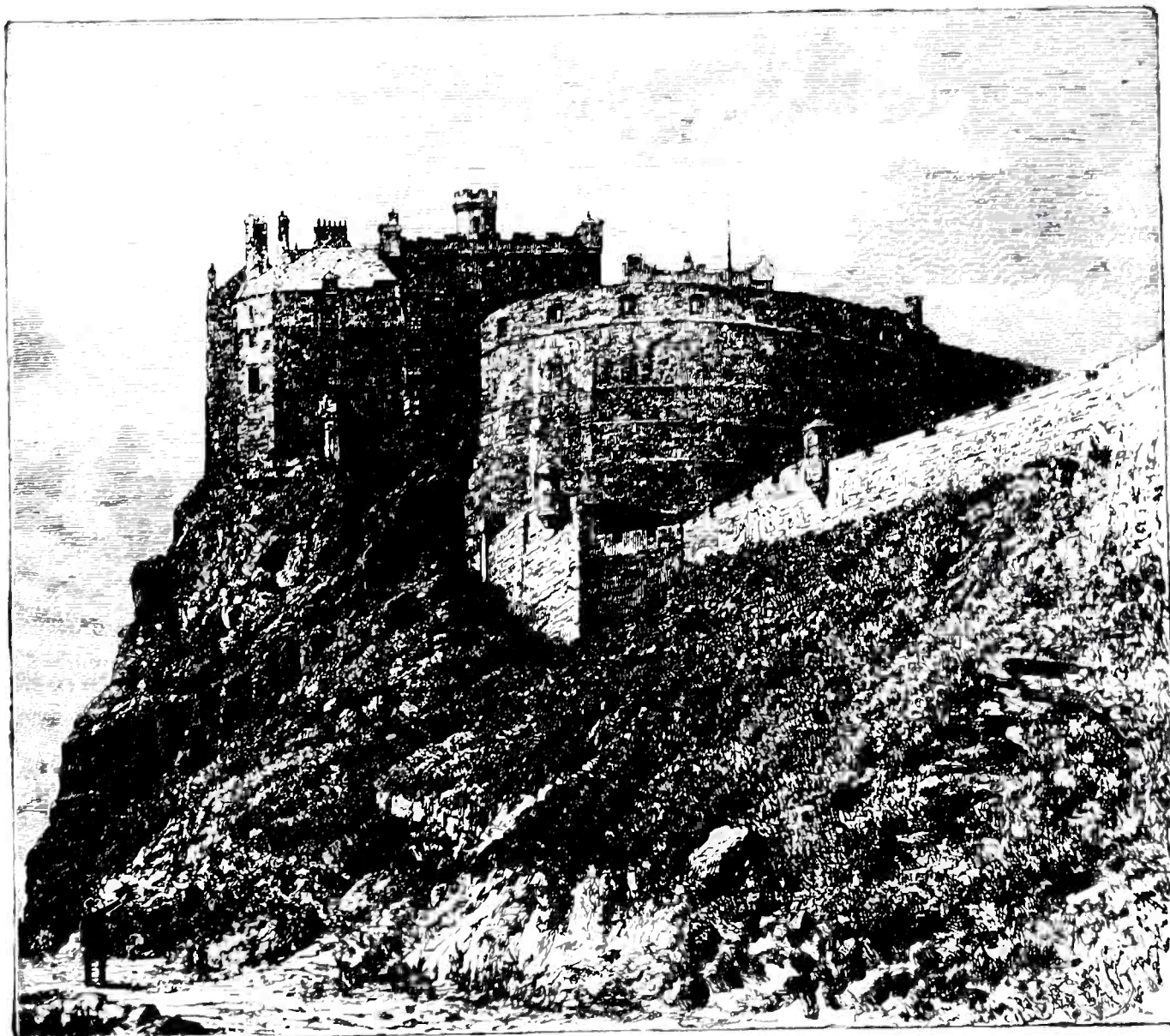
Responding to the unanimous view of first-round commenters that the current contour method should be maintained, **Casey Torgerson**—of the pro-LPFM group Americans for Radio Di-

versity—said Arbitron market definitions might not be the answer, but that some change is needed. "ARD feels the current system allows far too much concentration of ownership in most markets and we support any FCC rule change that results in a more common-sense way to calculate the stations that truly make up a market," Torgerson wrote.—JM

EEO and deregulation pondered

FCC Chairman **Michael Powell** briefly touched upon the ongoing EEO issue at the NAB State Leadership Conference held in Washington on 3/12. "The FCC does not, as far as I'm aware, independently make an assessment of whether it's going to the Supreme Court or not. And many times the Solicitor General will or will not support such an appeal," Powell stated. "For an example: EEO rule, round one, they were not willing to accept an appeal in Supreme Court because they have to protect the interest of the broader government when ques-

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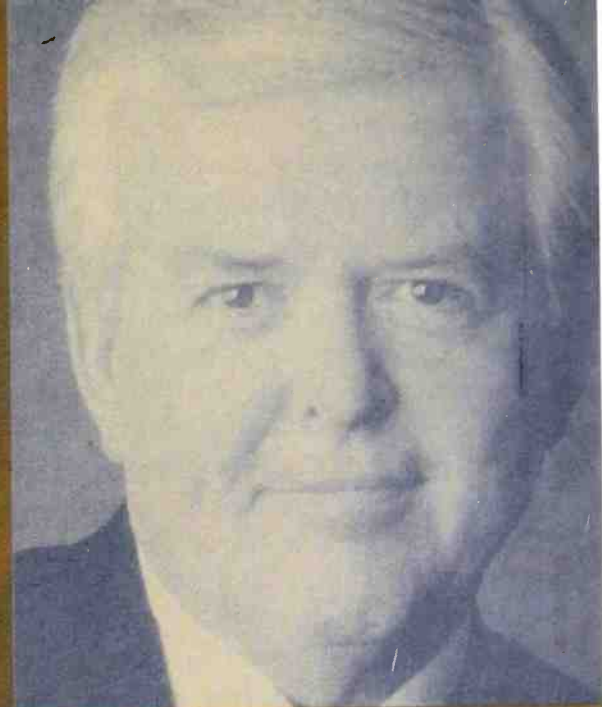
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WMEL/Melbourne: GM John Harper:

"Lou Dobbs has brought instant credibility and high recognition when it comes to the business community...his reports are "tune-in" factors for many business-oriented listeners. Dobbs is the perfect match for any station looking to distance themselves from the competition. I strongly recommend **Lou Dobbs and his daily business reports for a solid one...two... combination with programming and sales.**"

KFIG/Fresno (Sports format): GSM Mike Kerr:

"In the first week that we aired Lou's reports, we sold a package to a large local brokerage firm. We are currently under negotiations with another brokerage firm and feel confident this too will be a successful sale. **It is a great program and well-received equally by our audience and clients.**"

KGU/Honolulu: PD Mike Buck:

"A local company advertised their Japan cruise on Lou's reports and had a great spike in reservations; they **attribute this to the upscale listener.**"

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Radio execs hopeful at Bear Stearns

After the tough comps of the dot-com era end in June, radio companies are expecting better showings against year-ago revenue figures for the rest of 2001. At the Bear Stearns 14th Annual Media, Entertainment & Information Conference in Boca Raton, FL, Radio One (O:ROIA) CEO **Alfred Liggins** noted, however, that just how much improvement the second half will bring is dependent on the health of the nation's economy.

"I'm no economist. I have no idea what the back half of the year is going to look like from a macro perspective—and certainly we're all going to be affected by that," Liggins said. "But hopefully that won't be as bad as some people think that it might be and we'll be on our way out of this."

Speaking on the same panel, Interop (O:IREP) CEO **Ralph Guild** said what the radio industry should be concentrating on is building market share after pushing out of the long-occupied 7% range to claim 8.3% of total US ad spending last year.

"All that says to me is that 8.3% is the new benchmark," Guild said. "We should strive to be at 9% by 2005 and perhaps even 10% by 2010."—JM

Campaign underway for Rowe on FCC

Montana's Senators, **Conrad Burns** (R) and **Max Baucus** (D), have united to push Montana Public Service Commissioner **Bob Rowe** for a Democratic seat on the Federal Communications Commission.

Never mind that there are currently no Democratic seats available. (President **George W. Bush** does have two Republican seats open that he has yet to fill.) Burns and Baucus are betting that Commissioner **Gloria Tristani** will resign in the next few months to seek elective office in New Mexico.

One Democratic seat will definitely become available at the end of this year, when Commissioner **Susan Ness**' appoint-

ment expires. That's expected to go to **Michael Copps**, the former Chief of Staff to Sen. **Ernest Hollings** (D-SC) who's currently a Loyola University professor.

By teaming up from opposing parties, the Montana senators are hoping to lock their guy in for the expected second Democratic vacancy.—JM

Westwood One will soon offer uplink services

Westwood One/CBS is soon joining the club: ABC Satellite Services/Globecast, NSN Satellite Services (Clear Channel) and NPR Satellite Services provide uplink service to outside syndicators/broadcasters. While Westwood currently offers uplink services exclusively for its own content, that's all about to change. "Well, we've changed our position on that. Essentially, with the changeover of Satcom C5 to the GE-8 satellite, it gives us additional bandwidth and we are planning to actively sell that additional bandwidth," Westwood One VP Engineering **Conrad Trautmann** tells *RBR*.

No clients have yet been announced. Like the other satellite services companies, all programming to outside clients will be delivered via the new StarGuide "store and forward" digital system. (also see p. 9)—CM

Viacom threatens to sue FCC

Pouncing on a recent federal court ruling which struck down the FCC's national ownership cap for cable TV systems, Viacom (N:VIA) has asked the Commission for emergency relief to avoid the looming 5/4 deadline for Viacom to file spin-off deals which will get its O&O TV group under the 35% national TV audience cap.

Viacom set a deadline of last

Radio News

Pacing: Making the pitch in Peach City

Here's our latest clandestine look at revenue pacing, from a Miller, Kaplan, Arase & Co. report provided to *RBR* by an anonymous source. The market is Atlanta, and while the picture is still cloudy, there are now rays of sunlight discernable.

For example, local business for March less than two weeks into the month is already into positive territory (this statistical reading is as of 3/11), and it is certainly possible to overcome the total revenue debit of -4.4% during the remaining weeks. Atlanta was a target market for the dot-coms, and like everywhere else, that business has dried up. However, we hear that other categories are beginning to pick up, and more advertisers are committing to long-term contracts.

	Local	National	Total
March	+0.3%	-17.4%	-4.4%
April	-19.0%	-31.0%	-21.8%
May	-14.9%	-30.2%	-17.8%

Source: Miller, Kaplan, Arase & Co.

Friday (3/16) for the FCC to grant its request—otherwise, it's heading to federal court. Viacom says it will suffer irreparable harm if it is forced to divest TV stations to get under the 35% cap. It's been at 41% under a temporary waiver since the Viacom-CBS merger last year.

Viacom has joined in a lawsuit that Fox filed in the DC federal court seeking to overturn the 35% TV cap. Briefs in that case are due this week (3/22). Viacom is asking that the FCC (or the court) suspend any divestiture requirement until that case is decided.—JM

Another view on market definitions

The FCC has finally found someone who supports its proposal to change the way local radio markets are defined for applying ownership caps.

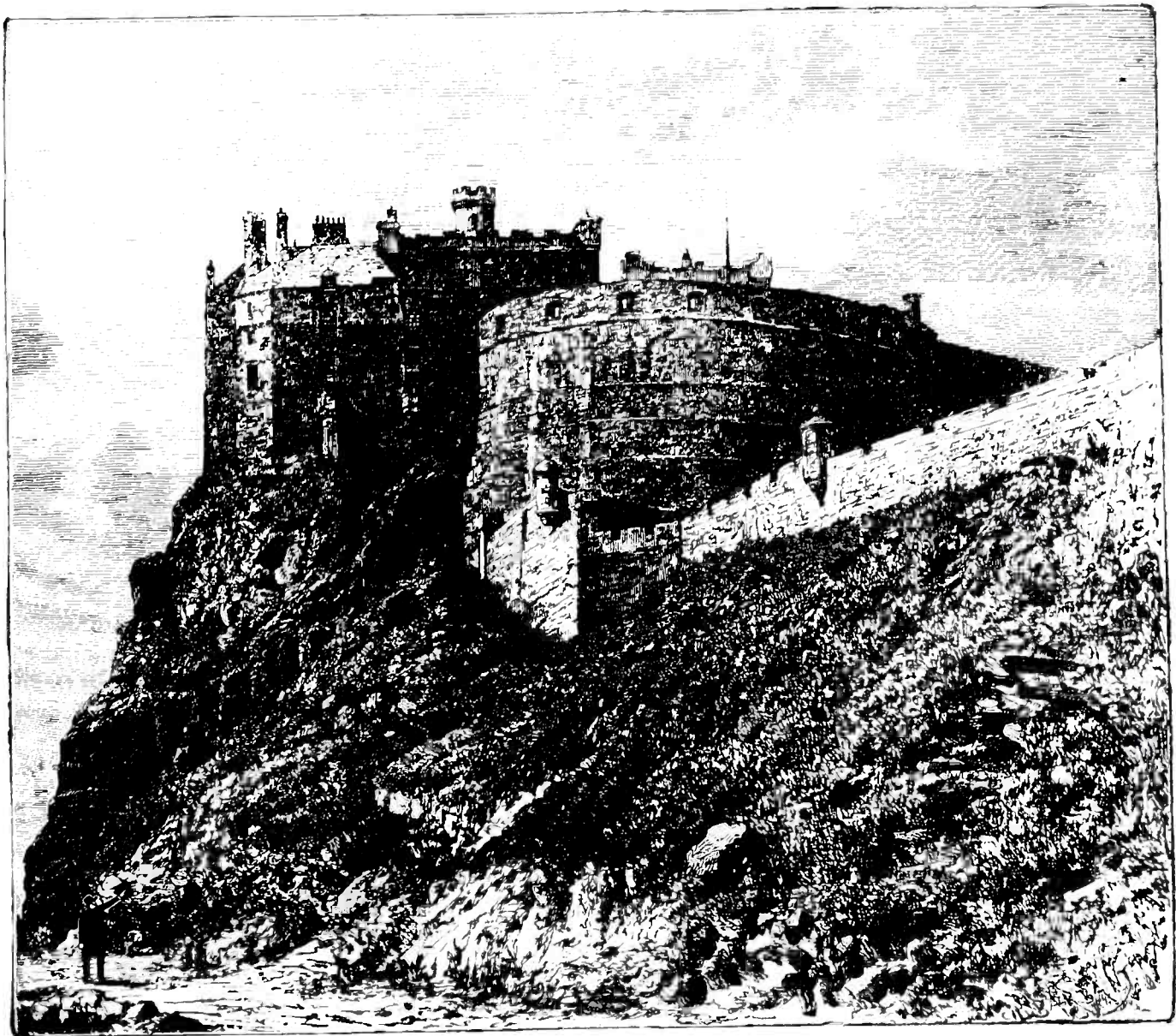
Responding to the unanimous view of first-round commenters that the current contour method should be maintained, **Casey Torgerson**—of the pro-LPFM group Americans for Radio Di-

versity—said Arbitron market definitions might not be the answer, but that some change is needed. "ARD feels the current system allows far too much concentration of ownership in most markets and we support any FCC rule change that results in a more common-sense way to calculate the stations that truly make up a market," Torgerson wrote.—JM

EEO and deregulation pondered

FCC Chairman **Michael Powell** briefly touched upon the ongoing EEO issue at the NAB State Leadership Conference held in Washington on 3/12. "The FCC does not, as far as I'm aware, independently make an assessment of whether it's going to the Supreme Court or not. And many times the Solicitor General will or will not support such an appeal," Powell stated. "For an example: EEO rule, round one, they were not willing to accept an appeal in Supreme Court because they have to protect the interest of the broader government when ques-

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Merrill Lynch cuts ad spending estimate

Merrill Lynch (N:MER) has cut its estimate of growth in US ad spending this year to 2.5%—down sharply from its previous forecast of 4-4.5%.

"Advertising will grow at a slower pace than nominal GDP in 2001 due to two factors—the absence of dot-com spending in traditional media and the fact that ad expenditures have outpaced nominal GDP for the last eight years, setting the stage for payback time," the research report said.

The Wall Street giant said it appeared that most companies were—at this point—delaying ad spending, rather than cutting 2001 ad budgets. However, noting the slow start to the year, Merrill Lynch questioned whether the Q1 shortfall might be too much to replace over the remaining nine months.

"We are now expecting total TV revenues (network, stations, & cable) to rise about 1.5%, down from roundly 4% growth previously. Worries about the TV upfront season and expected declines at TV stations were the biggest changes. ML Broadcast analysts are forecasting a 1-5% rise in radio advertising. ML Internet analysts are now expecting a 25% decline in Internet advertising in a marked change from their previous forecast of flat growth."

RBRobservation: Ouch!—JM

#333 goes global

This one bears watching: ewireless, Inc. has developed one of the niftiest value-added devices for radio advertisers that we've seen in a long time. It's a mobile phone service which links drivers directly to retailers and service providers via their cell phones. Upon hearing an ad on the radio, a

driver simply punches in #333 and is put in contact with the advertiser immediately.

Talk about point of purchase. Not only do advertisers gain access to motorists stranded on the highway, they also receive customer-tracking information in the deal. And for radio, which values traffic jams like no other imaginable industry, the possibilities are intriguing,

to say the least.

The service debuted in Chicago (*RBR* 7/31/99, p. 3) and has since rolled out in an additional 15 markets, including Dallas, Detroit, Houston, Baltimore, Las Vegas, Cincinnati, Columbus and Boston. And that is about to change in a big way.

ewireless has just inked a deal with Cable & Wireless

which will provide the technical platform to expand the service globally. "Cable & Wireless' expertise and infrastructure will allow us to expand quickly and effectively, providing a truly revolutionary service to both radio advertisers and mobile users," said ewireless Chairman **Dean Becker**. Chances are it will be coming to your town soon.—DS

Radio AdBiz



Unwired Radio

by Amy Nizich

I think we can all agree that having market specialists and negotiating with individual stations in local markets is the best and most effective way to buy radio. Radio is truly a local medium and each station in each market has its own "personality." Knowing the nuances of each market is the job of the market specialist. That said, there are times when unwired radio buying can greatly enhance the buying process for both buyers and clients.

Unwired radio buying was first developed for ease of purchase. As radio rep firms consolidated, and became essentially owned by two companies Interep and Katz, it was decided to offer a group approach to buying radio. This would offer advertisers the following:

- Ease of purchase, only dealing with two contacts instead of ten
- Change the selling focus from one station to selling the market
- Allow for coordinated promotions across stations and markets

Combined with the knowledge of the market specialist this can both speed up the buying process and create a unique opportunity for added value.

When working with Interep and Katz to execute promotions, they provide staff who will work in concert with the agency's promotional people to both coordinate and ensure that stations follow through with their commitments. Promotions can be done with a theme or a single contest across multiple markets allowing a client branding opportunities.

For clients who are targeting multiple markets with very short lead-time or who will need to revise their buys often through the course of a flight, unwired buying could be especially valuable. Radio buyers, by using the unwired reps, are still afforded the time to focus on the market and make the best possible station selections for their clients even when there are great time constraints.

Every client has different needs. It is therefore important for buyers to have as many tools as possible to ensure their clients' campaigns are successful. Unwired radio buying is one more tool we have available.

Amy is EVP/Director of Local Broadcast Negotiations at Initiative Media. She can be reached at 323-370-8490

Telos and GMV Network launch breakthrough streaming solution

by Carl Marcucci

One of the biggest issues for webcasters/streaming radio stations is striving to reach the largest audience possible. That's hard to do when some listeners use Real Player; some Windows Media Player and others Winamp. Most don't have all three and certainly the majority of webcasters choose not to spend the money and effort streaming in all three (or more!) formats. Well, a breakthrough solution to that problem was recently unveiled out of a partnership between Telos Systems and GMV Network. Eliminating the need for a radio station or webcaster to select a single proprietary format or pay for more than one, the combination of the Telos AudioActive encoder and the GMV Network AudioEdge server is the only equipment needed to stream up to 2,000 concurrent listeners using any player (adding capacity beyond 2,000 concurrent listeners requires an additional

AudioEdge box).

After a month and a half after launch, clients include stations in Korea and Japan, Newradiostar.com, bnetradio.com and The BBC Online. Says GMV Network Director of Sales **Darrell Jones**: "The BBC is absolutely in love with our product—because their Real licenses are coming up! The words out of their mouth were, 'I can still support Real, and not pay their licensing?' They said, 'Prove it to me and I'll buy it.' I proved it to him and had a P.O. in my hand within an hour."

The current model for stations like KPIG-FM Santa Cruz, CA that stream in multiple formats is a bit complicated. GMV/Telos claim they have that solved: "What stations would otherwise need to do is call up Microsoft and get their encoder and server package. They would have to do that very same thing and also pay for licenses for Real Net-

works, and do it again a third time for QuickTime," Jones tells *RBR*. "So, in essence, you are going to grabbing three different systems and you are going to have to have six computers to run it all. Add Shoutcast/Winamp and you would have to have eight machines—four encoders and four servers."

And, of course, the station would have to pay for and maintain each of those separate streams and audio chains. Jones says the Telos-GMV combination is the only offering of this kind in the industry today. "We are the only people doing it. Since that AudioActive box is able to make a raw, untainted MP3 stream, we are able to replicate it and then serve it up to all the players."

Apparently, all the stations need to have the package—which includes the Telos box and AudioEdge box—up and running is an ISP connection.

Says Jones: "You don't need to know anything about computers to hook this up. Our typical time from out of the box to actually having it working is 20 minutes—it's all done with graphical user interfaces. When you turn on the box, you don't have to type in computer lingo, either. If you want to set it up, you press "S" and Enter. Our package is \$3K for hardware and software and the Telos encoder is \$2,800. So for a grand total of \$5,800, you have a complete solution. It's not on your encoder and its not on the clients', so by not feeding a Real server no Real licenses need to be paid."

Telos/GMV has also recently partnered with Measurecast. By the end of April, "We will be offering a free weekly email to our clients giving information about the different demographics," says Jones.

The AudioEdge product site: <http://audioedge.gmvnetwork.com>.

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The GMV Network AudioEdge is the most cost-effective streaming audio solution available today. One AudioEdge server can support over 2000 simultaneous users listening to your content through any of the most popular media players. In addition, it is also remotely administratable and easy to install and configure.

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Satellite delivery: new technologies, new services

by Carl Marcucci

Most, if not all syndicated radio programming—especially that which is live—is delivered via satellite. From that universe, the major service providers here in the US are ABC Satellite Services, Westwood One/CBS, NPR Satellite Services and Clear Channel's NSN Network Services. ABC, NPR and NSN provide service to outside syndicators and broadcasters, as well as in-house clients. It's an odd relationship—on one level the parent companies compete with these other syndicators, and on another level they're considered cherished clients. For example, ABC/GlobeCast delivers for WOR Radio Network, Salem Radio Network, **Dave Ramsey**, **Mike Gallagher**, Business Talk Radio, Talk America, PGA Tour Radio, America One (Dr. **Toni Grant**), Performance Racing Network, Radio America, Talk Radio Network, Baltimore Orioles, New York Yankees and others.

"ABC Satellite Services offers a variety of products and services that comprise a complete network solution. We have the most experienced engineering staff in the industry which ensures reliable, effortless transmission enabling our customers to concentrate on making their programs a success," says ABC Satellite Services Account Manager **CK Bower**. "We offer three types of channels tailored to fit our customers' needs: joint stereo, 20 kHz and 10.2 kHz dual channel mono. ABC has gateways to our New York technical operating center from Dallas, LA and Washington, DC. Additionally, we provide value-added services such as record and playback, as well as Talk radio-ready studios in New York, LA and Washington, D.C."

"To the extent that we have excess capacity, we make that available to others outside the public radio community to help make services work for others as well. There are about 250 other national distributors who use our system.

They range from NPR (the largest of the bunch) Public Radio International, The WFMT Fine Arts Network, The Metropolitan Opera, High Plains Public Radio, Florida State's WFSU-FM, WNYC-FM NY and KQED-FM SF; a Minnesota radio reading service, all the way down to independent distributors who may do only one or two programs a year," says **Pete Loewenstein**, VP Distribution, NPR Satellite Services. "The stations that are connected to the other end of our pipe are public radio located in communities from major markets to small outposts in the far end of Alaska."

NSN is the granddaddy—the country's largest satellite services provider. Via its SuperCarrier distribution service, NSN uplinks hundreds of programs a day including that from Premiere Radio Networks, Comedy World, Talk Radio Network, Equity Radio Network, Fisher Entertainment, The Georgia News Network, Sheridan Broadcasting,



Gimourginas and Loewenstein

Performance Racing Network, **Kim Komando**, **Jason Jarvis** and a bevy of college and professional sports teams. "What we do, in a nutshell, is provide audio distribution for radio networks across the US. We have a large infrastructure with Clear Channel and have access to almost 5,000 radio stations," says NSN Manager of Business Development **Sean Tietjen**.

While Westwood/CBS currently offers uplink services exclusively for its own content, that's all about to change. "Well, we've changed our position on that. Essentially, with the changeover of Satcom C5 to the GE-8 satellite,

it gives us additional bandwidth and we are planning to actively sell that additional bandwidth," Westwood One VP Engineering **Conrad Trautmann** tells *RBR*.

No clients have yet been named.

SEDAT and StarGuide

GE-8: a new satellite leveraging a new technology. Earlier this month, most commercial broadcasters began receiving programming on GE-8, which found a spot in the sky just about where previous industry workhorse Satcom C5 orbited (C5 received a command to drop out of orbit). In addition, newer equipment already in use by many, is soon "officially" replacing Scientific Atlanta's DATS/SEDAT gear that has served commercial radio since '81. Most of the industry is converting to StarGuide III receivers which allow multiple audio and data services to be received simultaneously by an affiliate (*RBR* 6/7/99, p.2). "The new StarGuide system is cheaper, more reliable and has better audio quality," Tietjen tells *RBR*.

Some of the system's other perks include localized spot delivery, localized voice-tracked opens and closes, last-minute delivery and program changes. However, as we pointed out (*RBR* 7/10/00, p.2), the StarGuide "store and forward" addressable system does make it harder for affiliates to switch transponders—or channels—than with SEDAT to check out or switch to other programming. To do so now, stations must get permission from the service providers and will likely need another receiver unit equipped with the right receiver cards.

"ABC Satellite Services is planning to equip all of its affiliates with StarGuide III receivers by 5/21/01—services on GE-8 transponder 23 will end for our own programming by the end of May. ABC/GlobeCast DATS and SEDAT services on GE-8 transponder 19 and transponder 15 will end 6/30/01," confirms

ABC Senior Director of Engineering **Greg Monti**. "Syndicators and networks who have contracts



Monti

for service beyond that date will continue to be supported by ABC until they convert to new technology or until 7/31/01." ABC and GlobeCast's joint venture ends this Summer, Monti adds.

Most of the the public radio and state network programming, however, is delivered on Galaxy 4R and will not be subject to the changes commercial radio is encountering. "In the public radio world, we're using the Comstream ABR-700 box, which is an older piece of technology—it's digital, and allows for data. We are in the process of working with the public radio community to look at what their needs are for the future so that we can look forward to a new system over the next few years," says **George Gimourginas**, NPR's Director of Business Activities.

"As we look towards the future, we're looking at making the system robust and technically competent to deal with the sort of new types of requirements that are evolving out in the public radio system, along with the rest of the world. We are primarily a C-Band system with three transponders on Galaxy 4R and we have some Ku band capacity on Galaxy 11. These are primarily for use in serving our public radio mission," adds Loewenstein.

NPR Satellite Services began in 1979—the first national system to use satellites to distribute programming to radio stations. "And over the years, the use of satellites has become very common. But a lot of the original work was done at a time when there really was no other use of satellites for radio. We started as a service that used analog technology, and migrated to digital in the early 90s," said Loewenstein.

A composite image showing a satellite in orbit in the upper left, with a baseball field and a batter in the lower right. The background is a soft, hazy glow.

A sports fantasy made real?

Live, head-to-head contact with your national audience isn't just a dream.

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InnerCity gets Quetzal investment

Look for Inner City Broadcasting to move into an acquisition mode. The pioneering African-American-owned radio company has gotten a \$55M equity investment from First Union Capital Partners and Quetzal/JPMorgan Partners, the private investment fund established by Chase Capital (now part of J.P. Morgan) and major broadcasters to fund minority-controlled media investments.

As part of the deal, which included a refinancing as well as the equity investment, Quetzal/JPMorgan Partners and First Union Capital Partners will each have one seat on Inner City's nine-member board of directors. New York-based Inner City—launched by **Percy Sutton** in 1971 and now headed by his son, **Pierre**—currently owns 17 radio stations in seven markets.

Media Markets & Money™

by Jack Messmer

Banta begins Millennium with boardwalk buy from Citadel

Charlie Banta is back into radio and is launching Millennium Radio Group as a new group to acquire medium-market clusters. The first purchase is WFPG-AM & FM & WPUR-FM Atlantic City from Citadel (O:CITC) for \$19.4M. The deal also includes Citadel's LMA of WKOE-FM. Millennium is backed by Banta's Mercury Capital Partners and by UBS Capital Americas.

"The goal is to build a significant group across the country of mid-sized clusters," Banta told *RBR*. Although Banta will be

involved in operations in the beginning, he has other responsibilities with Mercury, so Millennium will hire a CEO as the group grows. **Brokers:** Kalil & Co. (Citadel); **Peter Handy**, Star Media Group (Millennium)

Cumulus Media same-station revenues flat

Q4 net revenues were up 3.2% to \$57.5M for Cumulus Media and broadcast cash flow improved 40.4% to \$17.2M. On a same station basis, however, the results showed that the company's restructuring came just in time to keep it from sinking into a decline. Same station revenues (160 stations in 30 mar-

kets owned for at least a year) were up only 0.4%. Same station BCF gained 70.3%, demonstrating the impact of cost cutting.

"Cumulus' expense base is now beginning to align more closely with that of our peers," said CEO **Lew Dickey Jr.** "This fiscal discipline will serve us well as we navigate a particularly difficult advertising environment."

For all of 2000, Cumulus posted a 25.5% gain in net revenues to \$225.9M as BCF (including a \$20.2M bad debt write-off in Q3) fell 25.9% to \$34.6M. After-tax cash flow per share was -84 cents, compared to -50 cents a year earlier. On a same station basis, revenues gained 1.7% and BCF rose 7.8%.

Newsweb Corporation

has closed on its purchase of radio station

WYPA-AM

Chicago, Illinois

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Tom McKinley

and **Austin Walsh**

of **Media Services Group**

initiated this transaction and represented the Seller in the negotiations.

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Austin Walsh:

Tel: (415) 289-3790 Fax: (415) 289-3796

E-mail: austinpw@compuserve.com

Media Services Group

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Interop doubled ATCF in 2000

So much has changed at Interop (O:IREP), that the company's Q4 and full year 2000 has lots of comparisons showing the difference between actual, core and pro-forma results. One clear positive, though, is after-tax cash flow per share, which doubled to \$1.60 for 2000 from 81 cents in 1999.

For Q4, Interop's radio commission revenues decreased 6% to \$26.2M. On a pro-forma basis, excluding year-ago revenues from Clear Channel (N:CCU) stations, revenues were up 2%. Core EBITDA (excluding contract terminations revenues, Internet business and an option re-pricing) rose 6% to \$9.1M.

About that option re-pricing: Interop took a non-cash charge of \$535M in Q4 to change the exercise price of options that many employees received at the time of the company's IPO. Instead of a strike price of \$8.56 (the stock lately has been around \$6), the exercise price is now \$2.81.

"This re-pricing revitalized our sales force at a critical time," CFO **Bill McEntee** told analysts.

CEO **Ralph Guild** and McEntee repeated the view they've given recently on national spot pacing (*RBR* 3/12, p. 12): Q1 down 20%, Q2 down 10-15% and enough of an upswing in Q3 and Q4 for the year to finish flat.

Tyco buys CIT Group

Another radio lender is changing hands. Tyco International (N:TYC) has a \$9.2B cash and stock deal to acquire CIT Group (N:CIT). Don't look for any big changes at the CIT Communications and Media Finance Group, headed by **Charlie Brown**, or in most parts of CIT for that matter. Tyco, an industrial conglomerate, had been looking to start its own finance company, but decided to just buy CIT instead.

CIT CEO **Albert Gamper** will continue to run the finance company and take a seat on Tyco's board of directors. He told analysts that a few low-margin businesses will be spun off—likely the units that lend to the

trucking, manufactured housing and recreational vehicle industries. "CIT is a very attractive growth company in its own right and will be its own profit center," said Tyco CEO **Dennis Kozlowski**.

Tyco, based in Bermuda but run out of Exeter, NH, is one of the biggest companies in the world that most people haven't even heard of. It owns all sorts of companies that make electrical components. Other subsidiaries make any kind of pipe, fitting and valve you can think of—both low- and high-tech. It's a giant in the security and fire control business, for both industrial and residential applications. (Ever heard of ADT?) Still other subsidiaries make high-tech medical equipment and disposable medical supplies.

Bidding war for FINOVA?

The \$6B bailout/takeover of FINOVA Group (N:FNV) by Berkshire Hathaway (N:BRKa) and Leucadia National Corp. (N:LUK) may

not be the final word. The *Financial Times* reports that General Electric's (N:GE) GE Capital, which failed with an earlier bid for FINOVA (*RBR* 2/19, p. 3), is back talking with creditors who don't like the terms of the Berkshire/Leucadia deal (*RBR* 3/5, p. 2). Although the proposed Chapter 11 settlement would pay banks and bondholders nearly 60% of what they're owed in cash, the *FT*'s report says some are balking at the terms of the bailout, which would put Berkshire/Leucadia's claim on FINOVA's assets ahead of their own—giving them \$5B in new 10-year bonds. The *FT* report says GE Capital, if it makes a bid, will offer more than the \$6B payout. A similar story by *The Wall Street Journal* said that GE Capital met with about 20 of FINOVA's major creditors 3/9.

What will it take to make the year?

Banc of America Securities analyst **Tim Wallace** is sticking with a prediction that full-year revenue growth for the radio industry will be in the 6-7% range for 2001. To get there, growth will have to hit double digits—but just barely—in Q3 and Q4. Based on projections already issued by radio group owners, Wallace is expecting Q1 to show growth of only 1%. Q2 will be a bit better, at 4%. By then, the tough dot-com comps will have passed, and Wallace is looking for growth of 10% in both Q3 and Q4—bring the full year in at 6-7%. His early take on 2002 is 10%.

Quarterly Radio Advertising Growth

(1999 & 2000 actual, 2001 estimated)

	1999	2000	2001
Q1	15%	21%	1%
Q2	10%	20%	4%
Q3	15%	8%	10%
Q4	18%	1%	10%
Year	15%	12%	6-7%

Source: Radio Advertising Bureau (historical);
Banc of America Securities (estimates)

Heaven enters North Carolina

The Heaven Network Inc. has a \$650K deal to buy two AMs in North Carolina from **Anita** and **Alvin Woodlief**. The stations, a Black Gospel simulcast operation, are WHNC-AM Henderson and WCBQ-AM Oxford—both north of the Raleigh metro. Heaven, headed by Dr. **Alvin Jones**, is based in Maryland. Broker: **Matt DeGelormo**, Hadden & Associates

Clear Channel into drag racing

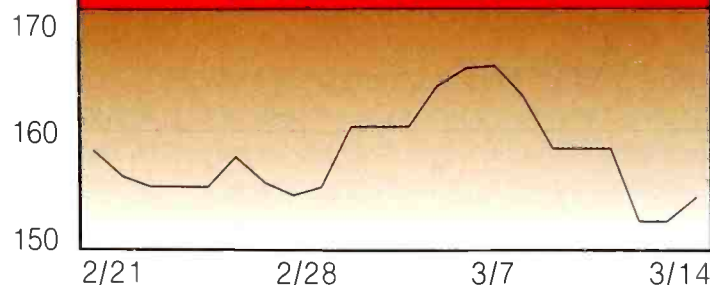
The International Hot Rod Association (IHRA) is now part of the Clear Channel Communications (N:CCU) empire. Clear Channel's SFX Entertainment subsidiary has acquired a majority interest in IHRA for an undisclosed price. The Norwalk, OH-based IHRA sanctions events at 80 racing facilities, including its premier attraction, the 11-event IHRA Summit Drag Racing Series.

RBR observation: We couldn't wait to see **Lowry Mays** behind the wheel of one of those supercharged IHRA drag racers—so our production department brought that fantasy to life.



The Radio Index™

It was worse for other sectors, but radio wasn't spared in Wall Street's bloodbath. The Radio Index™ fell 10.934 for the week to close 3/14 at 154.417.



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Transaction Digest®

by Dave Seyler & Jack Messmer

The deals listed below were taken from recent FCC filings.

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

\$35,500,000 KPAY-AM, KMXI-FM & KHSL-FM Chico CA (Chico-Paradise CA), **KPNW-AM, KODZ-FM & KDUK-FM** Eugene OR (Eugene-Florence OR) and **KCSJ-AM, KGHF-AM, KCCY-FM & KDZA-FM** Pueblo CO from McCoy Broadcasting Co. (Craig McCoy) to Clear Channel Broadcasting Licenses (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$1.775M escrow, balance in cash at closing. Existing **duopolies**. Broker: Jorgenson Broadcast Brokerage

\$6,700,000 WABD-AM, WDXN-AM, WCVQ-FM, WVVR-FM & WTNK-FM Fort Campbell-Hopkinsville KY-Clarksville TN from Southern Broadcasting Corp. (Thomas Cassetty) to Saga Communications of Tuckessee LLC (Ed Christian), a subsidiary of Saga Communications (A:SGA). \$335K escrow, balance in cash at closing. Existing **superduopoly**. Broker: Serafin Bros.

\$4,200,000 KKYD-AM Denver from CRN Licenses LLC (John Bitting, Pres.) to Public Broadcasting of Colorado Inc. (Max Wycisk, Pres.). Creates combo with KCFR-FM. \$210K escrow, balance in cash at closing. Broker: Media Services Group

\$4,100,000 KXPC-FM Lebanon OR from Spotlight Media Corp. Inc. (Michael Gelfand) to Portland Broadcasting LLC (Bruce Buzil, Chris Devine, Andrew Barrett). \$200K escrow, balance in cash at closing.

\$900,000 KMBV-FM Navasota TX from Nicol Broadcasting Ltd. (L. Tom Nicol) to Fort Bend Broadcasting Company (Roy Henderson). \$25K escrow, balance in cash at closing.

\$525,000 WPFL-FM Pensacola FL (Century FL) from Dayton Communications of Pensacola Inc. (Daniel Dayton) to Tri-County Broadcasting Inc. (Larry & Earnest White). \$25K escrow, \$125K (less escrow) in cash at closing, \$350K note, \$50K advertising credit. LMA in place.

\$455,000 KGTO-AM Tulsa OK from CXR Holdings (Bob Neil), a subsidiary of Cox Radio Inc. (N:CXR), to KJMM Inc., a subsidiary of Perry Broadcasting Co. (Russell Perry). \$45.5K escrow, balance in cash at closing. Combo with KJMM-FM. LMA since 2/1. Broker: Media Venture Partners

\$300,000 WMCJ-AM Charleston SC (Moncks Corner SC) from Berkeley Broadcasting Corp. (Clary Butler) to Kirkman Broadcasting Inc. (Guilford Kirkman Jr.). \$15K escrow, \$150K (less escrow) in cash at closing, \$150K under non-compete agreement.

\$225,000 KJZZ-AM Kingsley MI from Radio One of Detroit Inc. (Alfred Liggins), a subsidiary of Radio One (O:ROIA), to Fort Bend Broadcasting Company (Roy Henderson). \$25K escrow, balance in cash at closing.

\$151,000 WLNR-AM Kinston NC from Conner Media Corp. (Ronald Benfield) to Pioneer Broadcasting Inc. (Todd Bartley). \$5K downpayment, balance in cash (less LMA fees) at closing. LMA since 6/1/00. Broker: BuySellRadio Online

\$50,000 WHYQ-FM New Johnsonville TN from Tennessee Educational Information Inc. (William Lacy) to WAY-FM Media Group Inc. (Robert & Felice Augsburg, Robby Newton, Eric Rhoads, John Scaggs, Glen Schaffer, Darlene Brock). \$10K escrow, balance in cash at closing.

\$20,500 WKRO-AM Cairo IL from Charles E. Bonefield, Receiver for the Alexander County Board of Commissioners, to Alexander Broadcasting Corp. (Eugene Stratemeyer). \$20,500 was the winning bid at a public receiver's auction.

\$5,000 KBVR-AM Soda Springs ID from Douglas R. Mathis to Caribou Broadcasters Inc. (Thomas & Joyce Mathis). \$5K cash. Note: The buyers are the parents of the seller. Douglas Mathis will continue to own KFIS-FM Soda Springs ID.

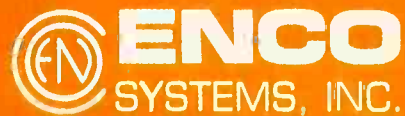
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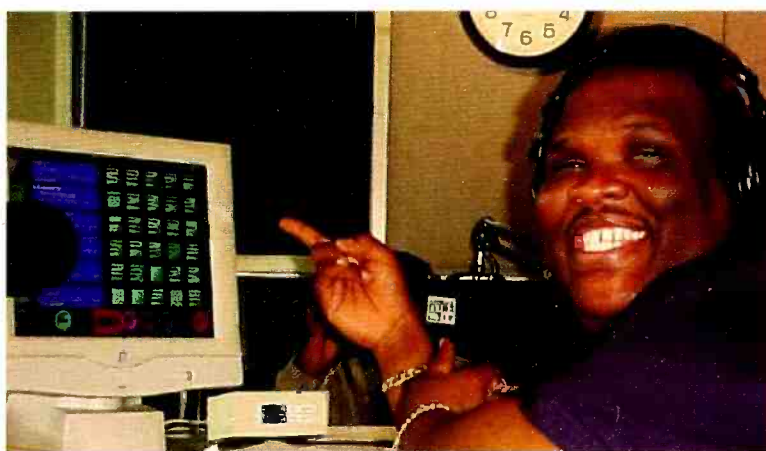
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