

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

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Volume 18, Issue 50



ABC Radio Networks' Sean Hannity on adding national radio to his resume

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Anti-CCU petitioning Farr from over

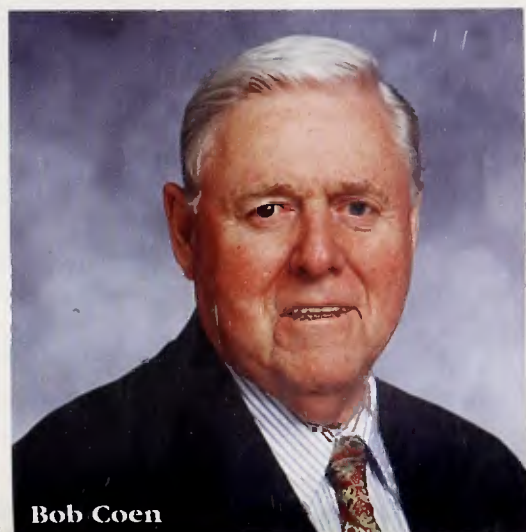
California Congressman **Sam Farr** (D) has joined Buckley Broadcasting in objecting to part of the Clear Channel (N:CCU)-Ackerley (N:AK) merger, specifically, the transfer of two television stations in the Monterey-Salinas-Santa Cruz market, part of which is Farr's district. One of the stations is owned by Ackerley, while the other is run in an LMA.

However, while Buckley petitioned to deny, Farr is only asking for a "full hearing on the matter." That said, it appears the Congressman would favor denial of this part of the transaction. He wrote, "I am very concerned that this de facto television duopoly has not served my constituents in Monterey well, and its combination with the largest radio operator in the market only threatens to make the situation worse."—DS

Coen "modestly optimistic" about 2002

After seeing his 2001 forecast blown away by economic reality, Universal McCann forecaster **Bob Coen** is modestly optimistic about 2002. But, Coen told the UBS Warburg Media Conference in New York, "It's not easy to tell what's going to happen in the chaos that we're in right now."

Even so, Coen is expecting a somewhat quicker recovery than we saw in the last recession. For the total US ad market, Coen is predicting that 2002 will bring growth of 2.4% from this year's depressed levels. That will still bring in the year slightly below 2000 at \$239B in total ad spending. While Coen expects national ad spending to rise 2.5% for all media, he thinks national radio will drop an additional 1% from this year's dismal level. The outlook is better at the local



Bob Coen

level. Radio should have growth of 2.5%, slightly better than his forecast of a 2.4% gain for all local advertising.

The forecast from Interep (O:IREP) CEO **Ralph Guild** was similar. He's predicting that local will have modest growth all year, while national spot will kick in for the second half following more negative numbers for the first half. Over all, Guild forecasts total radio revenues to be up 1 to 2% in 2002.

"I don't agree with the numbers that were shown in the previous session," Viacom (N:VIA) President **Mel Karmazin** said immediately after Guild spoke. The Zen Master didn't offer his own prediction. But he said radio should grow more than 1-2% in 2002. Karmazin's optimism was echoed by Clear Channel (N:CCU) CEO Lowry Mays who said, "I think things are going to be better next year than most people think."

Told of Karmazin's comments, Guild told *RBR* later that his projections were mathematical, based on historical trends. He said he's hopeful that radio will grow more in 2002, along the lines of 3-4%.

Retaining his status as the most pessimistic forecaster, **Jack Myers** issued his own forecast update a day after Coen (12/4). Myers is predicting a drop of 5.7% in US ad spending on top of this year's decline, which he expects to come in at around -6.8%. For radio, Myers is predicting a revenue decline of 4% in 2002.

See page 2 for charts.—JM

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Phone 813-885-6060 • Fax 813-885-6857
Email: gserafin@compuserve.com

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Executive Editor Jack Messmer
Managing Editor Dave Seyler
Senior Editor Carl Marcucci
Production Michael Whalen
VP Administration Cathy Carnegie
FCC Research Consultant Mona Wargo
Administrative Assistant April Olson
Publisher **Jim Carnegie**
VP/GM, Associate Publisher Ken Lee
Senior Account Executive John Neff
Account Executive June Barnes

Editorial/Advertising Offices
6208-B Old Franconia Road
Alexandria, VA 22310
PO Box 782 Springfield, VA 22150

Main Phone: 703/719-9500
Editorial Fax: 703/719-7910
Sales Fax: 703/719-9509
Subscription Phone: 703/719-7721
Subscription Fax: 703/719-7725

Email Addresses

Publisher: JCarnegie@rbr.com
Editorial: RadioNews@rbr.com
Sales: KLee@rbr.com
JNeff@rbr.com

Bradenton, FL Office
Jack Messmer

Phone: 941/792-1631
Fax: 253/541-0070
Email: JMessmer@rbr.com

Nashville, TN Sales Office
June Barnes

Phone: 615/360-7875
Fax: 615/361-6075
Email: JBarnes@rbr.com

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RADIO NEWS®

Open season on IPOs?

Yet another radio group is the subject of a lawsuit over its IPO. This time the target is Spanish Broadcasting System (SBSA). Schiffman & Barroway has filed a purported class action suit in a New York federal court, claiming that shareholders who bought stock in SBS's 10/27/99 IPO through 12/6/00 were defrauded because some of the underwriters had under-the-table deals with big institutional investors to prop up the stock's trading price in return for getting access to blocks of the IPO shares.

RBR observation: What's unique about this lawsuit is that CS First Boston was NOT an underwriter of the SBS IPO. All of the previous lawsuits have targeted CS First Boston clients, since it is the main target of an SEC probe of questionable IPO practices. According to the Wall Street Journal, the SEC is also looking into the IPO practices of three other firms, two of which—BancBoston Robertson Stephens and Morgan Stanley—were among the SBS underwriters. (Lead underwriter Lehman Bros. has not been mentioned as a target of the probe.) The other two firms that the Journal says are under investigation are Goldman Sachs and JP Morgan Chase.

As we suggested previously (RBR 11/26, p. 7), the law firms which specialize in securities law class action suits are likely to find some reason to sue any company whose share price is now less than its IPO price—and that's virtually everyone who went public in the past three or four years.

Although the real targets of these IPO class action suits are the big Wall Street brokerage houses, the lawsuits are at the very least a nuisance for the public companies which are named as defendants. The bad publicity could hurt their stock trading and there are sure to be some legal costs involved in responding to the lawsuits.—JM

NAB argues to strike down crossownership ban

The National Association of Broadcasters has not only petitioned the FCC to do away with the ban on broadcast/newspaper crossownership, it has attacked the rule as never having a basis at all. "Since the early 1940's, the Commission has tried to identify specific abuses or concrete problems presented by newspaper ownership of broadcast outlets," wrote the NAB, "Despite this effort, spanning decades, the Commission has, however, consistently failed to establish the existence of any competitive or other

harms arising from newspaper/broadcast crossownership. Faced with this lack of an evidentiary basis to justify any crossownership ban, the Commission, to warrant its 1975 decision adopting the rule, was forced to speculate about the limited, theoretical diversity gains that might follow from the rule's operation."

The NAB contends that the request for comments on the effects of the rule, or its lack, are misguided, since the FCC itself "had no evidence of competitive harms" when it adopted the rule in the first place. Justification is even harder to come by now with the vast increase in media options which have come into being since 1975.

"...the newspaper/broadcasting crossownership rule must be regarded as a backward-looking relic, reflecting a bygone media age in which the broadcast industry was dominated by only three networks offering a single channel of video programming each. Regardless of its merits when adopted in 1975, the crossownership ban seems anachronistic in today's digital environment and will certainly be archaic in tomorrow's interactive, multimedia environment."—DS

Senate courts sunshine legislation

The Senate Judiciary Committee has approved a bill which would give federal judges the option of allowing the full range of journalistic tools (including cameras, microphones and videotape) into the courtroom. Federal courts up to and including the Supreme Court are affected. The bill, sponsored by **Charles Grassley** (R-IA) and **Charles Schumer** (D-NY) now heads to the full Senate. A similar bill has been introduced in the House of Representatives by **William Delahunt** (D-MA) and **Steve Chabot** (R-OH).

Said Radio-Television News Directors Association President **Barbara Cochran**, "We're happy the committee agrees that electronic journalists should be allowed in federal courts, and we are looking forward to the next step, approval from the full Senate."—DS

Mays sees no problem in multimedia Monterey cluster

Congressman **Sam Farr** (D-CA) and in-market competitor Buckley Broadcasting have voiced concerns about the part of the Clear Channel (N:CCU)/Ackerley (N:AK) merger which would add an owned and an LMA'd television station to Clear Channel's six-radio station cluster in the Monterey-Salinas-Santa Cruz market on California's central coastal region (see story, p.1).

Asked by RBR about this part of

the deal, CCU head **Lowry Mays** said, "My feeling is that it is how you define the market. We can't influence prices by owning both that we couldn't individually." He continued that radio should be treated as a separate market, based on the DOJ's established practice, and that "no predatory pricing is possible." He does not expect any problems getting approval for the merger.—DS

Don & Mike not happy about their present syndicator

Westwood One's **Don & Mike** are looking for a new syndicator. On their 12/3 program, they mentioned that while there are still 18 months left on their contract, they're definitely interested in offers. **Don Geronimo** specifically mentioned Clear Channel and Emmis. They also mentioned they were promised clearance in Philadelphia, but instead will be paid \$100K not to air. Their anger seems to be directed to Infinity Regional VP **Ken Stevens**, was referred to as "Osama Ken Laden."—CM

RBR observation: Maybe we're crazy, but we're not surprised that Don & Mike are having problems. The FM Talkers moved

from PM drive where 1) people in cars could pay attention to their schtick and 2) they are the charter syndicated talent with little national competition, and they moved to daytime where 1) people are working, can't pay as much attention to a Talk show and often look for background music, with 2) firmly entrenched competition from living legends like **Rush Limbaugh**. We're surprised all right—surprised Don & Mike abandoned PM drive in the first place.—DS

Kmart sales are down—how'd that happen?

Kmart CEO **Chuck Conaway**, commenting on a same-store drop of 2.6% for November sales, said, "Our sales performance... fell short of our expectations as our planned reductions in advertising and promotional activity decreased customer traffic more significantly than we anticipated. Recognizing the impact, we have adjusted our advertising and marketing strategy appropriately for the holiday season and over the Thanksgiving weekend we recognized significant sales increases compared to last year."

RBR observation: Stop adver-

Universal McCann analyst Bob Coen's 2002 forecast

National Advertising Medium	% chng	revenue
TV networks	+3.5%	\$15.87B
Spot TV	+5.0%	\$10.30B
Cable networks	+5.5%	\$12.01B
Syndicated TV	+4.0%	\$3.32B
Radio	-1.0%	\$3.62B
Magazines	-1.0%	\$10.78B
Newspapers	flat	\$6.65B
Direct mail	+2.5%	\$47.31B
Yellow pages	+1.5%	\$2.14B
Internet	flat	\$4.12B
Other	+2.5%	\$29.83B
Total National	+2.5%	\$145.9B

Local advertising Medium	% chng	revenue
Newspapers	+1.5%	\$39.06B
Television	+4.0%	\$13.38B
Radio	+2.5%	\$14.76B
Yellow pages	+1.0%	\$11.59B
Other	+3.7%	\$14.62B
Total Local	+2.3%	\$93.40B

Grand Total +2.4% \$239.32B

Source: Universal McCann

Interop CEO Ralph Guild's 2002 forecast

	1st Half	2nd Half	Full Year
Local radio	flat to +2%	+1 to +5%	+1 to +2%
National radio	-7 to -12%	+5 to +10%	flat to +2%
Total radio	-2 to -4%	+3 to +5%	+1 to +2%

Source: Interep

FYI from Radio Business Report

Due to the holiday calendar RBR will not be printing the weekly on December 24 and December 31st. The first post-holiday issue will be January 7th, 2002.

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ising and the customers disappear. Resume advertising and the customers break records. Hmmm.....—DS

Arbitron drops Sioux Falls

The L.A. Radio group in Sioux Falls, SD has dropped Arbitron, according to the Sioux Falls Argus Leader. Midcontinent was left as the only subscriber, so Arbitron is discontinuing that market's book.—CM

KC to get new station

The FCC has given permission for a major frequency shuffle that will result in a new station serving Kansas City: Best Broadcasting's KCSX-FM 97.3 (Country) will get the new city of license of Lee's Summit, MO, moving 107 miles west from the Columbia, MO market, where it was licensed to Moberly, MO. KCSX will upgrade to a C1 and remain at 97.3 MHz.

To accommodate the move, KNDY-FM Marysville, KS moves from 103.1 to 95.5; KRLI-FM Malta Bend, MO moves from 97.5 to 103.9; KNMO-FM Nevada, MO moves from 97.7 to 97.5; KJCK-FM 94.5 Junction City, KS moves from 94.5 to 97.5; KINZ-FM Humboldt, KS moves from 94.3 to 95.3; KSNP-FM Burlington, KS moves from 95.3 to 97.7; KNCY-FM Auburn, NB moves from 94.7 to 103.1; KCHI-FM Chillicothe, MO flips from a Class C3 at 103.9 to a Class A at 97.5; KPOW-FM La Monte, MO moves from a C3 at 97.1 to a C2 at 97.7; WIBW-FM Topeka will move from 97.3 to 94.5; KAYQ-FM Warsaw, MO moves from 97.7 to 97.1; and KNIM-FM Maryville, MO moves its transmitter site. 97.3 is also allocated to Madison, MO as a new C3.—CM

Big plans for Small Town

Small Town Radio parent corporation Worldwide PetroMoly Inc. has a plan for its new radio group, which has just filed with the FCC to acquire its first stations. Small Town plans to grow the group into contiguous small markets throughout the southeast. It will focus on two or three common formats, originating from studio facilities in Atlanta, giving its sales force a significant listener base to pitch to potential advertisers.

"While these stations are located in smaller markets, consistent with our business strategy, we believe that they have the potential for growth within their own markets, and additionally through larger geographically adjacent markets" said Small Town President **Don Boyd**. "We expect to build a network of size and strength, while providing the communities in which these stations are located with the service and support they deserve."—DS

NRSC recommends iBiquity to FCC; IBOC equipment to be sold at NAB2002

As predicted (RBR.com 11/29), just after the International Telecommunications Union (ITU) approved iBiquity's IBOC FM technology, the National Radio Systems Committee (NRSC) held a meeting and to recommend to the FCC that it be used as the DAB standard here in the US. iBiquity says plans are set for manufacturers to sell IBOC transmitters and beginning at NAB2002's Vegas

show in April; IBOC receivers will be available in 2003.

The NRSC, which is jointly sponsored by the NAB and Consumer Electronics Association, wrote in its recommendation that the iBiquity FM IBOC (In-Band, On-Channel) system provides "greatly reduced impact of multipath interference (for mobile, portable and fixed receivers alike); superior resistance to co-channel and adjacent channel interference; support for enhanced data services; improved audio quality...iBiquity's system charts the course for an efficient transition to digital broadcasting with minimal impact on existing analog FM operation and no new spectrum requirements."—CM

Hiwire flies with Blue Falcon

Hiwire and Blue Falcon Networks have formed a partnership that will integrate Blue Falcon's bandwidth-saving networking delivery system with Hiwire's targeted ad insertion technology to cut costs and maximize revenues. Salem Communications' LA-based KKLA Communications group will be the charter customer for the new service. Blue Falcon's software will be integrated into Hiwire's Internet radio tuner, complimenting Hiwire's ability to generate revenue through targeted streaming ad insertion.

"Hiwire's agreement with Blue Falcon and KKLA Communications represents the next phase of streaming audio," said **Steve Goldberg**, president and CEO of Hiwire. "The combination of our technologies offers broadcasters an easy way to reduce bandwidth costs and generate revenue from targeted ad sales with a single solution. As our first customer for this solution, Salem's flagship station group will allow other large players in the streaming market to see how a single solution will work for them."—CM

Sirius softens on outpricing XM

The new CEO of Sirius Satellite Radio (O:SIRI), **John Scelfo**, is already backing off on his company's plan to charge \$12.95 per month for its service, while competitor XM Satellite Radio (O:XMSR) has already launched with a \$9.95 price. "If people don't feel that paying more for 100% commercial-free is worth it, we will change," Scelfo said this morning (12/6) to the CS First Boston Media Week Conference in New York.

But while Scelfo was hedging on price and pointing to his company's planned launch in February, XM CEO **Hugh Panero** was beaming to report that his company is already operating and already has paying customers.

"It's real. It's happening and it is the next generation of radio," Panero said. He told that gathering that the feedback from early customers has been strong, and he added, "We're creating a world of car potatoes now."

Having just closed on new financing, Panero says XM has enough cash on hand to fund its operations through the end of 2002.—JM

It's lights out, wallet open for Barnstable

Barnstable's KGGO-FM and KJJY-FM, both in the Des Moines market, have been hit with fines totaling \$16K. Violations included failure to

keep tower lights up and running, and failure to determine and log why EAS tests were not being received.

Barnstable does not dispute the findings or the fine. However, the stations were being sold and were in an LMA with buyer Wilks Broadcasting.

Often in a case like this, the licensee will try to pawn off some or all of the blame (and fine) on the renter of the property. Barnstable, to its credit, does the opposite. It takes umbrage to the

official record, which states that "...Two Rivers [Barnstable's local licensee name] maintained a manager responsible for accounts receivable and a receptionist. All station operations, other than accounts receivable, were under the direction and oversight of Wilks."

Not true, argued Barnstable. Its manager was fulfilling all licensee obligations. The FCC obliged—it struck the slight to the Barnstable manager from the record, and assessed the fine.—DS

Competing Media

Newspapers hurting

Advertising revenues for newspapers took a 10.3% Q3 hit, dropping to \$10.6B. Retail was down 3.8% to \$4.9B, national was down 10.8% to \$1.7B and the true culprit, classified advertising, was down 17.1% to just under \$4B.

YTD, the total take of \$32B represents a 7.8% shortfall compared to 2000. Retail is down 2.2%, national is down 7.7% and classified is down 13.9%.

The difficult trend experienced by most advertising-based media was exacerbated by 9/11.—DS

Latest line on on-line ad revenue, auto ads

According to a Reuters report, on-line advertising took in \$8.2B in 2000, but is expected to reach a mere \$7.3B total when the smoke of 2001 clears. However, a bounce-back to \$8.1B is foreseen for 2002, almost getting it back to the Y2K high water mark.

Q3 results included income of \$1.79B, a 9% drop from last year. YTD, the industry take is \$5.55B, down 8.4% from the same point in 2000.

Meanwhile, a COMTEX Newswire report notes that automakers are rapidly increasing their use of web advertising. Trumpeting the 0% financing deals, automakers have increased web impressions by 30% and expenditures by 20% from August to October. \$2.3M was spent on Internet advertising in October alone.—DS

Politician files defamation suit against Mancow



Cicero, IL town President **Betty Loren-Maltese** has filed a defamation lawsuit against **Eric "Mancow" Muller** for comments he made on his show 6/18. Mancow said Loren-Maltese accepted payoffs and was associated with members of the mob. Her suit also names Emmis and seeks \$50K in damages. Loren-Maltese goes on trial next May for alleged racketeering and taking bribes to allow an insurance administrator with mob ties to cheat Cicero for \$10M, according to *The Chicago Sun-Times*.

Mancow is firing back. *Sun-Times*' Robert Feder quotes Mancow's response: "She is a very ugly and vile human being, and she couldn't be a better adversary. It's the end of free speech in America as we know it if politicians are able to silence those who criticize them. If you can judge a man by his enemies, then I must be a saint."—CM

Just a few of our 2001 Station Sales...* (and a partial list of satisfied customers)

WJMT(AM)/WMZK(FM) - Merrill, WI	\$3,000,000
WJMS(AM)/WIMI(FM) - Ironwood, MI	
Seller: W. Donald Roberts, Jr.	
Buyer: David Winters and Badger Communications	
WVVC-FM - Utica, NY	\$1,250,000
Seller: Bethany Broadcasting Corp.	
Buyer: Educational Media Foundation	
WHAG(AM)/WQCM(FM) - Halfway, MD	\$3,400,000
(Hagerstown-Chambersburg-Waynesboro market)	
Seller: Gemini Broadcast Group	
Buyer: Dame Broadcasting, LLC	
WENY(AM/FM) - Elmira, NY	\$2,200,000
Seller: White Broadcasting, LLC	
Buyer: Eolin Broadcasting, Inc.	
WLKG-FM - Lake Geneva, WI	\$3,600,000
Seller: C&J Communications	
Buyer: Radio K-T, Inc.	

*Some station sales closings are pending.

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Sean Hannity: a rising star shines for national radio

Outspoken, intelligent, hard-working and principled—that's **Sean Hannity**. His broadcast-centric career began in college radio and quickly transitioned to hosting Talk programs in WVNN-AM Huntsville and later WGST Atlanta. Hannity leap-frogged over to TV in '96 to co-host "Hannity and Colmes" at Fox News Channel. That success landed him the afternoon drive slot on WABC-AM NY shortly thereafter. He most recently took "The Sean Hannity Show" national with ABC Radio Networks in September (*RBR* 9/3, p.4) and it's clearing like gangbusters.

How did Hannity get so far so quickly? His youthful, yet professional approach, seasoned with intense political commentary connects with listeners, viewers and top newsmakers alike, including President **Bush**, V.P. **Dick Cheney**, Rev. **Jesse Jackson**, **Steve Forbes**, **Newt Gingrich**, Mayor **Rudy Giuliani**, **Benjamin Netanyahu**, **Ken Starr**, members of Congress and the list goes on. The topic-driven radio show provides a daily perspective from the right on breaking developments and the American agenda, as we know it after 9/11. Hannity, as he tells us, is soon to be in nine of the Top 10 radio markets with 75 affiliates.

Tell us about how college radio got you hooked on the medium.

I started at the University of California, Santa Barbara. KCSB is the station. As you might expect from a university station from the California system, it was fairly left-leaning. I was a guy who liked Reagan and Bush, so I didn't last too long. I was fired, I think within 40 on-air hours. Which was okay, but, once I got behind a mike, in my case, it just hooked me. So, I decided I'd try and get a job and specifically in Talk radio. I wasn't really interested in music radio. I loved politics. I used to listen to late night talk radio in New York, the real pioneers of the talk industry like **Barry Gray** and **Barry Farber** and later **Bob Grant** and even later still **Rush** and just loved it. So, I put an ad in *Radio and Records* and decided if anyone would even give me a shot I'd go there. I got a call one day from Huntsville, AL and I was hired over the phone. I packed everything I had in the back of a van that I had and drove cross country. I arrived on a Saturday and was on the air that Monday on WVNN, coincidentally at 770 on the AM dial.

So that was sort of your big break in commercial radio.

That was my big break in commercial radio. I spent just a little under two years there. **Neil Boortz** was hosting on WGST 9 to noon everyday and he made the switch to WSB in Atlanta and then that created an opening. Actually, people who traveled back and forth between Huntsville and Atlanta called the Atlanta radio station and said, 'hire the guy in Huntsville, he's pretty good.' So, they called me, brought me in for an audition and I got the job.

When you were honing your skills on Talk radio, what did you first discover that seemed to be the main draw for people about your personality or about the way you handled yourself on air?

Well, I would argue that I've evolved as I've been on the air. I think I was more abrasive, confrontational, combative when I started out. When you're 40 years old, that schtick gets a little old. So I evolved and it's more information and entertainment oriented. I find that you get a lot more being nice to people than hanging up on them on a radio

show. It's just been part of a natural evolution over time. It just happens, when you start in radio you can't teach anybody to do this, you just develop. You can't fake it either. I don't think you can be on the radio for three hours a day or on TV and fake it everyday. Who you are has to come out. People have to like that one way or the other. They either have to like you because they like you or like you because they hate you. Either way it will work. But, they've got to feel something. When I got my start, I'll never forget, I was out in Santa Barbara and I remember I never wanted to go to work because I wanted to stay home all day and watch the Iran Contra Hearings. Then I put on the local talk radio station and this guy would just throw out, "Well, the hearings took place today. Does anybody have any comments?" And nobody would call in. Then I'd call in and start ranting about what a hero **Ollie North** is. He's since become a good friend, by the way. Then people would start responding, "I want to talk to that guy. Doesn't he understand that he's destroying the constitution?" And I'd call back and say, "Wait a minute, I want to respond to that guy." It was like I was hosting the show.

"Have you ever heard of following orders? That's exactly what he was doing."

Exactly, and it was a good idea, if you remember. It's a natural passion I have for politics and the issues of the day. And then coupled really with what you said, honing your skills. You don't start out as a great talk show host. As a matter of fact, I have the tapes to prove it.

Where do you see yourself in 20 years? Is there a goal that you're aiming at or are you already there?

I've never thought in those terms my entire life. I just try to live in the moment every day and do the best job that I can every single day. And then I figure that everything else will take care of itself after that. I mean I don't obsess over ratings. I say, "You build a good show, people will come." And that has worked for me in every market that I have been in. I spend my time focusing on the product and on that day's shows, and thinking a little bit ahead, "Well, what are going to do the rest of the week?" But beyond that, I can't tell you...wherever God has me, that's where I'll be.

To be honest, I'll be the first to tell you I never imagined that I would have the opportunities that I've had in the last five years and that I'd be able to capitalize on them. And I think that one of the things that works for me is I don't think I'm the most talented guy in radio by any stretch of the imagination, or TV for that matter. But I do work hard and I do realize an opportunity when I get one. And the only way you're going to make it work is if you work hard. And that means working the phones to book guests, that means spending the extra



hour or two on the Internet to find a good story that the audience will like that nobody else found. I think those principles are the principles of success.

How did your deal with ABC Radio Networks come about?

You know, it just was a natural progression. I guess the best way we could say that is we took over on afternoons [at WABC-AM NY] and the ratings were really, really low, hadn't been doing well. It was still suffering the effects of when Bob Grant was fired. They hadn't been able to pull afternoon drive out of the 2 share range. So I just came in there and said, "Look, I'm just going to do a different show. And I'm going to do my show and I'm going to do it my way." And it's paid off. We've hit the high water mark of around a 4.6—more than doubling the ratings in that period of time.

Yes, and in that city, that's a lot of people.

We sort of hover and average around a 4 share in the last year, so we've been very consistent. And [WABC-AM PD] **Phil Boyce** and I had talked about where we thought there were openings in syndication and we felt in afternoon drive there really was a niche that needed to be filled. And it just snowballed into a discussion and it seemed to work and the local ABC O&Os seemed to need some product. Really, it happened that quickly. One discussion became a meeting and a meeting became a contract and here we are. I think we're about 75 stations strong and we only launched September 10th. I think by the end of the year, we will have cleared nine of the Top 10 markets.

ABC Radio Networks announced just recently you had cleared 65 affiliates. Now you're already up to 75?

Yeah, but we're not announcing yet...we have four big announcements coming that I can't tell you about. You could figure it out if you look at our Top 10 list and see which ones are missing. They're all there though. There's only one market missing.

How did you handle 9/11? Your national show launches 9/10 and the next day this happens.

We couldn't even get into the city the next day, because I live out in Long Island and literally after these attacks, the city was shut down. We had to get a hook-up from a Long Island radio station, WLIR-FM. So we did the show from there that day commercial-free and we did what we do best. We got the top newsmakers, the top people in the country, administration officials. **Newt Gingrich** I remember was on that day, somebody from the mayor's office. We just walked through it as best we could. Took people's phone calls, gave our take on it, and that led to who did this, that led to fear of

other terror, that led to the anthrax scare, that led to the buildup to the war, through the war effort. Each step is something that a Talk audience would naturally want to talk about.

What advertisers are interested in your nationally syndicated show?

We brought a lot of the people that we had locally into the syndicated show because we delivered well. We've had people on the air for years from the Vermont Teddy Bear, Lobster Gram to The Sharper Image to Flowers.com to a bunch of others. And it's only because I understand this is a business and people pay good money in their advertising rates and I've always understood that you try and get them the best bang for their buck too. They way you do that is...well first of all, I won't endorse something that I don't believe in. And secondly, when I do believe in it, I let the audience know, that hey, these are good people, this is a good product, you want to get behind it and I let them know that they're supporting the show. And people respond, so we've been pretty fortunate in that way.

It seems to be more and more popular now to have conservative Talk show hosts on radio and now TV. Liberals really haven't had that sort of success...

Well, they already have—ABC, NBC, CBS and CNN—what else do they want?

Well, even now Bill O'Reilly looks like he may get signed. What do you think of this sea change where everybody seems to be flocking to the conservative hosts?

Well I think Bill would tell you that he's not a conservative, and it's interesting to see what he does. And I think he views himself more as a journalist, so that would perhaps be a change in the genre somewhat...

Tell us about your great dynamic with Alan Colmes on Fox News Channel's "Hannity and Colmes." How did it come about?

It just evolves. One of the things, we've always had the ability to step out of that "format" of a debate show, whether we're interviewing the former Prime Minister of Britain **Major** or former Prime Minister Netanyahu or last night Queen **Noor** of Jordan. We have the ability to step out of a debate show and do news or do information. I think that has always been pretty unique about our show, where a lot of shows have this set formula that they can't seem to get out of. We've been successful doing both.

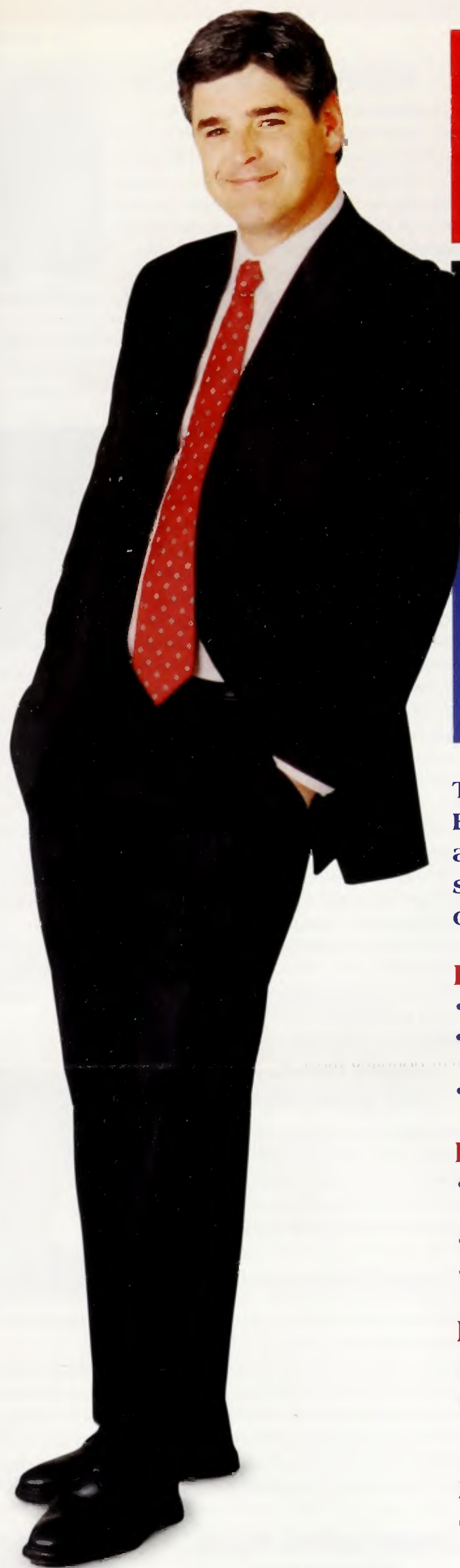
I think the bottom line of it all is that Alan and I get along personally. We don't agree, but we respect each other. It's not personal, it never has been and never will be. We don't hesitate at any point in the show during a heated debate, you know, to stand back and laugh at ourselves. And the audience sort of gets it.

Favorite guests of all time?

I love them all. Honestly. I love smart people, obviously, like Newt and Netanyahu and certainly the President whom I've interviewed and the Vice President. But just the whole package of interviewing, from pundits to everyday people who are in the news to queens and kings. For me, just being there in the midst of stuff and finding out what people think, I enjoy that.

How do you compare and contrast radio and TV?

With radio, you've got to be a little hotter. I think TV images are more powerful than radio. Radio by nature you're hotter. You have the ability to use images in TV which can just tell a story—you can give a wink or a nod and that tells a story or conveys a sentiment. And I don't know why, but I naturally go into radio mode and TV mode and there is a difference.



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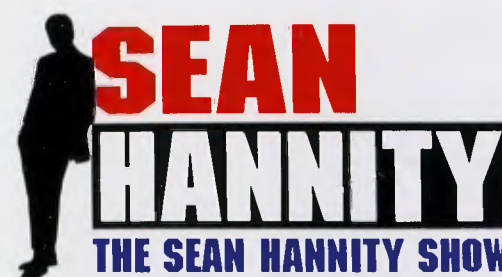
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Mel and Lowry press for more dereg

Being the only radio groups with over \$1B in annual billings isn't enough for Clear Channel (N:CCU) CEO **Lowry Mays** and Viacom (N:VIA) President **Mel Karmazin**. Both made pitches for being able to own more stations in a single market in their presentations to the UBS Warburg conference.

"Right now there's an arbitrary number that one company can own in one market of eight. Why eight, why not 12?" Karmazin asked. He said that to foster competition in the largest markets, only four or five owners are needed. Thus, he said, a single company should be able to own 25-30% of the signals, regardless of number.

"We believe very strongly there should be further deregulation in the radio sector," Mays said. He called for elimination of the rule barring in-market cross-ownership of newspapers and broadcast properties, although Mays noted that Clear Channel has no interest in buying newspapers.

Radio group heads squint to see light at the end of the tunnel

Like Lake Wobegon, "where all of the children are above average," every radio group has figured out how to play the numbers to demonstrate to Wall Street that they are outperforming the industry average in this tough year. But what they weren't willing to say at last week's competing New York me-



David Field

dia conferences—UBS Warburg's 29th annual at the Grand Hyatt and CS First Boston's at the Plaza—was what their companies will look for revenues and cash flow in 2002.

"In the last few weeks something fundamental has changed. Infinity—and I hate to talk about a competitor—Infinity has stepped up as an industry leader,"

said Entercom (N:ETM) President **David Field** at the CS First Boston confab. He went on to applaud Infinity President **Farid Suleman** and his boss, Viacom (N:VIA) President **Mel Karmazin** for insisting that Infinity radio stations get higher rates for their inventory. "What Infinity has done in the last couple of weeks is a great wake-up call for the industry and I think it's an important show of leadership," Field repeated a few minutes later.



Mel Karmazin

"It is totally unacceptable for our sales people to sell advertising, beginning in the first quarter of 2002, at lower rates than we got in 2001," Karmazin said at the UBS conference. "We can't control what our competitors do, but we hope they'll do the same."

Noting the thick Sunday newspapers he'd observed the previ-

ous day, Karmazin declared, "It's an embarrassment to the radio industry that we're not having a better fourth quarter."

"We're seeing early signs of positive comps in January," Radio One (O:ROIA) CFO **Scott Royster** told the CSFB conference—the first time in a long time that any month is pacing ahead of the previous year. But Royster also warned that there was no guarantee that the trend would hold.

"We've seen false starts before. We had one in the third quarter," CEO **Alfred Liggins** warned.

"Viacom is already climbing out of the slump,"

CEO **Sumner Redstone** declared to the CSFB conference. While many forecasters are theorizing that the economic recovery will come in the second half of 2002, Redstone said he expects it to come sooner—in the first or second quarter of the year.

Commenting specifically on the situation at Viacom's Infinity Radio unit, Redstone reported evidence of an upturn. "While we have cut prices for the first time, we are now having consecutive weeks where Infinity Radio is up," he said.

No matter what happens in the broader economy, Redstone insisted that Viacom is a unique company and will outperform its competitors in any environment. He repeated the company's recent announcement that it will expand its national cross-platform ad sales operation, known as Viacom Plus, to sell its radio, TV, outdoor and other offerings in multi-media packages at the local and regional level. Redstone hailed the success of cross-platform selling as an unexpected offshoot of the Viacom-CBS merg-

"I did not ever conceive of what we would call cross-selling," Redone said of the merger, which he said had been driven strictly by the blue of the two companies' assets—but he's now an unabashed advocate of cross-selling. The CEO listed Viacom Plus success stories—Johnson & Johnson, Merrill Lynch, Kraft, Ditech, DaimlerChrysler, Fidelity and the biggest to date, a \$300M multi-platform deal with Procter & Gamble. "That was just the beginning," Redstone said of the P&G deal, indicating that even bigger deals are likely in the future.

"It is much more recognized and warmly received at Wall Street conferences than it is in reality on the street," Emmis (O:EMMS) CEO **Jeff Smulyan** said when asked about cross-platform selling at the UBS conference. "Sure, you can always sell a package if you want to give it away," he added.

Hispanic expects boost from Census numbers

Regardless of what the economy does, Hispanic Broadcasting Corporation (N:HSP) CEO **Mack Tichenor** is counting on a boost from implementation of the 2000 census numbers. As a result of the census, Arbitron is adjusting Hispanic waiting upward by about 10% in the ten largest US Hispanic markets. What that means Tichenor told the UBS Warburg media conference is that ratings for Hispanic stations are going to go up in numbers about in line with those adjustments.

Hispanic Broadcasting CFO **Jeff Henson** told the UBS Warburg conference that 2002 could be a big year for acquisitions. "We see sales of radio stations declining as revenues come down and multiples come down," Henson said. So, more stations will be for sale at or near stick value prices. And that plays right into Hispanic Broadcasting's trademark practice of buying English stations in big Hispanic markets to flip to Spanish formats.

Smulyan confirms interest in Denver swap

CEO **Jeff Smulyan** says Emmis Communications (O:EMMS) is looking to divest some non-core assets to reduce its debt leverage. While he didn't identify what assets Emmis might want to part with, he did confirm speculation seen in *RBR* and elsewhere that Emmis is interested in taking Tribune (N:TRIB) up on its offer to swap Tribune's Denver radio stations for TV assets. "It's certainly something we're going to look at," Smulyan said at the UBS conference. "They're nice properties and they would fit."

Smulyan indicated that Emmis is still working on plans to separate radio and TV assets so that Wall Street investors can have the pure radio investment that they want from Emmis. He didn't indicate how soon that might take place and said that the solution may surprise many people.

Ulloa wants to close revenue gap

Entravision (N:EVC) CEO **Walter Ulloa** told the UBS Warburg conference that if his company's Spanish TV and radio stations got the same rates as their English competitors, his company would be booking \$185 in additional annual revenues—so closing that gap through more aggressive selling and convincing advertisers of the value of the Hispanic market remain his top priorities. The biggest part of that gap is in radio where Ulloa calculates that Entravision's stations command 8.5% of the audience in their markets, but only 2.6% of revenues. That means the



Alfred Liggins



Sumner Redstone



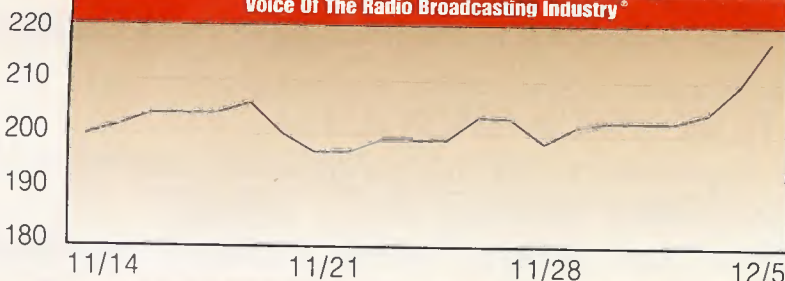
Mack Tichenor



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there's a \$15M gap between the \$54M that the stations are billing and the \$159M that he thinks they ought to have. Ulloa cited the creation of Lotus-Entravision steps as one step toward closing that gap and also said that all Spanish radio groups, not just his own, need to keep the heat on Arbitron to improve its methodology for measuring listening by Hispanics.

Dickey wants more big market stations

In the coming months, Cumulus Media (O:CMLS) will begin operating in its largest markets—Houston and Kansas City—but without buying a station in either market. Rather, the company has engineered move-ins from small markets—Beaumont to Houston and Topeka to Kansas City—as a way to increase the value of some of their properties.

"We've got a few more that we're working on right now," CEO **Lew Dickey** told the UBS Warburg conference. He noted that Cumulus' cost for the KATD-FM move-in in Houston will total only about \$10M, while a similar signal in the same market, KQQK-FM, was recently purchased by Hispanic Broadcasting (N:HSP) for \$80M.

Beasley watching the calendar

Regardless of how soon the US economic recovery comes, **George Beasley** knows that WQAM-AM Miami will be rid of its costly pro sports contracts by next spring. That, he told the UBS Warburg Media Conference, will improve the station's cash flow margin from 20% to 39%. CEO Beasley was also optimistic about growth prospects for Beasley Broadcast Group's (O:BBGI) other big market, Philadelphia, where it defines all of its stations as being in the "developing stage," since all are operating below 40% cash flow margin. "Turnarounds are not new to us," Beasley noted, given that he's now entering his fifth decade in the radio business.

Asked by an audience member when the company would have its Philadelphia stations operating as "mature and satisfactory" properties, CFO **Carol Beasley** replied, "Up to mature and satisfactory, I think it will be beyond 2002." Co-COO **Bruce Beasley** chimed in that Country WXTU-FM (almost to the 40% mark now, but that the company's new 80s Hits station, WPTP-FM, will not reach the mark until sometime after 2002.

Entercom adds Carolina combo

Entercom (O:ETM) has a \$20.5M deal to buy WPET-AM & WKSI-FM from Bahakel Communications. The deal, which includes an LMA beginning 12/5, will give Entercom a match with Clear Channel (N:CCU) for station count in the Greensboro, NC market—six each. However, CCU will still have one more FM (5 FMs/1 AM), with Entercom having four FMs and two AMs. **Broker: Elliot Evers**, Media Venture Partners

Upstate upstart for Radio Disney

Disney (N:DIS), via its subsidiary ABC Radio, has found yet another home for its Radio Disney Children's format. This time, it will be WGNA-AM in the Albany/Schenectady-Troy market. It will be an O&O, not just an affiliate, as seller Regent Communications has decided to cash in on the underutilized AM, which has been simulcasting the Country format of market-leader WGNA-FM to little effect (at least as measured by Arbitron). The station, operating with a good 5 kw signal day and night (directional after dark) from 1460 kHz, is going for \$2M. Albany becomes the 47th market for the format. **Broker: William B. Schutz, Jr.**—DS

Regent no longer covets Covenant stations

That's because it's buying them. Regent Communications (O:RGCI) is plunking down \$1.3M cash for WLSP-AM & WRXF-FM in the Flint MI market. The deal with Covenant Communications Corp. will bump up Regent's existing superduopoly to two AMs and four FMs, but will still leave it some distance behind the market-leading cluster of Cumulus (O:CMLS). Regent has already begun operating the stations in an LMA.

There was a strategic element to the deal to strengthen Regent's Flint cluster. To wit, the sale of WGNA-AM Albany NY to ABC Radio for \$2M (see story above), spinning off a station which was simply simulcasting an FM station, more than funded the Flint acquisition.

Speaking of the Flint deal, Regent Chairman/CEO **Terry Jacobs** said, "This full-inquisition will enable us to further drive results by taking advantage of the revenue and cost synergies that market clustering affords. Combined with the sale of one of our AM signals in Albany, we have strengthened our portfolio without impacting our balance sheet." **Brokers: Gorge R. Reed, Scott M. Knoblauch, Eddie Esserman**, Media Services Group, for Covenant—DS

SBS surpasses guidance

Spanish Broadcasting System (O:SBSA) released Q4 2001 and year-end results (SBS's fiscal year ends in September), and it did better than it had expected. Net revenues were up for the quarter, going from just under \$34 to just over \$36M; 2000 revenue of \$122.7M was bested by 2001's \$134.3M performance.

Q4 broadcast cash flow came in at \$14.5M, a 15% drop from the previous year; EBITDA, at \$11.5M, dropped 21%. For the year, BCF was down 23% to \$50M, while EBITDA was down 11% to \$39.5M.

Despite the red ink, which is being used by almost every public radio company, SBS was pleased with the results, which were somewhat better than expected.

Chairman/CEO **Raul Alarcon** said, "Throughout this economically challenging period, we have continued to invest in our management, programming and sales efforts. These investments are beginning to pay off. Our strong management team has been very successful in implementing our growth strategy, which is evidenced by the growth in market share and increased ratings in key markets, particularly New York, Los Angeles and Chicago."

A key event for the company was the start-up of KXOL-FM in Los Angeles 4/31/01.—DS

Television Business Report™

Paxson plays hardball with NBC

Paxson Communications (A:PAX) has taken action against its partner, General Electric's (N:GE) NBC, over NBC's nearly \$3B deal to acquire Telemundo. At the UBS Warburg Media Conference in New York (12/5), Paxson President **Jeff Sagansky** said that NBC's 1999 deal to invest \$415M in Paxson with options to take that stake to 49% as early as next year bound both companies to not create any new regulatory barriers to an eventual merger. "With the Telemundo transaction, NBC creates huge new regulatory hurdles," Sagansky said.

After two weeks of negotiations led nowhere, Paxson initiated binding arbitration under terms of the 1999 agreement and hired super-lawyer **David Bois** to represent it in the battle with NBC. At the same time, Paxson filed two petitions with the FCC. The first asks the Commission to rule on whether NBC already holds an attributable interest in Paxson, which would block any Telemundo acquisition (RBR note: And put NBC over the FCC's 35% audience cap). The other petition asks the FCC to deny the Telemundo acquisition because of the conflict with NBC's existing contractual obligations to Paxson.

Sagansky didn't appear worried about seeing the deal with NBC fall apart, since Paxson's management believes the company is worth considerably more now than when **Bud Paxson** did the deal with NBC two years ago. "If it comes to an unwind, which is a likely possibility, we will find a new partner, or more likely a buyer," Sagansky said. Based on the prices paid in other recent sales of large TV groups and cable networks, Sagansky indicated that the stick value of Paxson's distribution network (its terrestrial stations, cable distribution and satellite coverage) is worth over \$3.3B—even before attaching any value to the PAX network and potential spectrum buyouts from the FCC's coming 700 MHz auction.

RBR observation: Paxson is betting that other media giants are now in the hunt for large TV platforms after the recent moves by Viacom (N:VIA) and News Corp. (N:NWS) to break through the 35% audience cap. If that cap were to be wiped out—which Sagansky and many others in the TV industry believe a federal court may do this month—any and all of the big four networks could be interested in bidding for PAX. Viacom, News Corp. and NBC would face divestiture issues in markets where that would give them three TV stations, but Disney (N:DIS) has no TV duopolies. Another media giant—AOL Time-Warner (N:AOL)—owns the WB network, but has only one TV station of its own. However, it would be blocked from buying Paxson so long as the FCC's rule against owning a cable system and a TV station market in the same market stands.—JM

New suitor for Paxson?

According to a Reuters report, Hollywood studio Metro-Goldwyn-Mayer Inc. has expressed an interest in the Paxson group of television stations. Said MGM CEO **Alex Yemenidjian**, "Paxson would fit very well with MGM at the right price and the right structure. It would take our television business to a different level." In particular, it would provide a ready-made outlet for MGM's library of television programs.—DS

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FYI from RBR

Due to the holiday calendar RBR will not be printing the weekly on December 24 and December 31st. The next issue will be January 7th, 2002.

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Sean Hannity: a rising star shines for national radio

Outspoken, intelligent, hard-working and principled—that's **Sean Hannity**. His broadcast-centric career began in college radio and quickly transitioned to hosting Talk programs in WYNN-AM Huntsville and later WGST Atlanta. Hannity leap-frogged over to TV in '96 to co-host "Hannity and Colmes" at Fox News Channel. That success landed him the afternoon drive slot on WABC-AM NY shortly thereafter. He most recently took "The Sean Hannity Show" national with ABC Radio Networks in September (*RBR* 9/3, p.4) and it's clearing like gangbusters.

How did Hannity get so far so quickly? His youthful, yet professional approach, seasoned with intense political commentary connects with listeners, viewers and top newsmakers alike, including President **Bush**, V.P. **Dick Cheney**, Rev. **Jesse Jackson**, **Steve Forbes**, **Newt Gingrich**, Mayor **Rudy Giuliani**, **Benjamin Netanyahu**, **Ken Starr**, members of Congress and the list goes on. The topic-driven radio show provides a daily perspective from the right on breaking developments and the American agenda, as we know it after 9/11. Hannity, as he tells us, is soon to be in nine of the Top 10 radio markets with 75 affiliates.

Tell us about how college radio got you hooked on the medium.

I started at the University of California, Santa Barbara. KCSB is the station. As you might expect from a university station from the California system, it was fairly left-leaning. I was a guy who liked Reagan and Bush, so I didn't last too long. I was fired, I think within 40 on-air hours. Which was okay, but, once I got behind a mike, in my case, it just hooked me. So, I decided I'd try and get a job and specifically in Talk radio. I wasn't really interested in music radio. I loved politics. I used to listen to late night talk radio in New York, the real pioneers of the talk industry like **Barry Gray** and **Barry Farber** and later **Bob Grant** and even later still **Rush** and just loved it. So, I put an ad in *Radio and Records* and decided if anyone would even give me a shot I'd go there. I got a call one day from Huntsville, AL and I was hired over the phone. I packed everything I had in the back of a van that I had and drove cross country. I arrived on a Saturday and was on the air that Monday on WYNN, coincidentally at 770 on the AM dial.

So that was sort of your big break in commercial radio.

That was my big break in commercial radio. I spent just a little under two years there. **Neil Boortz** was hosting on WGST 9 to noon everyday and he made the switch to WSB in Atlanta and then that created an opening. Actually, people who traveled back and forth between Huntsville and Atlanta called the Atlanta radio station and said, 'hire the guy in Huntsville, he's pretty good.' So, they called me, brought me in for an audition and I got the job.

When you were honing your skills on Talk radio, what did you first discover that seemed to be the main draw for people about your personality or about the way you handled yourself on air?

Well, I would argue that I've evolved as I've been on the air. I think I was more abrasive, confrontational, combative when I started out. When you're 40 years old, that schtick gets a little old. So I evolved and it's more information and entertainment oriented. I find that you get a lot more being nice to people than hanging up on them on a radio

show. It's just been part of a natural evolution over time. It just happens, when you start in radio you can't teach anybody to do this, you just develop. You can't fake it either. I don't think you can be on the radio for three hours a day or on TV and fake it everyday. Who you are has to come out. People have to like that one way or the other. They either have to like you because they like you or like you because they hate you. Either way it will work. But, they've got to feel something. When I got my start, I'll never forget, I was out in Santa Barbara and I remember I never wanted to go to work because I wanted to stay home all day and watch the Iran Contra Hearings. Then I put on the local talk radio station and this guy would just throw out, "Well, the hearings took place today. Does anybody have any comments?" And nobody would call in. Then I'd call in and start ranting about what a hero **Ollie North** is. He's since become a good friend, by the way. Then people would start responding, "I want to talk to that guy. Doesn't he understand that he's destroying the constitution?" And I'd call back and say, "Wait a minute, I want to respond to that guy." It was like I was hosting the show.

"Have you ever heard of following orders? That's exactly what he was doing."

Exactly, and it was a good idea, if you remember. It's a natural passion I have for politics and the issues of the day. And then coupled really with what you said, honing your skills. You don't start out as a great talk show host. As a matter of fact, I have the tapes to prove it.

Where do you see yourself in 20 years? Is there a goal that you're aiming at or are you already there?

I've never thought in those terms my entire life. I just try to live in the moment every day and do the best job that I can every single day. And then I figure that everything else will take care of itself after that. I mean I don't obsess over ratings. I say, "You build a good show, people will come." And that has worked for me in every market that I have been in. I spend my time focusing on the product and on that day's shows, and thinking a little bit ahead, "Well, what are going to do the rest of the week?" But beyond that, I can't tell you...wherever God has me, that's where I'll be.

To be honest, I'll be the first to tell you I never imagined that I would have the opportunities that I've had in the last five years and that I'd be able to capitalize on them. And I think that one of the things that works for me is I don't think I'm the most talented guy in radio by any stretch of the imagination, or TV for that matter. But I do work hard and I do realize an opportunity when I get one. And the only way you're going to make it work is if you work hard. And that means working the phones to book guests, that means spending the extra



hour or two on the Internet to find a good story that the audience will like that nobody else found. I think those principles are the principles of success.

How did your deal with ABC Radio Networks come about?

You know, it just was a natural progression. I guess the best way we could say that is we took over on afternoons [at WABC-AM NY] and the ratings were really, really low, hadn't been doing well. It was still suffering the effects of when Bob Grant was fired. They hadn't been able to pull afternoon drive out of the 2 share range. So I just came in there and said, "Look, I'm just going to do a different show. And I'm going to do my show and I'm going to do it my way." And it's paid off. We've hit the high water mark of around a 4.6—more than doubling the ratings in that period of time.

Yes, and in that city, that's a lot of people.

We sort of hover and average around a 4 share in the last year, so we've been very consistent. And [WABC-AM PD] **Phil Boyce** and I had talked about where we thought there were openings in syndication and we felt in afternoon drive there really was a niche that needed to be filled. And it just snowballed into a discussion and it seemed to work and the local ABC O&Os seemed to need some product. Really, it happened that quickly. One discussion became a meeting and a meeting became a contract and here we are. I think we're about 75 stations strong and we only launched September 10th. I think by the end of the year, we will have cleared nine of the Top 10 markets.

ABC Radio Networks announced just recently you had cleared 65 affiliates. Now you're already up to 75?

Yeah, but we're not announcing yet...we have four big announcements coming that I can't tell you about. You could figure it out if you look at our Top 10 list and see which ones are missing. They're all there though. There's only one market missing.

How did you handle 9/11? Your national show launches 9/10 and the next day this happens.

We couldn't even get into the city the next day, because I live out in Long Island and literally after these attacks, the city was shut down. We had to get a hook-up from a Long Island radio station, WLIR-FM. So we did the show from there that day commercial-free and we did what we do best. We got the top newsmakers, the top people in the country, administration officials. **Newt Gingrich** I remember was on that day, somebody from the mayor's office. We just walked through it as best we could. Took people's phone calls, gave our take on it, and that led to who did this, that led to fear of

other terror, that led to the anthrax scare, that led to the buildup to the war, through the war effort. Each step is something that a Talk audience would naturally want to talk about.

What advertisers are interested in your nationally syndicated show?

We brought a lot of the people that we had locally into the syndicated show because we delivered well. We've had people on the air for years from the Vermont Teddy Bear to Lobster Gram to The Sharper Image to Flowers.com to a bunch of others. And it's only because I understand this is a business and people pay good money in their advertising rates and I've always understood that you try and get them the best bang for their buck too. They way you do that is...well first of all, I won't endorse something that I don't believe in. And secondly, when I do believe in it, I let the audience know, that hey, these are good people, this is a good product, you want to get behind it and I let them know that they're supporting the show. And people respond, so we've been pretty fortunate in that way.

It seems to be more and more popular now to have conservative Talk show hosts on radio and now TV. Liberals really haven't had that sort of success...

Well, they already have—ABC, NBC, CBS and CNN—what else do they want?

Well, even now Bill O'Reilly looks like he may get signed. What do you think of this sea change where everybody seems to be flocking to the conservative hosts?

Well I think Bill would tell you that he's not a conservative, and it's interesting to see what he does. And I think he views himself more as a journalist, so that would perhaps be a change in the genre somewhat...

Tell us about your great dynamic with Alan Colmes on Fox News Channels' "Hannity and Colmes." How did it come about?

It just evolves. One of the things, we've always had the ability to step out of that "format" of a debate show, whether we're interviewing the former Prime Minister of Britain **Major** or former Prime Minister Netanyahu or last night Queen **Noor** of Jordan. We have the ability to step out of a debate show and do news or do information. I think that has always been pretty unique about our show, where a lot of shows have this set formula that they can't seem to get out of. We've been successful doing both.

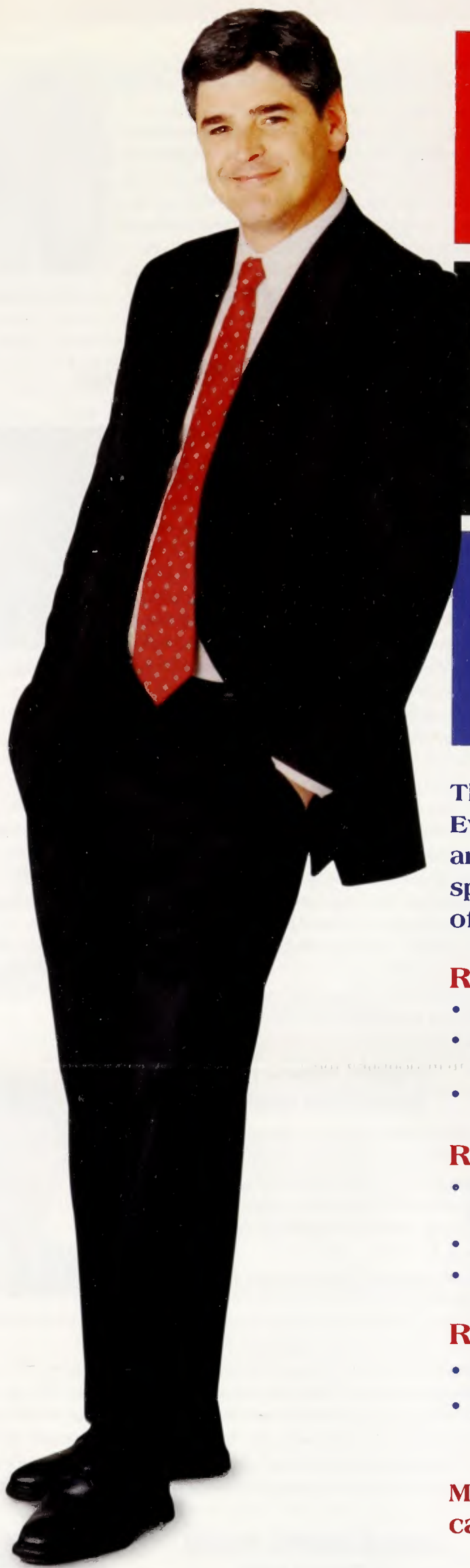
I think the bottom line of it all is that Alan and I get along personally. We don't agree, but we respect each other. It's not personal, it never has been and never will be. We don't hesitate at any point in the show during a heated debate, you know, to stand back and laugh at ourselves. And the audience sort of gets it.

Favorite guests of all time?

I love them all. Honestly. I love smart people, obviously, like Newt and Netanyahu and certainly the President whom I've interviewed and the Vice President. But just the whole package of interviewing, from pundits to everyday people who are in the news to queens and kings. For me, just being there in the midst of stuff and finding out what people think, I enjoy that.

How do you compare and contrast radio and TV?

With radio, you've got to be a little hotter. I think TV images are more powerful than radio. Radio by nature you're hotter. You have the ability to use images in TV which can just tell a story—you can give a wink or a nod and that tells a story or conveys a sentiment. And I don't know why, but I naturally go into radio mode and TV mode and there is a difference.



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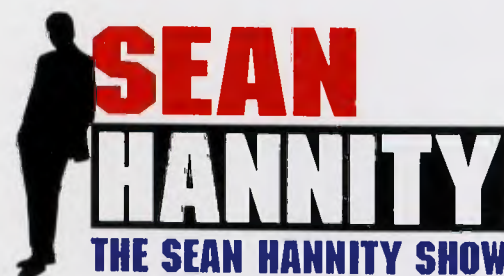
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Mel and Lowry press for more dereg

Being the only radio groups with over \$1B in annual billings isn't enough for Clear Channel (N:CCU) CEO **Lowry Mays** and Viacom (N:VIA) President **Mel Karmazin**. Both made pitches for being able to own more stations in a single market in their presentations to the UBS Warburg conference.

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Radio group heads squint to see light at the end of the tunnel

Like Lake Wobegon, "where all of the children are above average," every radio group has figured out how to play the numbers to demonstrate to Wall Street that they are outperforming the industry average in this tough year. But what they weren't willing to say at last week's competing New York me-



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said Entercom (N:ETM) President **David Field** at the CS First Boston confab. He went on to applaud Infinity President **Farid Suleman** and his boss, Viacom (N:VIA) President **Mel Karmazin** for insisting that Infinity radio stations get higher rates for their inventory. "What Infinity has done in the last couple of weeks is a great wake-up call for the industry and I think it's an important show of leadership," Field repeated a few minutes later.



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"Viacom is already climbing out of the slump,"

CEO **Sumner Redstone** declared to the CSFB conference. While many forecasters are theorizing that the economic recovery will come in the second half of 2002, Redstone said he expects it to come sooner—in the first or second quarter of the year.

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No matter what happens in the broader economy, Redstone insisted that Viacom is a unique company and will outperform its competitors in any environment. He repeated the company's recent announcement that it will expand its national cross-platform ad sales operation, known as Viacom Plus, to sell its radio, TV, outdoor and other offerings in multi-media packages at the local and regional level. Redstone hailed the success of cross-platform selling as an unexpected offshoot of the Viacom-CBS merger.

"I did not ever conceive of what we would call cross-selling," Redstone said of the merger, which he said had been driven strictly by the value of the two companies' assets—but he's now an unabashed advocate of cross-selling. The CEO listed Viacom Plus success stories—Johnson & Johnson, Merrill Lynch, Kraft, Ditech, DaimlerChrysler, Fidelity and the biggest to date, a \$300M multi-platform deal with Procter & Gamble. "That was just the beginning," Redstone said of the P&G deal, indicating that even bigger deals are likely in the future.

"It is much more recognized and warmly received at Wall Street conferences than it is in reality on the street," Emmis (O:EMMS) CEO **Jeff Smulyan** said when asked about cross-platform selling at the UBS conference. "Sure, you can always sell a package if you want to give it away," he added.



Alfred Liggins



Sumner Redstone

The Radio Index™

The Radio Index™ moved up 9.4 for the week to close 12/5 at 217.416.



Hispanic expects boost from Census numbers

Regardless of what the economy does, Hispanic Broadcasting Corporation (N:HSP) CEO **Mack Tichenor** is counting on a boost from implementation of the 2000 census numbers. As a result of the census, Arbitron is adjusting Hispanic waiting upward by about 10% in the ten largest US Hispanic markets. What that means Tichenor told the UBS Warburg media conference is that ratings for Hispanic stations are going to go up in numbers about in line with those adjustments.

Hispanic Broadcasting CFO **Jeff Henson** told the UBS Warburg conference that 2002 could be a big year for acquisitions. "We see values of radio stations declining as revenues come down and multiples come down," Henson said. So, more stations will be for sale at or near stick value prices. And that plays right into Hispanic Broadcasting's trademark practice of buying English stations in big Hispanic markets to flip to Spanish formats.



Mack Tichenor

Smulyan confirms interest in Denver swap

CEO **Jeff Smulyan** says Emmis Communications (O:EMMS) is looking to divest some non-core assets to reduce its debt leverage. While he didn't identify what assets Emmis might want to part with, he did confirm speculation seen in *RBR* and elsewhere that Emmis is interested in taking Tribune (N:TRB) up on its offer to swap Tribune's Denver radio stations for TV assets. "It's certainly something we're going to look at," Smulyan said at the UBS conference. "They're nice properties and they would fit."

Smulyan indicated that Emmis is still working on plans to separate its radio and TV assets so that Wall Street investors can have the pure play radio investment that they want from Emmis. He didn't indicate how soon that might take place and said that the solution may surprise many people.



Jeff Smulyan

Ulloa wants to close revenue gap

Entravision (N:EVC) CEO **Walter Ulloa** told the UBS Warburg conference that if his company's Spanish TV and radio stations got the same rates as their English competitors, his company would be booking \$185M in additional annual revenues—so closing that gap through more aggressive selling and convincing advertisers of the value of the Hispanic market remain his top priorities. The biggest part of that gap is in radio, where Ulloa calculates that Entravision's stations command 8.5% of the audience in their markets, but only 2.6% of revenues. That means that

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* Pending clearance under the Hart-Scott-Rodino Act, FCC and shareholder approval

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there's a \$105M gap between the \$54M that the stations are billing and the \$159M that he thinks they ought to have. Ulloa cited the creation of Lotus-Entravision Reps as one step toward closing that gap and also said that all Spanish radio groups, not just his own, need to keep the heat on Arbitron to improve its methodology for measuring listening by Hispanics.

Dickey wants more big market stations

In the coming months, Cumulus Media (O:CMLS) will begin operating in its largest markets—Houston and Kansas City—but without buying a station in either market. Rather, the company has engineered move-ins from smaller markets—Beaumont to Houston and Topeka to Kansas City—as a way to increase the value of some of their properties.

"We've got a few more that we're working on right now," CEO **Lew Dickey** told the UBS Warburg conference. He noted that Cumulus' cost for the KAYD-FM move-in in Houston will total only about \$10M, while a similar signal in the same market, KQKQ-FM, was recently purchased by Hispanic Broadcasting (N:HSP) for \$80M.

Beasley watching the calendar

Regardless of how soon the US economic recovery comes, **George Beasley** knows that WQAM-AM Miami will be rid of its costly pro sports contracts by next spring. That, he told the UBS Warburg Media Conference, will improve the station's cash flow margin from 20% to 30%. CEO Beasley was also optimistic about growth prospects for Beasley Broadcast Group's (O:BBGI) other big market, Philadelphia, where it defines all of its stations as being in the "developing stage," since all are operating below 40% cash flow margins. "Turnarounds are not new to us," Beasley noted, given that he's now entering his fifth decade in the radio business.

Asked by an audience member when the company would have its Philadelphia stations operating as "mature and satisfactory" properties, CFO **Caroline Beasley** replied, "Up to mature and satisfactory, I think it will be beyond 2002." Co-COO **Bruce Beasley** chimed in that Country WXTU-FM is almost to the 40% mark now, but that the company's new 80s Hits station, WPTP-FM, will not reach the mark until sometime after 2002.

Entercom adds Carolina combo

Entercom (N:ETM) has a \$20.5M deal to buy WPET-AM & WKSJ-FM from Bahakel Communications. The deal, which includes an LMA beginning 12/5, will give Entercom a match with Clear Channel (N:CCU) for station count in the Greensboro, NC market—six each. However, CCU will still have one more FM (5 FMs/1 AM), with Entercom having four FMs and two AMs. **Broker: Elliot Evers**, Media Venture Partners

Upstate upstart for Radio Disney

Disney (N:DIS), via its subsidiary ABC Radio, has found yet another home for its Radio Disney Children's format. This time, it will be WGNA-AM in the Albany-Schenectady-Troy market. It will be an O&O, not just an affiliate, as seller Regent Communications has decided to cash in on the underutilized AM, which has been simulcasting the Country format of market-leading WGNA-FM to little effect (at least as measured by Arbitron). The station, operating with a good 5 kw signal day and night (directional after dark) from 1460 kHz, is going for \$2M. Albany becomes the 47th market for the format. **Broker: William B. Schutz, Jr.—DS**

Regent no longer covets Covenant stations

That's because it's buying them. Regent Communications (O:RGCI) is plunking down \$1.3M cash for WLSP-AM & WRXF-FM in the Flint MI market. The deal with Covenant Communications Corp. will bump up Regent's existing superduopoly to two AMs and four FMs, but will still leave it some distance behind the market-leading cluster of Cumulus (O:CMLS). Regent has already begun operating the stations in an LMA.

There was a strategic element to the deal to strengthen Regent's Flint cluster. To wit, the sale of WGNA-AM Albany NY to ABC Radio for \$2M (see story above), spinning off a station which was simply simulcasting an FM station, more than funded the Flint acquisition.

Speaking of the Flint deal, Regent Chairman/CEO **Terry Jacobs** said, "This fill-in acquisition will enable us to further drive results by taking advantage of the revenue and cost synergies that market clustering affords. Combined with the sale of one of our AM signals in Albany, we have strengthened our portfolio without impacting our balance sheet." **Brokers: George R. Reed, Scott M. Knoblauch, Eddie Esserman**, Media Services Group, for Covenant—DS

SBS surpasses guidance

Spanish Broadcasting System (O:SBSA) released Q4 2001 and year-end results (SBS's fiscal year ends in September), and it did better than it had expected. Net revenues were up for the quarter, going from just under \$34M to just over \$36M; 2000 revenue of \$122.7M was bested by 2001's \$134.3M performance.

Q4 broadcast cash flow came in at \$14.5M, a 15% drop from the previous year; EBITDA, at \$11.5M, dropped 21%. For the year, BCF was down 23% to \$50M, while EBITDA was down 11% to \$39.5M.

Despite the red ink, which is being used by almost every public radio company, SBS was pleased with the results, which were somewhat better than expected.

Chairman/CEO **Raul Alarcon** said, "Throughout this economically challenging period, we have continued to invest in our management, programming and sales efforts. These investments are beginning to pay off. Our strong management team has been very successful in implementing our growth strategy, which is evidenced by the growth in market share and increased ratings in key markets, particularly New York, Los Angeles and Chicago."

A key event for the company was the start-up of KXOL-FM in Los Angeles 4/31/01.—DS

Television Business Report™

Paxson plays hardball with NBC

Paxson Communications (A:PAX) has taken action against its partner, General Electric's (N:GE) NBC, over NBC's nearly \$3B deal to acquire Telemundo. At the UBS Warburg Media Conference in New York (12/5), Paxson President **Jeff Sagansky** said that NBC's 1999 deal to invest \$415M in Paxson with options to take that stake to 49% as early as next year bound both companies to not create any new regulatory barriers to an eventual merger. "With the Telemundo transaction, NBC creates huge new regulatory hurdles," Sagansky said.

After two weeks of negotiations led nowhere, Paxson initiated binding arbitration under terms of the 1999 agreement and hired super-lawyer **David Boies** to represent it in the battle with NBC. At the same time, Paxson filed two petitions with the FCC. The first asks the Commission to rule on whether NBC already holds an attributable interest in Paxson, which would block any Telemundo acquisition (RBR note: And put NBC over the FCC's 35% audience cap). The other petition asks the FCC to deny the Telemundo acquisition because of the conflict with NBC's existing contractual obligations to Paxson.

Sagansky didn't appear worried about seeing the deal with NBC fall apart, since Paxson's management believes the company is worth considerably more now than when **Bud Paxson** did the deal with NBC two years ago. "If it comes to an unwind, which is a likely possibility, we will find a new partner, or more likely a buyer," Sagansky said. Based on the prices paid in other recent sales of large TV groups and cable networks, Sagansky indicated that the stick value of Paxson's distribution network (its terrestrial stations, cable distribution and satellite coverage) is worth over \$3.3B—even before attaching any value to the PAX network and potential spectrum buyouts from the FCC's coming 700 MHz auction.

RBR observation: Paxson is betting that other media giants are now in the hunt for large TV platforms after the recent moves by Viacom (N:VIA) and News Corp. (N:NWS) to break through the 35% audience cap. If that cap were to be wiped out—which Sagansky and many others in the TV industry believe a federal court may do this month—any and all of the big four networks could be interested in bidding for PAX. Viacom, News Corp. and NBC would face divestiture issues in markets where that would give them three TV stations, but Disney (N:DIS) has no TV duopolies. Another media giant—AOL Time-Warner (N:AOL)—owns the WB network, but has only one TV station of its own. However, it would be blocked from buying Paxson so long as the FCC's rule against owning a cable system and a TV station market in the same market stands.—JM

New suitor for Paxson?

According to a Reuters report, Hollywood studio Metro-Goldwyn-Mayer Inc. has expressed an interest in the Paxson group of television stations. Said MGM CEO **Alex Yemenidjian**, "Paxson would fit very well with MGM at the right price and the right structure. It would take our television business to a different level." In particular, it would provide a ready-made outlet for MGM's library of television programs.—DS

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FYI from RBR

Due to the holiday calendar RBR will not be printing the weekly on December 24 and December 31st. The next issue will be January 7th, 2002.

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Hispanic Broadcasting CFO **Jeff Henson** told the UBS Warburg conference that 2002 could be a big year for acquisitions. "We see values of radio stations declining as revenues come down and multiples come down," Henson said. So, more stations will be for sale at or near stick value prices. And that plays right into Hispanic Broadcasting's trademark practice of buying English stations in big Hispanic markets to flip to Spanish formats.

Smulyan confirms interest in Denver swap

CEO **Jeff Smulyan** says Emmis Communications (O:EMMS) is looking to divest some non-core assets to reduce its debt leverage. While he didn't identify what assets Emmis might want to part with, he did confirm speculation seen in RBR and elsewhere that Emmis is interested in taking Tribune (N:TRB) up on its offer to swap Tribune's Denver radio stations for TV assets. "It's certainly something we're going to look at," Smulyan said at the UBS conference. "They're nice properties and they would fit."

Smulyan indicated that Emmis is still working on plans to separate its radio and TV assets so that Wall Street investors can have the pure play radio investment that they want from Emmis. He didn't indicate how soon that might take place and said that the solution may surprise many people.



Mack Tichenor



Jeff Smulyan

Ulloa wants to close revenue gap

Entravision (N:EVC) CEO **Walter Ulloa** told the UBS Warburg conference that if his company's Spanish TV and radio stations got the same rates as their English competitors, his company would be booking \$185M in additional annual revenues—so closing that gap through more aggressive selling and convincing advertisers of the value of the Hispanic market remain his top priorities. The biggest part of that gap is in radio, where Ulloa calculates that Entravision's stations command 8.5% of the audience in their markets, but only 2.6% of revenues. That means that

Cumulus Media, Inc.

has agreed to purchase radio stations

WQQK-FM, WNPL-FM and WRQQ-FM

Nashville, Tennessee

from

DBBC, LCC

for stock and assumed debt valued at approximately

\$84.0 Million*

George R. Reed of Media Services Group advised DBBC, LLC in this transaction.

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* Pending clearance under the Hart-Scott-Rodino Act, FCC and shareholder approval

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there's a \$105M gap between the \$54M that the stations are billing and the \$159M that he thinks they ought to have. Ulloa cited the creation of Lotus-Entravision Reps as one step toward closing that gap and also said that all Spanish radio groups, not just his own, need to keep the heat on Arbitron to improve its methodology for measuring listening by Hispanics.

Dickey wants more big market stations

In the coming months, Cumulus Media (O:CMLS) will begin operating in its largest markets—Houston and Kansas City—but without buying a station in either market. Rather, the company has engineered move-ins from smaller markets—Beaumont to Houston and Topeka to Kansas City—as a way to increase the value of some of their properties.

"We've got a few more that we're working on right now," CEO **Lew Dickey** told the UBS Warburg conference. He noted that Cumulus' cost for the KAYD-FM move-in in Houston will total only about \$10M, while a similar signal in the same market, KQQK-FM, was recently purchased by Hispanic Broadcasting (N:HSP) for \$80M.

Beasley watching the calendar

Regardless of how soon the US economic recovery comes, **George Beasley** knows that WQAM-AM Miami will be rid of its costly pro sports contracts by next spring. That, he told the UBS Warburg Media Conference, will improve the station's cash flow margin from 20% to 39%. CEO Beasley was also optimistic about growth prospects for Beasley Broadcast Group's (O:BBGI) other big market, Philadelphia, where it defines all of its stations as being in the "developing stage," since all are operating below 40% cash flow margins. "Turnarounds are not new to us," Beasley noted, given that he's now entering his fifth decade in the radio business.

Asked by an audience member when the company would have its Philadelphia stations operating as "mature and satisfactory" properties, CFO **Caroline Beasley** replied, "Up to mature and satisfactory, I think it will be beyond 2002." Co-COO **Bruce Beasley** chimed in that Country WXTU-FM is almost to the 40% mark now, but that the company's new 80s Hits station, WPTP-FM, will not reach the mark until sometime after 2002.

Entercom adds Carolina combo

Entercom (N:ETM) has a \$20.5M deal to buy WPET-AM & WKSI-FM from Bahakel Communications. The deal, which includes an LMA beginning 12/5, will give Entercom a match with Clear Channel (N:CCU) for station count in the Greensboro, NC market—six each. However, CCU will still have one more FM (5 FMs/1 AM), with Entercom having four FMs and two AMs. **Broker: Elliot Evers**, Media Venture Partners

Upstate upstart for Radio Disney

Disney (N:DIS), via its subsidiary ABC Radio, has found yet another home for its Radio Disney Children's format. This time, it will be WGNA-AM in the Albany-Schenectady-Troy market. It will be an O&O, not just an affiliate, as seller Regent Communications has decided to cash in on the underutilized AM, which has been simulcasting the Country format of market-leading WGNA-FM to little effect (at least as measured by Arbitron). The station, operating with a good 5 kw signal day and night (directional after dark) from 1460 kHz, is going for \$2M. Albany becomes the 47th market for the format. **Broker: William B. Schutz, Jr.**—DS

Regent no longer covets Covenant stations

That's because it's buying them. Regent Communications (O:RGCI) is plunking down \$1.3M cash for WLSP-AM & WRXF-FM in the Flint MI market. The deal with Covenant Communications Corp. will bump up Regent's existing superduopoly to two AMs and four FMs, but will still leave it some distance behind the market-leading cluster of Cumulus (O:CMLS). Regent has already begun operating the stations in an LMA.

There was a strategic element to the deal to strengthen Regent's Flint cluster. To wit, the sale of WGNA-AM Albany NY to ABC Radio for \$2M (see story above), spinning off a station which was simply simulcasting an FM station, more than funded the Flint acquisition.

Speaking of the Flint deal, Regent Chairman/CEO **Terry Jacobs** said, "This fill-in acquisition will enable us to further drive results by taking advantage of the revenue and cost synergies that market clustering affords. Combined with the sale of one of our AM signals in Albany, we have strengthened our portfolio without impacting our balance sheet." **Brokers: George R. Reed, Scott M. Knoblauch, Eddie Esserman**, Media Services Group, for Covenant—DS

SBS surpasses guidance

Spanish Broadcasting System (O:SBBSA) released Q4 2001 and year-end results (SBS's fiscal year ends in September), and it did better than it had expected. Net revenues were up for the quarter, going from just under \$34M to just over \$36M; 2000 revenue of \$122.7M was bested by 2001's \$134.3M performance.

Q4 broadcast cash flow came in at \$14.5M, a 15% drop from the previous year; EBITDA, at \$11.5M, dropped 21%. For the year, BCF was down 23% to \$50M, while EBITDA was down 11% to \$39.5M.

Despite the red ink, which is being used by almost every public radio company, SBS was pleased with the results, which were somewhat better than expected.

Chairman/CEO **Raul Alarcon** said, "Throughout this economically challenging period, we have continued to invest in our management, programming and sales efforts. These investments are beginning to pay off. Our strong management team has been very successful in implementing our growth strategy, which is evidenced by the growth in market share and increased ratings in key markets, particularly New York, Los Angeles and Chicago."

A key event for the company was the start-up KXOL-FM in Los Angeles 4/31/01.—DS

Television Business Report™

Paxson plays hardball with NBC

Paxson Communications (A:PAX) has taken action against its partner, General Electric's (N:GE) NBC, over NBC's nearly \$3B deal to acquire Telemundo. At the UBS Warburg Media Conference in New York (12/5), Paxson President **Jeff Sagansky** said that NBC's 1999 deal to invest \$415M in Paxson with options to take that stake to 49% as early as next year bound both companies to not create any new regulatory barriers to an eventual merger. "With the Telemundo transaction, NBC creates huge new regulatory hurdles," Sagansky said.

After two weeks of negotiations led nowhere, Paxson initiated binding arbitration under terms of the 1999 agreement and hired super-lawyer **David Boies** to represent it in the battle with NBC. At the same time, Paxson filed two petitions with the FCC. The first asks the Commission to rule on whether NBC already holds an attributable interest in Paxson, which would block any Telemundo acquisition (RBR note: And put NBC over the FCC's 35% audience cap). The other petition asks the FCC to deny the Telemundo acquisition because of the conflict with NBC's existing contractual obligations to Paxson.

Sagansky didn't appear worried about seeing the deal with NBC fall apart, since Paxson's management believes the company is worth considerably more now than when **Bud Paxson** did the deal with NBC two years ago. "If it comes to an unwind, which is a likely possibility, we will find a new partner, or more likely a buyer," Sagansky said. Based on the prices paid in other recent sales of large TV groups and cable networks, Sagansky indicated that the stick value of Paxson's distribution network (its terrestrial stations, cable distribution and satellite coverage) is worth over \$3.3B—even before attaching any value to the PAX network and potential spectrum buyouts from the FCC's coming 700 MHz auction.

RBR observation: Paxson is betting that other media giants are now in the hunt for large TV platforms after the recent moves by Viacom (N:VIA) and News Corp. (N:NWS) to break through the 35% audience cap. If that cap were to be wiped out—which Sagansky and many others in the TV industry believe a federal court may do this month—any and all of the big four networks could be interested in bidding for PAX. Viacom, News Corp. and NBC would face divestiture issues in markets where that would give them three TV stations, but Disney (N:DIS) has no TV duopolies. Another media giant—AOL Time-Warner (N:AOL)—owns the WB network, but has only one TV station of its own. However, it would be blocked from buying Paxson so long as the FCC's rule against owning a cable system and a TV station market in the same market stands.—JM

New suitor for Paxson?

According to a Reuters report, Hollywood studio Metro-Goldwyn-Mayer Inc. has expressed an interest in the Paxson group of television stations. Said MGM CEO **Alex Yemenidjian**, "Paxson would fit very well with MGM at the right price and the right structure. It would take our television business to a different level." In particular, it would provide a ready-made outlet for MGM's library of television programs.—DS

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FYI from RBR

Due to the holiday calendar RBR will not be printing the weekly on December 24 and December 31st. The next issue will be January 7th, 2002.

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Latest gear for Holiday remotes

The holidays are kicking in—a big time of the year for remotes. While cell phones may have been the biggest breakthrough yet in remote science, remote equipment vendors have made some serious revolutions of their own. Whether your remotes are delivered via POTS lines ("Plain Old Telephone Service"), ISDN, Inmarsat/satellite, wireless codec, analog RPU (Remote Pickup Unit) or all of the above, we asked the remote solutions providers to detail their newest gear, and the headaches they can prevent.

One can hardly say "remote" without thinking of Broadcast Electronics' Marti division. Marti was, in fact, the first company to make remotes a common phenomenon back in the 60's and 70's. "We do about 12 remotes a week. We use Marti systems. We don't use phone lines. If we use phone lines, we have them installed by the telephone company. But those are few and far between," explains KYLD-FM/KMEL-FM San Francisco Promotions and Special Events Director **Carlos Pedraza**.

Marti introduced two new remote products at the Spring NAB, both of which appeal to different remote broadcasting methods. The first is the latest in Marti's RF remote products, the SRPT-40A. "This is a new 40-watt frequency-agile RPU transmitter for the 450-455 MHz band, an all new design with new front panel, new RF amplifier, and new synthesizer," Marti President **Jim Godfrey** tells *RBR*. "This is a more reliable RPU with more power and more features. It allows a broadcaster who has more than two frequencies licensed to him to use the unit on any of the more than 150 US RPU frequencies. This is all selectable from the front panel."

The second is a cellular-based product that updates Marti's older analog Cellcast unit. The new Cellcast, made available last August, is based on digital (PCS, TDMA, GSM) cellular technology. Says Godfrey: "The new Cellcast offers flexibility in selecting the Cellular system that you want for your remotes. There will be several models available, TMDA, AT&T tri-mode, and GSM models for export. The Cellcast is a portable, easy to use system and offers the greatest flexibility in getting connected almost anywhere."

The latest Scoop codec, "Scoop E-Z," is AETA's solution for covering all the different ways to do a remote. Weighing only 4 lbs (including batteries), Scoop E-Z can handle POTS, ISDN, Inmarsat and wireless remote ops. Says **Glenn Simmonds**, OM, Atlanta's WCLK-FM: "We've been using Scoop for over a year now. What I really like about it is the versatility that the unit has and the fact that it can work for different applications. Before we got the Scoop, we were getting remote requests, but we weren't able to take advantage

of them. Now that we have the unit, we've been able to tackle those remotes and it's worked well for all of them."

Comrex's Matrix codec uses a modular approach is designed to accept future software upgrades. "The core of the Matrix's flexibility revolves around full access to its powerful coding engine through easily inserted modules and upgradeable flash memory," says Comrex Marketing Director **Kris Bobo**. "Whatever may be coming down the communications pipeline, the Matrix is ready. We are hoping that this will be the last codec that the customer needs to buy—it can be frustrating to invest big bucks in a new codec, just to find out that there is a better codec introduced three months later."

Not long ago, ISDN was the greatest, then equipment was designed that could do terrific audio on POTS and now it's high speed GSM digital wireless—and coming soon...3G wireless."

The Matrix weighs less than three pounds, and

can deliver up to 15 kHz audio over a regular POTS line, wireless circuit or ISDN. Says Bobo: "The user can plan to deliver a remote on ISDN, default to a normal phone line when the ISDN won't work and have multiple options for back up. Also, the quality on POTS is so good, that many remotes can be planned on POTS, thereby saving the cost of installing an ISDN line."

"They've been able to truly master the art of putting wideband 'high fidelity audio' over a regular POTS line," says **Greg Savoldi**, Director of Engineering, Clear Channel, Columbus, OH. "The Matrix is really a third-generation. It started with the HotLine, then it went to the Vector, and now it's at the Matrix series. And by the time you've gotten to the Matrix, you've gotten a refined machine that has a processor and it can give you basically Marti bandwidth and beyond over a POTS line that's only moderate-grade in performance."

The Matrix offers cellular phone ability too. Adds Savoldi: "The next generation coming out is using wireless GSM cellular and/or using a certain brand of Nokia phone where you plug the Matrix into the Nokia. And in effect, at a very low baud rate, like 9600, it will go over the cell phone. So now, you can go anywhere. Now, it won't be real high quality [5kHz audio], but it's better than a cell phone and it will have two or three broadcast-quality mics hooked into it."

Comrex also just started offering the BlueBox, for shipment in March 2002. This new POTS/wireless audio codec delivers the audio quality of Comrex's Matrix and the 4-channel Vector POTS codec at a fraction of the cost. BlueBox provides GSM wireless operation to improve GSM phone feed audio quality. Additionally, it can connect to the hands-free port on mobile phones and place calls to telephone hybrids (no codec is required on the receiving end of the call).

Telos Systems e-marketing specialist **Clark Novak** says the Zephyr Xstream is the newest incarnation of the industry-standard Zephyr ISDN transceiver. "Zephyr Xstream allows you to send and receive CD-quality stereo audio over standard digital phone lines. It features an Ethernet port for output of streaming audio over IP, and for remote control via LAN, WAN or the Internet. The three models include the Zephyr Xstream (rack mount studio unit); Xstream MX (rack-mount studio with mixer, digital peak limiter) and Xstream MXP (portable with mixer, digital peak limiter)." The Zephyr family of digital network transceivers was first introduced in 1995.

High quality two-way communication with a remote source has been possible for quite a while, but not always practical because of the



Telos' Zephyr Xstream

delay introduced by the digital compression process—up to 300-plus milliseconds; too much delay for normal conversation. Says Novak: "The Zephyr Xstream family utilizes the newest Fraunhofer codec, MPEG AAC-LD (LD = Low Delay), which gives Layer 3 quality with only 50 milliseconds of delay. Normal conversation is now possible while maintaining extremely high audio quality in both directions."

"The Xstream is an international standard because it had the ability to do stereo and use MPEG Layer 3 algorithm, which gives you the wide bandwidth with only 56 kilobits of connectivity in ISDN. They are leaders in that technology, absolutely," says Savoldi.

Pedraza says if music is involved in his remotes, the Zephyr comes into play: "Depending on the nature of the event. If it's an event that entails broadcasting music, then it gets a little more complicated, so we have to drop ISDN lines. We use Zephyrs from Telos. We haven't had any problems at all with it to date. For just the regular stuff, we can use our cell phones."

Remote gear has come a long way

In the past 20 years, the science of remotes has changed dramatically. Talk show hosts are broadcasting from their bedrooms. Remotes from anywhere cost a fraction of what they once did and sound better.

That's not the way it used to be, for sure. "Thinking back almost 20 years, it definitely would have involved equalized lines. You know—calling Ma Bell and saying I need a 15K or an 8K equalized loop. So here's Ohio Bell having to take copper, equalize it over miles and miles—it would take days to do. You would certainly give them two weeks lead time, it was obviously one-way. The quality would usually be OK, but it was the time factor, and you were a slave to where that thing was anchored," recalls Savoldi. "You could have done Marti, but for an FM broadcast where you would broadcast from a nightclub and play music, now you're talking about two 15K pairs, and they had to be conditioned for stereo so the phasing was OK so it wouldn't have a mono compatibility problem. That would cost a couple of grand to put those in—this is like the mid-80's."

Flash-forwarding to the mid-90s, with a Telos Zephyr or Comrex TX-200 codec on ISDN, engineers could put an ISDN line in for a couple hundred bucks, hook up these codecs and have 15K bandwidth stereo. "And it would play all day and all night on a piece of telephone wire extended 500-1,000 feet from where the drop point was. So just in that 10-year period, we were able to quantum jump as far as technology because of the virtues of digital and ISDN becoming readily available," adds Savoldi. "Now, not only do we have, by regular POTS line achieved a high quality, high bandwidth feedback to the station—we get the same in return from the station for IFB (Interruptible Fold Back—when the producer is talking on the line), Mix Minus. Now you can go into a store and say, 'Can I borrow your fax line for three hours to do a broadcast?'"



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