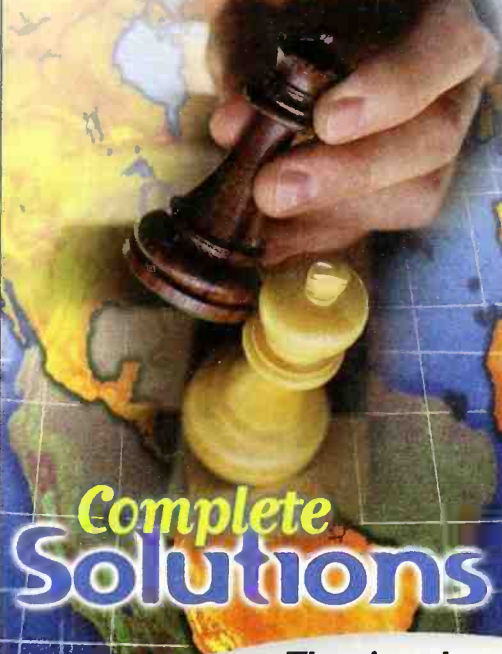


**Leaders Know That  
Complete Market  
Domination  
Requires**



*That's why  
Leaders Look to BE!*



**AudioVAULT®**  
Enterprise wide/  
WAN/LAN/Internet  
ready multi radio  
studio digital audio  
management system.



**VAULTXPRESS™**  
AudioVAULT® power  
for small to medium  
sized radio operations  
without the price!



**WebVAULT™**  
Professional Internet  
streaming radio  
audio management  
solution!



**eSTREAM™/  
eSTREAM™ STUDIO**  
Live and post-  
production. On-air  
sound quality over  
the Internet power!



**BE Transmitters**  
New robust, high  
performance, global  
standards designed  
FM/AM technology!

**Leaders Look to BE!**



Broadcast Electronics  
Quincy, Illinois  
888.232.3268 • 217.224.9600  
www.bdcast.com  
www.AudioVAULT.com

## RADIO NEWS

**Clear Channel, AMFM exchange rings with FCC blessings** ..... 2  
It's official—Clear Channel's \$23.5B acquisition of AMFM has received its go-ahead from the FCC. Speaking of receive, a trustee will hold 23 stations for now.

**LPFM in court Part II: The FCC responds** ..... 2

**Premiere tries to out-Fox Sports syndicators** ..... 2

**Splitsville: Shareholders get say in the Ceridian/Arbitron divide** ..... 3

**Franco the Cranko? Stern caller threatens veep candidate** ..... 3

**Woodbeck opens on-line clearing house for radio spots** ..... 4

**BroadcastAmerica provides Hispanic home on the web** ..... 4

**DiskJockey.com makes sales a Hiwire act** ..... 5

**Limbaugh rushes to the Internet** ..... 5

**NBG goes Country with Bo Reynolds** ..... 5

**Can News Corp./Viacom overcome Chris-Craft rift for swapfest?** ..... 5

**iBiquity to ride Visteon into automobiles** ..... 6

## ENGINEERED FOR PROFIT™

**Multiplying website inventory with ad substitution software** ..... 8-10

## RADIO OPERATIONS

**O'Shea & Braiker soar in the New Northwest** ..... 11

## MEDIA MARKETS & MONEY™

**Karmazin makes good on stock buyback threat** ..... 12  
Viacom is offering to trade its own stock for each public share of Infinity, marking the third time Karmazin has taken a version of Infinity private.

**Southern upgrades to a sixpack in Valdosta, GA** ..... 12

**Brandon brothers back out of Rochester** ..... 12

**Simmons tunes up for a ride on Wall Street** ..... 13

**Any way you slice it, Entravision is flying high** ..... 15

**Cumulus Q2 results are a mixed bag** ..... 15

**Nassau nails its Q2 numbers, renames national sales wing** ..... 15

**Baron makes radio a big part of BAMCO** ..... 15

**Contract close-up: Building in a CP upgrade** ..... 15

**money for nothin' and the clicks are free...**

Imagine your own website with no design costs, no maintenance hassles, and no update fees. Now imagine making money off of it, too. It's right here. Call us at 203-929-9101.

**siteshell.com**  
Home of the BlueDot WebSite NetWork

Jim Carnegie ..... Publisher

Ken Lee ..... VP/GM Associate Publisher  
Jack Messmer ..... Executive Editor  
Dave Seyler ..... Managing Editor  
Carl Marcucci ..... Senior Editor  
Elisabeth Derewitz ..... Associate Editor  
Karla Roberson ..... Associate Editor

Cathy Carnegie ..... VP Administration  
Ronald Greene ..... Executive Director of Production  
John Neff ..... Sr. Account Executive  
Susanna Pritchett ..... Account Executive  
April Olson ..... Admin. Assistant  
Mona Wargo ..... FCC Research Consultant

## AMFM clears FCC hurdle to jump to Clear Channel

Clear Channel Communications (N:CCU) is expected to close its \$23.5B stock-swap acquisition of AMFM Inc. (N:AFM) by around month's end, following an FCC announcement 8/15 that the license transfers had been approved. The biggest deal in the history of radio will create the largest radio company ever, with more than 900 stations (not including Clear Channel's extensive foreign holdings).

The FCC's brief announcement said Clear Channel will have to divest 122

stations in 37 markets. That appears to fit with the divestitures already announced by Clear Channel—99 required by DOJ (including last year's AMFM swap with Cox Radio) and an additional 23 made necessary by the FCC's local ownership limits under the 1996 Telecommunications Act.

As RBR went to press, Clear Channel was awaiting release of the actual FCC order, before setting a closing date. Most of the individual commissioners were expected to issue statements.

**RBR observation:** Even after the order was essentially completed 8/8, consternation erupted on the eighth floor of The Portals over the merger approval order. A full week later, Chairman **Bill Kennard** apparently got tired of whatever nit-picking was taking place between the various commissioners' offices and—more than an hour after the Commission had officially closed for the day—ordered the press release to be faxed out to RBR and other media outlets. We can't wait to see how much of the infighting shows up in the individual commissioners' statements!—JM

## Battle of LPFM: RBR goes docket diving

The FCC finally presented its rebuttal to the NAB's case against its LPFM initiative (RBR 8/14 p.15). In the respondent's briefs, the FCC addressed both the NAB's accusations as well as **Greg Ruggiero**, whose case was consolidated with the NAB's.

The FCC's basic claim is that LPFM will increase diversity, which is necessary with the recent consolidation of radio stations and because of the large number of individuals and groups interested in having an LPFM station. The FCC says that it "is empowered by the Communications Act to foster innovative methods of exploiting the radio spectrum in order

to 'generally encourage the larger and more effective use of radio.'"

The NAB charges that the FCC acted "arbitrarily and capriciously" in allowing LPFM stations to operate without third channel separation requirements that apply to other FM stations; acted despite prior views that low-power FM does not take full advantage of the spectrum; and ignored the possible economic effects on existing FM stations.

The FCC responded to each of the concerns. First, it said that third channel separation is not necessary because any interference caused will be very small. They referred to the NAB's

interference tests, saying that it was based on "unreasonably high performance standards, and tested some of the poorest performing radios among all studies in the record." The FCC also claims that other factors may add to interference such as the positioning and location of the radio as well as the actual reception conditions. It also feels that it has taken into consideration the NAB's concerns and that is why the original plan to license 1000-watt stations was abandoned. It now also requires distance separation for co-channel, 1st and 2nd adjacent channels. The FCC says that in order to minimize interference, it is relying on distance separation, rather than

*continued on page 6*

# Unbelievable!

www.rbr.com web site has the most hits ever with 219,210\* in July alone!

\*Microsoft site analysis

©2000 Radio Business Report, Inc. All content may not be reproduced, photocopied and/or transmitted without written prior consent. Subscription Cost \$220.00  
All material is protected by copyright law. Any violations will be dealt with legally. Publishers of Radio Business Report, Mid-Week News Brief, The Source Guide, Manager's Business Report, Radio AdBiz and the Information Services Group database. Material may not be reproduced without permission. EDITORIAL/ADVERTISING OFFICES: 6208-B Old Franconia Road, Alexandria, VA 22310 (or) P.O. Box 782, Springfield, VA 22150 Main Phone: 703/719-9500 • Editorial Fax: 703-719-7910 • Subscription Phone: 703-719-7721 • Subscription Fax: 703-719-7725 • Sales Fax: 703-719-9509

Email the Publisher: JCarnegie@rbr.com • Email Editorial: RadioNews@rbr.com Email Sales: KLee@rbr.com • JNeff@rbr.com • SPritchett@rbr.com

## Fox Sports announces lineup

Set to debut 8/28 on 35 affiliates, Premiere Radio Networks' Fox Sports Radio Network (FSRN) has announced its programming schedule. To compete against already entrenched ESPN Radio (ABC Radio Networks), Winstar's SportsFan, OneonOne Sports and others, Premiere President/COO **Kraig Kitchin** tells *RBR* the net will be "very personality-intensive and ratings-driven." With access to numerous Fox Sports TV personalities as part of the deal, FSRN will feature a well-known pool of talent at launch.

He says the launch was planned conservatively. "We're going to debut with a very, very specifically small group of 35 radio stations, and that's purposeful, because we want to walk before we run on this," Kitchin tells *RBR*. "We want to engage PD feedback, listener feedback and then continue to build our brand. We've been selective in terms of who we've affiliated with at the start."

Nevertheless, FSRN plans to ramp up to a big punch. It has 73 of the 77 pro sports teams' play-by-play rights. "One of the hidden nuggets in the Fox Sports relationship is access to the play-by-play, the color commentators and the actual game calls that are immediately available," Kitchin explains. "There's a network of ISDN lines that we can plug into immediately that gives our listeners broadcast booth access to what's going on at specific sporting events."

For weekdays (all ET), **Tony Bruno** (previously with ESPN Radio) takes the 8A-Noon slot; **Jeanne Zelasko** and **Kevin Frazier** take 3P-5P; **Chris Myers** and **Steve Lyons** get 5P-7P; **Bob Page** 7P-11P; **Bob Golic** and **Rich Herrera** 11P-4A and **Dan Sileo** 4A-8A. Weekday AM drivers **John Boy** & **Billy** highlight a full lineup of weekend talent.

The Noon-3P weekday slot is not filled, so no to compete with Premiere's **Jim Rome** Show. Rome, while considered a Sports talker, has an ever-widening affiliate and advertiser base. Says Kitchin: "Jim is his own man and he is also affiliated with a great number of stations that are not Sports-formatted—30 of his 142. We have huge intentions with Jim, to be on more than 200 radio stations."

In addition, Kitchin tells *RBR* that "one surprise personality announcement" will be made 8/23 that "will be capable of actually delivering ratings to radio stations—a unique proposition in the world of long-form SportsTalk programming outside of the Jim Rome Show...and **J.T. The Brick**."

Like Fox Sports TV, the radio net plans a major regionality effort, using the new StarGuide distribution platform. On evenings and weekends, beginning in the Fall, FSRN will originate several initial different regional feeds—Texas, Florida and the Northeast.—CM

## Ceridian sets breakup vote

Ceridian (N:CEN) shareholders will vote 10/5 on the plan announced last month (*RBR* 7/24, p. 2) to split in two, with Arbitron becoming a separate, public company. The effect of the split would be that for every five shares of Ceridian now owned, you would end up with five shares of the new Ceridian and one share of Arbitron. The new Ceridian, consisting of the human

resources services and Comdata subsidiaries, would account for about 84% of the existing company's revenues and 72.2% of its operating income. Arbitron would consist of only the media ratings business.—JM

## Stern caller arrested for death threat

...not against **Howard**, but Democratic VP candidate **Joseph Lieberman**. **Lawrence Franco**, 23, was arrested by the Secret Service 8/15 for making death threats on Stern's show Monday 8/14. Calling himself "Nazarene," Franco had made comments that the Connecticut Senator "is gonna take my bullet...I'm telling you now...you got the killer on the air."

The call was traced to Franco's Farmingdale, NY home where he was arrested. He was released 8/16 on \$200K bond and put under house arrest, pending a psychiatric exam.

"I warned him...I told him he shouldn't be saying that stuff," Stern told listeners on his 8/16 show.—CM

## Kelly Callan, Fred Kalil, Frank Higney, Dick Beesemyer, Todd Hartman and Frank Kalil

will be at the

**WESTIN ST. FRANCIS HOTEL**

for the

**N.A.B.**

Please phone for a confidential appointment

**Radio, TV and CATV Brokers**

Appraisals, Media Investments, Consulting



# Kalil & Co., Inc.

3444 North Country Club Tucson, Arizona 85716 (520) 795-1050

## OneMediaPlace launches radio

Former ABC Radio Networks VP of Affiliate Sales **Frank Woodbeck** is heading the new radio operation of OneMediaPlace, which launched last week (8/14) on the [www.onemediaplace.com](http://www.onemediaplace.com) Website. Formerly known as AdAuction.com, One Media Place has been selling online advertising for two and a-half years, outdoor for a year and, like its competitors, is trying to become a one-stop-shopping site for ad buyers to place advertising across all media. Print launched a week before radio.

"The goal is to offer service to all radio stations in all markets," Sr. VP/Radio Woodbeck told RBR. He said he's in talks with various radio groups to have their stations post spot inventory on the site. "They can list on any site they like—there's no exclusivity," he noted, so the various online ad selling sites have to compete for traffic on the basis of the features they offer to sellers and buyers. For OneMediaPlace, the features being touted are The Media Store, which allows each station to post detailed information about its programming (even streaming audio) and offerings for buyers, and automated RFPs, a patented technology which allows time buyers to post online requests for proposals.

OneMediaPlace is privately owned, with CMGI (O:CMGI), Liberty Media (N:LMGa) and Primedia (N:PRM) among its investors. The company projects that it will handle \$50M in ad transactions this year.—JM

## BroadcastAmerica goes Latin

BroadcastAmerica has adding another specialty Website to its online streaming operation. BroadcastLatin.com will, as the name suggests, feature Hispanic content. The site was unveiled at last week's NAB Radio and TV Conference for Latin America in Miami. "BroadcastLatin.com offers Spanish-format stations the unique ability to stream their content for free and catapult their presence onto the Web," said **John Brier**, President & COO, BroadcastAmerica.—JM

WELLS  
FARGO

## Wells Fargo Communications Finance

*Creating Solutions for Communications Industries*

*Our dedicated professionals have in-depth knowledge of the radio broadcast industry and years of experience working with various communications and media companies. Over the years, Wells Fargo has consistently helped radio broadcast companies reach their goals by being active consultants who quickly offer valuable solutions to each financial challenge.*



Sixth and Marquette  
Minneapolis, MN 55479  
(612) 667-0259

© 2000 Wells Fargo Communications Finance

## RBR News briefs

### Lightningcast signs Morfeo.com

Comprised of 100 US Hispanic-formatted stations and 20 of its own Internet-only stations, Morfeo.com has announced an affiliate network partnership with Lightningcast.com. Lightningcast will supply individually-targeted ad insertions to Morfeo's 150,000 Internet listening sessions per month. The service uses profiling techniques based on geography, demography and behavior.—CM

### Salem appoints Toulas as SVP

Salem Communications (O:SALM) has tapped former AMFM Radio (N:AFM) SVP **George Toulas** as its own SVP. His initial responsibilities will include leadership of the company's Christian-oriented music and talk stations, budgeting and special projects. Toulas also has direction in the company's formats. He reports directly to Salem CEO **Ed Atsinger**.—CM

### Ferrall joins SportsFan

Moving over from Westwood One, **Scott Ferrall**, host of "Ferrall On The Bench," debuts on the SportsFan Radio Network 8/28 airing 8:00P-12:00A weekdays. Known for an outlandish personality steeped in sports knowledge, Ferrall rejoins the Sports radio syndication world after taking a year off to do play-by-play for the Atlanta Thrashers hockey team and co-hosting TV's "Battle Dome," a gladiator-type show. Ferrall will initially be heard on 85 affiliates.—CM

### NBG syndicates "The Complete Sheet"

NBG Radio Network, Inc. (O:NSBD) announced a three-year contract to syndicate the daily morning show prep service "The Complete Sheet." Written by **Johnny Vega**, **Bryan Crain** and **Charlie Reinke**, The Complete Sheet provides 20-25 pages of showbiz news, weird news, jokes, top-10 lists and more. The three writers have also written material for **Rick Dees**, **Mark** and **Brian, Hollywood Hamilton, Mancow and Jay Leno**. The service has 230 affiliates.—CM

### Global Media inks WOR for streaming

Complementing its other streaming sites to be up later this year and early next year (RBR 7/31, p.6), WOR-AM New York has struck a deal (8/17) with GlobalMedia.com (O:GLMC) to stream its signal. [www.worlive.com](http://www.worlive.com) can also be found on [www.wor710.com](http://www.wor710.com) for streaming the station.—CM

## DiscJockey.com signs with Hiwire

DiscJockey.com, sporting 150 music stations, has contracted with Hiwire for sales and individual targeted ad insertion. "This deal initiates the largest delivery of targeted audio ads to date and will reach 3M unique online listeners per month," says Hiwire President **Jim Pavilack**, who also contracts the networked service to Salem's Christian Pirate Radio, Jefferson-Pilot stations in San Diego and the Pacific Radio Group.

DiscJockey.com was previously using Lightningcast's targeted insertion service—one of its first affiliates. "By and large, we have exclusive relationships with our affiliates, but [DiscJockey] is one that we didn't," Lightningcast CEO **Tom Des Jardins** tells *RBR*. "DiscJockey also has deals with Interep and MediaAmerica, and now they have one with Hiwire. We can also still place ads with DiscJockey."

Being able to sell and target ads are the most important components of our deal with DiscJockey.com," responded Pavilack. "Netcasters are working for a complete delivery system for targeted advertising and one that works seamlessly with live streams. Hiwire is already delivering on this promise to our partner stations."

Hiwire also announced 8/17 it has tapped former BBDO EVP, Ketchum President and J. Walter Thompson SVP **Bill Perkins** as its SVP Marketing.

**RBR observation:** Just like radio groups, multiple reps are out there to place advertising. The same paradigm is now evolving for streaming audio stations.—CM

## Rush launches website

Premiere Radio Networks' **Rush Limbaugh** launched his own website 8/16, [www.RushLimbaugh.com](http://www.RushLimbaugh.com). Listeners previously (and still can) went through Premiere's site [Premrad.com](http://Premrad.com) to access the show's audio stream and information. The new site will echo key topics of each day's show, archived audio clips, parody songs and major sections that include: "From Rush's Stack of Stuff," "Rush on a Roll," "Talent on Loan from God," "More Fun than a Human Being Should be Allowed to Have," "Across the Fruited Plain" and "See I Told You So."—CM

## NBG to rep Fisher's Bo Reynolds show

The NBG Radio Network (O: NSBD) announced (8/10) a sales rep contract with Fisher Entertainment for "The **Bo Reynolds** Show." The five hour live show runs Saturdays from 7:00P-12:00A ET on 45 affiliates. The agreement begins 9/1. Reynolds' show features new Country tunes, call-ins, contesting and parody songs.—CM

### NEWS ANALYSIS

## Sensible swaps anyone?

It makes a lot of business sense, so only the clash of egos should keep News Corp. (N:NWS) and Viacom (N:VIA) from doing TV swaps which would get both close to the FCC's 35% audience cap. Swapping three stations each would give both companies duopolies in desirable markets. From the 10 Chris-Craft (N:CCN) stations that News Corp. is buying for \$5.35B, **Rupert Murdoch** could swap standalone UPN affiliates in San Francisco, Minneapolis and Baltimore to Viacom, which already owns CBS stations in all three markets. In return, **Sumner Redstone** and **Mel Karmazin** would have to give up Viacom's standalone UPN affiliate in Washington, DC (because of the Baltimore market overlap) and two out of three in Atlanta, Houston and Tampa. Each would gain three new TV duopolies in the top 25 markets, including at least one each in the top 10. It would make a lot of sense, despite whatever bitterness remains from Murdoch outbidding Redstone and Karmazin for the Chris-Craft stations.—JM

What is to become  
of those who wait  
to go digital?



Going digital means  
going Prophet.

Now, targeted ad insertion  
and Internet streaming from  
a name you've trusted for over  
a decade. . .

Prophet Systems Innovations.

Create new revenue  
opportunities for your clients  
with targeted Internet only  
ads.

Introducing—

# StreamCast

Internet Radio

Produce multiple streams within the flexible architecture of StreamCast™. Target audiences based on age, gender, or location! StreamCast is a cost-effective yet powerful tool.

Pre-encoding ensures seamless integration with the broadcast stream. Produce smooth cross fades, pitching, and stretching or squeezing, guaranteeing your listeners never realize they're listening to an insertion process.

See the revolutionary new way to target clients with Internet advertising at  
**Booth # 428 at the  
NAB Radio Show.**

877/774-1010  
[www.prophetsys.com](http://www.prophetsys.com)

**PSI**  
PROPHET SYSTEMS  
INNOVATIONS

contour separation. The FCC also has required a 20 km buffer distance for co-channel and 1st adjacent stations. The FCC claims that the NAB ignored other interference tests that prove little to no interference, such as the Rappaport test conducted by Wireless Valley Communications.

Second, the FCC responded to the claim that LPFM would not take full advantage of the spectrum. The NAB is referring to a case that took place in 1995, where the FCC rejected LPFM stations because they were an "inefficient use of the spectrum." The FCC said that what it meant was that allowing LPFM stations to operate "without a system of licensing would be costly and disruptive." This is why they have changed their minds. The FCC also rejected 10-watt stations in 1978, because those stations "defeated the opportunities for other more efficient operations which could serve larger areas." The FCC says that is no longer the case.

The FCC added that "an agency may change its view of what is in the public interest" and the court must

only prove that "prior policies are being deliberately changed, not causally ignored."

Third, the NAB said that the FCC would be ignoring economic effects on existing full power FM stations. For example, some listeners may not be able to hear their station on the fringes of their contour. The FCC said that many radio stations broadcast outside their "protected" contours because they want to get their signals out as far as possible; but if it is outside the "protected" contours, it is, well, not protected.

Finally, the FCC responded to the NAB's concern that there is no strong proof that anyone would listen to LPFM stations. The FCC replied that the NAB is "suggesting that it is somehow unlawful, or at least unreasonable without further explanation, for the FCC to rely on the clear desire of many speakers to use radio to broadcast a message as a basis for authorizing new service unless the agency also determines that there are listeners who want to hear those messages."

In the brief, the FCC also responded to Ruggiero's claim that it is against

First Amendment rights to use character qualifications when granting LPFM licenses. The FCC said that these type of qualifications are not in violation of the First Amendment because unlawful, or pirate, operation of a station bears on a would-be broadcaster's "proclivity to deal truthfully with the Commission and comply with [the] rules and policies, and thus on its basic qualifications to hold a license." The FCC goes on to claim "it is not unreasonable means to achieve the Communications Act's public interest requirement." Therefore, it does not violate the First Amendment.—ED

### Visteon allies with iBiquity Digital

Visteon (N:VC), which supplies navigation, communication and audio systems for Ford (it was recently spun off from Ford), GM, Honda and Nissan globally, has formed a strategic alliance with iBiquity Digital (the recent alliance of USA Digital Radio and Lucent Digital Radio). Visteon will work in tandem with iBiquity to develop AM/FM IBOC DAB OEM radios with telematics and wireless data functionality. In addition, Visteon will make its DSP (Digital Signal Processing) technology available to chip manufacturers for sale to receiver manufacturers. That DSP technology will act as an enabler to iBiquity's IBOC technology. "They are going to be working with us on commercial chip development as well, which is very important, because it's not just a receiver. You have to have an inexpensive chip to make these things affordable. We are working with a lot of people on that and Visteon already has some good proprietary technology—A to D conversions, digital tuning, etc.," commented iBiquity CEO **Bob Struble**.

Visteon is also working with Sirius Satellite Radio (O:SIRI) to get the service into 2001 autos. Does this mean an effort to produce unified AM/FM-IBOC-Satellite DARS receivers? "It's a marketplace decision," says Struble. "If IBOC is successful in the marketplace and the satellite radio guys are also, then it's a natural market evolution that people are going to want combined receivers. We think iBiquity is uniquely positioned to play a major role in that because we've got [Lucent's] PAC [audio coding technology] and PAC is also in Sirius and XM Satellite Radio (O:XMSR)."—CM

## CLOSED

August 2000

### CIMA Broadcasting, LLC

Raul Gamez, CEO & General Manager

*has sold*

### KQTL

Tucson, Arizona

*to*

### Radio Unica Communications Corp.

Joaquin F. Blaya, Chairman & CEO

We represented the seller in this transaction.

## SERAFIN BROS.

### Broadcast Brokerage & Finance

P.O. Box 262888, Tampa, FL 33685

Phone (813) 885-6060 • Fax (813) 885-6857

E-Mail 72563.100@compuserve.com

Other publications talk about internet radio stations...

Come see  
us live at  
**BOOTH 2347**

we have one

**RADIO BUSINESS REPORT**

Tune in now and listen to [rbr.com](http://rbr.com)  
Daily radio news from the  
Radio Business Report newsroom



Powered by Web Radio



## In-house Internet ad substitution: The latest from the automation systems

**W**ant to double, triple or even quadruple your available inventory? GMs are finding ad substitution in the Internet audio stream a way to potentially generate big NTR. To meet that demand, automation systems manufacturers are gearing up to showcase new Internet ad substitution/insertion technologies and software at the upcoming NAB Radio Show in San Francisco. Some already offer them.

Internet ad insertion has two schools of thought. Those that replace an on-air ad with one that reaches everyone's ears on the web and those that offer numerous ads at once, each targeted to individual web listeners. The latter can multiply available inventory numerous times, the former can double it.

The first ad substitution wave was ushered in by dot-com network aggregators like Hiwire, WebPresence and RadioWave. Many station affiliates already contracted with these services are happy, not only because they cost little or nothing, but also that they generate revenue. However, for those GMs uninterested in "giving up" their streaming signal, Internet-only ad insertion can be achieved in-house. "This is our business—we're not RadioWave or anybody like that that says 'Just give us your signal and I'll pay you \$30-\$40 bucks a month.' They give you all the backend stuff—the encoders, the bandwidth, everything else—but you don't own your signal. You've given it up, except for a little inventory to sell your own local streaming ads," says **Scott Farr** VP, Research and Development, MediaTouch. "This is delivering back ownership of their signal to the radio stations where they can master it on the web too. You have to buy new equipment to do this, the traditional PC with an audio/video capture card

and your own local Internet connectivity, but once you have those, the universe is yours."

### Doing it yourself

MediaTouch's "BroadcastPort.com" is a turnkey package (to be unveiled at NAB) that not only provides broadcasters with the ability to do ad substitutions but is also "a full hosting service whereby we host it on a fairly big bandwidth provider in the US—nine gigabits. It also encompasses other elements—the webcam for the studio, a chat room for loyal listeners and an e-commerce store, where we do the fulfillment," says Farr.

BroadcastPort requires a separate computer for the encoder and Internet interface, which will link up to the system's hosting service. The initial rollout will be one ad substitution at a time, but targeted substitutions may be offered down the road. Says Farr: "Our system links up to the control surface, so when you're pressing PLAY, two things are playing. Anything else is just taking a very simple analog route into the encoder, but when you press to play the commercial, if you set up substitutions, it will play the substituted commercial."

With stretching and squeezing software, BroadcastPort allows Internet spots to be matched with on-air stopsets almost down to perfection. It can also link to third party automation systems as well, although higher levels of functionality occur when linked to MediaTouch software.

That stations can perform ad insertion on their own by no means indicates they can get a host of national Internet ads on their own. Just like national on-air spots, a rep firm is needed. CMGI's Activate, Katz Streaming Media Sales, WinStar New Media Sales, Interep, MediaAmerica

and others are all offering repping to streaming signals. "You need to have an agency that's well-connected nationally to be able to get the Burger King and Campbell's Soup buy. The same applies to the Internet—as soon as you start thinking worldwide, global and national deals, how is one GM, no matter how powerful he is, going to get the Burger King account nationally?" says RCS Director Marketing **Tom Zarecki**.

### Aiming for the bullseye

RCS has two ad insertion software products, "InSert" and "SplitStream." InSert can replace one ad at a time, SplitStream multiple ads at once with each targeted to individuals' demographic profiles requested at the station web page (sex, age, interests, etc.). The two products are upgrades from RCS's "Master Control Net," also capable of ad insertion. After installing the InSert package, it reads from the existing traffic system.

"InSert requires a separate computer to playback inserted commercials over the Internet and its own separate traffic log to schedule the commercials. It works with the radio station's mixing console or the automation system to get the signal," says RCS Project Manager, Ad Insertion Technologies, **Chip Newton**. "SplitStream doesn't require a separate computer—just one part we put inside for encoding the audio to send out over the Internet. It works with ad server companies for functionality." RCS is securing agreements with ad server companies to make the technology seamless to the user.

SplitStream, minutes in advance of the spot breaks, identifies and profiles all those streaming the station's audio at the time and sends a different stream to different seg-





**YOUR LINK  
TO NEW MARKETS  
...GO BEYOND**

# RVADIS

A/D - D/A  
Mic preamp  
Routing matrix  
Digital I/O interfaces  
**Fibreoptic network**  
On-air codec management  
**Automatic gain control**  
Compressor/limiter/gate  
**Digital mixing console**  
EQ (graphic/parametric)  
**Time switching**  
Level meter  
Mix-minus  
Delay

**KLOTZ DIGITAL - THE ARCHITECT OF  
THE OPEN AUDIO-MEDIA PLATFORM  
FOR INTERACTIVE BROADCASTING,  
PRODUCTION AND PUBLIC-ADDRESS.**

THIS PLATFORM COMPLETES THE LINK  
TO NEW MARKETS AND INNOVATIVE  
COMMUNICATION SERVICES.

#### **OUR EXPERIENCE FOR YOUR SUCCESS**

##### **Eliminate wiring**

- reduce installation cost
- save installation time
- earlier to production & on-air

##### **Share resources and equipment**

- reduce capital investment
- cut operating costs
- greater efficiency
- powerful flexibility

##### **Unlimited functionality**

- integrate all audio functions
- combine operator tasks

**KLOTZ DIGITAL AMERICA** Phone: +1-678-966-9900  
**KLOTZ DIGITAL FRANCE** Phone: +33-1-48874681  
**KLOTZ DIGITAL ASIA** Phone: +60-3-5193233  
**KLOTZ DIGITAL AUSTRALIA** Phone: +61-2-95187430

**KLOTZ DIGITAL AG HEADQUARTERS**  
Hans-Stiessberger-Str. 2A  
D-85540 Haar/Munich  
Phone: +49-89-462338-0  
e-mail: info@klotz-digital.de  
www.klotzdigital.com

**KLOTZ**  
DIGITAL

ments. When it comes time to play an ad, it's already buffered in and ready to go. "With SplitStream, there's no notion of a log—you're actually counting impressions. There's no advanced schedule because it's a direct function, a dynamic function, based on who is listening at that moment," says Zarecki.

Prophet Systems will unveil its ad substitution software, "StreamCAST," at the NAB Radio Show. Stations with Prophet "NextGen" automation systems can install StreamCAST for streaming and targeted ad insertion. It employs multiple streams that target by age, gender or location. "Pre-encoding ensures seamless integration with the broadcast stream, producing smooth cross fades, pitching, stretching/squeezing, guaranteeing your listeners will never realize they're listening to an insertion process," Prophet CEO **Kevin Lockhart** tells RBR.

we're probably at a third to a half of the clients doing some sort of substitutions. There are a lot of syndicated programs that they won't let you stream," he adds.

Broadcast Electronics' (BE's) WebVault has a component, "AVWeb," that allows sharing of audio inventory between WebVault and another BE digital automation system like AudioVault or VaultXPress. It pulls out inventory for Internet-only ads from the existing pool of ads (interfaces with other digital systems are currently being worked on). No separate PC is needed.

"Right now it's server-driven, so everybody hears the same ad. But we're definitely going in the direction where individual listeners can hear ads that are targeted towards them," says **David Yunck**, BE Marketing Manager. "AVWeb will filter out programming that you don't have rights

achieve Internet audio ad insertion functionality. "If you can dedicate one of your outputs to the Internet streaming audio station, or just add a soundcard, then you would change the DADPro32's DCL command language. It could be built into the import filter of their traffic system too," says Enco GM **Bob Oster**. "It's strictly an issue of making sure the scheduling is right and then making sure the command cuts—the programming—on the DAD system is right. It's not that hard to do, as long as you can implement a traffic system that will work. And there are a lot of ways of doing that with multiple playlists built into DAD."

Wicks/CBSI's Digital Universe also claims innate ad substitution ability. However, like Enco, individual targeting isn't possible yet. "They can do that with our software; you've got WABC broadcasting to everybody in



Scott Studios' ADd-ins "is a box that will do streaming audio and ad substitution. It can be targeted," says **Dave Scott**, President, Scott Studios. "We've got three different versions. One will do two substitutions, one will do four and one will do 12."

ADd-ins targets people based on either their IP address, zip code or other location-specific detail. "You might just click here for streaming if you live in our metro area, click here if you live out of town. So the in-town people would get the local ads because you want that for the local advertisers," says Scott, who is working with HiWire, Icom, RadioWave, WebPresence, MusicBooth and the Sonic Box remote tuner. "All of these aggregator/player companies have to make sure their technologies are compatible with existing on-air automation systems. What a lot of vendors have done is bought a system just for demonstration and debug purposes," says Scott.

Scott's top of the line SS-32 digital automation system allows two streams. "With our old DOS SS, they would have to have some sort of add-on box. In the SS-32, I would say that

to stream and put on whatever programming you want. So, another application is doing ad substitution. At the same time when you're playing your spots on your stream, it can trigger a banner ad that corresponds with that spot on your website and post information to the Windows or Real Audio player."

Yunck says the trend is moving towards doing ad insertion in-house, especially for stations with a high volume of web-side listeners. "What we're seeing is at the beginning of the process, radio stations are going off to the aggregators to be taught how to get on the Internet and kind of inform them what the issues are and to inform them about what costs are going to be associated. But we are definitely seeing the smaller to medium-sized radio organizations and some of the larger ones pulling that function in-house."

### Existing equipment may be adequate

Enco Systems says its existing automation system, the DADPro32, can be somewhat easily modified to

NY. When it comes to a commercial break, he punches his button, which typically starts a series of spots, but the one that's going on the Internet starts a different series of spots. We would set up a situation where he would use Digital Universe as virtually the headend of a network and his WABC would be affiliate #1 and his Internet would be affiliate #2. When he punches the button, its going to act like a turnover control to each and they will both end at the same time and come back to the main programming," CBSI's Programming Manager **Bob Leighton** explains. "It's a configuration issue. The engineers could do it themselves. Basically, we will have an I/O board coming out of the control room that will direct each of these other units on what to do."

Dalet is currently working with Hiwire in a partnership to produce an integrated targeted ad insertion service that will work with new and existing "Dalet5" digital automation software. For now, Dalet's ad insertion capability at the station level will have no specific name name, but "more of a functionality," according to Dalet Director of Marketing **Robin Wang**.

by Jack Messmer

## O'Shea and Braiker: Out to consolidate the (New) Northwest

We won't call New Northwest Broadcasters a fly-by-night operation...but it could be. Chairman **Michael O'Shea** is an instrument-rated pilot. In his six-passenger Cessna, he and President **Ivan Braiker**, who is also a pilot, are able to get from headquarters in suburban Seattle (Bellevue, WA) to most of the group's radio markets in 40 minute hops (although Anchorage and Fairbanks are left to the scheduled airlines).

The two former competitors—O'Shea was GM of KUBE-FM and Braiker of KRPM-AM & FM in the 80s—teamed up in 1998 to launch a new company from their mutual home base of Seattle. Sharing the opinion that the Pacific Northwest had been largely overlooked by the major radio consolidators, the two secured backing from Key Equity Capital (now Blue Point Capital, but still a major investor) to launch a radio company to build clusters in Northwestern small markets.

Last year kept the two occupied with doing deals and raising additional capital. They've now closed on 43 stations (including five CPs, three of which are now on the air) in eight markets. They also added investments from former KUBE owner and hotel magnate **Richard Marriott's** First Media Ventures and Northwest Capital Appreciation, an investment company based in Seattle. New Northwest's senior lender is CIT.

New Northwest is now at the FCC maximum for FMs in all of its markets—Yakima, WA; Klamath Falls, OR; Anchorage, AK; Fairbanks, AK; Coos Bay, OR; Astoria, OR; Billings, MT and the Tri-Cities, WA—so, other than possible AM additions, O'Shea and Braiker are now looking for new markets. Among Arbitron-rated markets, O'Shea says the company's criteria is "for us to have a significant position of four FMs"—to

be one of two or three consolidated operators. For unrated markets, what he's seeking is a "proprietary advantage"—owning the best signals or the most important stations in the market.

The ability to consolidate multiple stations has been the key to the increased interest in smaller markets since deregulation in 1996. At KUBE (and later with duopoly partner KJR-AM & FM) O'Shea was accustomed to 50% cash flow margins—even 60%. "I have not been able to find the secret sauce to do that in smaller markets," he acknowledges. But he says New Northwest has already been able to take stations with margins in the low 20s or even the high teens and move them to "solid mid-30s."

"We are a top line company," O'Shea said. Rather than cutting staff and programming stations from afar, New Northwest removed satellite dishes from many of the stations it acquired and, with the exception of some Talk AMs running syndicated product, is programming all of its stations locally. "We believe in live morning shows," he noted. Other dayparts may be running from a computer hard drive, but all of the voice tracks are from local talent.

Stations use software and hardware from various vendors, but the company has an "infrastructural backbone" connecting all eight clusters which uses CBSI for all traffic and billing. Those functions can be easily monitored at headquarters or linked



At the controls of New Northwest Broadcasters (and this Cessna) are (l-r) Chairman & CEO Michael O'Shea and President & COO Ivan Braiker.

elsewhere. "If the traffic manager in Fairbanks is sick, the traffic manager in Billings can fill in," O'Shea said.

Although there have been some frustrations from the technical standpoint in adjusting to small markets after a big market career, O'Shea says "The biggest challenge, far and away, is finding qualified sales people." Hiring people who'd worked at other small market radio stations didn't work out, so, he says, "we have been growing our own."

New Northwest, working with well-known sales trainer **Dave Gifford**, has developed an in-house training program for new salespeople. Each New Northwest market operates with two competing sales staffs—with stations divvied up by either format or demos—a formula for small markets that O'Shea says the company discovered, through trial and error, worked best in all of its markets.

Although New Northwest has no plans to go public, all of its managers have been given the opportunity to invest in the company and "virtually all" have done so. O'Shea says he has patient investors who understand how to build a company from scratch. "I see this as a five-to-seven year play, and we're only 19 months into it right now."

by Jack Messmer

## Viacom bids to buy out Infinity shareholders

He said he'd do it (*RBR* 8/14, p. 12) and Viacom (N:VIA) President/COO **Mel Karmazin** has made good on his threat to buy back all shares of Infinity Broadcasting (N:INF) if Wall Street didn't bid up the price of Viacom's (N:VIA) 64%-owned radio subsidiary. Viacom offered 8/15 to swap 56.4% of a Viacom Class B (non-voting) share for each public share of Infinity. Based on the previous day's closing prices, Viacom said that valued Infinity shares at \$40.04, a 13.6% premium.

Following the Viacom offer, Infinity announced that its board of directors has formed a special committee composed of independent directors for the purpose of reviewing the buyout proposal. The special committee, consisting of **Bruce Gordon** and **Jeffrey Sherman**, anticipates retaining inde-

pendent legal counsel and financial advisors to assist in its review of Viacom's proposal. Viacom already owns 100% of Infinity's super-voting Class B common stock, which represents approximately 64.3% of the equity of Infinity and approximately 90.0% of the combined voting power of Infinity's Class A (publicly traded) and Class B common stock.

News of the Viacom buyout bid sent Infinity's stock up \$4 to close 8/15 at \$39.25, while Viacom's Class B shares slipped \$1.50 to \$69.50. Wall Street analysts were applauding the move and reiterating buy recommendations on other major radio stocks.

"I think it is very bullish for the radio sector that [Viacom CEO] **Sumner Redstone** and [President] **Mel Karmazin** want to own more radio

and are willing to pay 21 times 2001 BCF," said CS First Boston analyst **Paul Sweeney**.

"As for impact [on other radio stocks], how can this be negative?" asked **Bishop Cheen** at First Union Securities. He also noted that investors who bought the Infinity IPO for \$20.50 per share in December 1998 are getting an annual return of around 40% on their investment. "How many places on Wall Street or Main Street can I get that kind of return?"

Deutsche Banc Alex. Brown analyst **Drew Marcus** agreed that the multiple being paid by Viacom reaffirmed the value of the radio assets for companies such as Clear Channel (N:CCU). "Clear Channel also benefits as the only remaining large cap out-of-home [media] play," Marcus added.

**RBR observation:** Three times Mel has taken a radio company called Infinity public and now, for the third time, he's buying back the public shares when he sees them as being undervalued by Wall Street. History has twice proved him right and we'd be willing to bet on number three as well. We'll be waiting to see if there's a fourth IPO when radio is once again in favor on Wall Street.

### Southern picks four Georgia peaches

Southern Broadcast Group is buying more stations, in the South. **Mike Oesterle**, **Woody Stover** and **Michael Starr** are paying \$6M for **Al Brooks'** four-station cluster in Valdosta, GA, boosting Southern to a six-station superduopoly, two AMs and four FMs. **Broker:** **Scott Knoblauch & George Reed**, Media Services Group.

### Brandons exit Rochester

American General Media is selling off its only rated-market standalone. **Howard Goldsmith's** HHH Broadcasting is paying an even \$1M for WWWG-AM Rochester, NY. **Broker:** Blackburn & Co.



## PATRICK COMMUNICATIONS

Station Brokerage  
Debt & Equity Placement  
Fair Market & Asset Appraisals

**Larry Patrick**  
*President*

**Susan Patrick**  
*Executive Vice President*

**Terry Greenwood**  
*Vice President*

**Greg Guy**  
*Vice President*

(410) 740-0250, [www.patcomm.com](http://www.patcomm.com)

## Simmons steps up to IPO plate

Undeterred by market conditions and Nassau Broadcasting's failed IPO (RBR 8/7, p. 2), Simmons Media Group Inc. has filed to sell \$34.5M of stock to the public.

In touting its proposed stock offering, Simmons notes that its same station net revenues rose 9.2% for the first half of this year, while broadcast cash flow shot up 46%. The company plans to use the proceeds from the stock sale to grow—and there's plenty of space for growth. Simmons is currently in only three markets (some unrated small market stations are being kept in a separate, private Simmons family company). It owns one AM and four FMs in Salt Lake City, UT, two AMs and five FMs in Albuquerque, NM and a lone FM in Austin, TX (igniting speculation that the IPO proceeds will be used to buy KEYI-FM from **Frank Wood**). Simmons also has CPs for two more FMs in its home market, Salt Lake City, and owns 181 billboards there.

Other than a small number of shares owned by employees such as **Craig Hanson**, President/Radio Division, all of the company's current shares are owned by Chairman **Roy Simmons**, President/CEO **David Simmons** and other family members. The company's board of directors currently consists of Roy and **Elizabeth Simmons** and their six children. Three independent directors will join the board following the IPO. Pro forma for spinning the small market stations into the new entity, Crestwood Communications, Simmons Media Group will have \$17.6M in long term debt. Underwriter: Thomas Weisel Partners LLC

**RBR observation:** Despite being such a small company, with stations in only three Western markets and 1999 revenues of \$22.46M, the Simmons family's statewide prominence in Utah business circles and national prominence in Mormon circles could help to attract buyers to the IPO. Although percentages have yet to be filled in, family members will remain firmly in

### Simmons Media Group financial results

(\$ in thousands)

Category	Pro forma full year		Pro forma first half	
	1998	1999	1999	2000
Net revenues	\$20,005	\$22,460	\$10,319	\$11,134
Broadcast cash flow	\$4,246	\$6,144	\$2,414	\$3,525
After-tax cash flow	\$255	\$2,164	\$705	\$1,703
Net income/loss	-\$2,230	\$411	\$342	-\$4

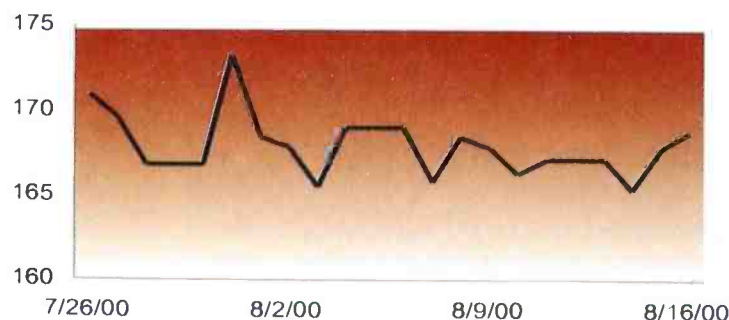
Source: Simmons Media Group Inc. SEC Form S-1, filed 8/11/00

### The Radio Index™

**RADIO BUSINESS REPORT**  
Voice of the Radio Broadcasting Industry

**THE WALL STREET JOURNAL**  
RADIO NETWORK

Even with a boost from Viacom's Infinity bid, The Radio Index™ managed to gain only 0.93 for the week to close 8/16 at 168.69.



2000  
YTD  
\$834  
MILLION

NO ONE SELLS  
MORE STATIONS!

BRIAN E. COBB  
202-478-3737

CHARLES E. GIDDENS  
941-514-3375

ELLIOT B. EVERS  
415-391-4877

TELCOM GROUP

GREG D. WIDROE  
JASON D. HILL  
415-391-4877

RADIO • TELEVISION • TELCOM  
M&A • INVESTMENT BANKING



MEDIA VENTURE  
PARTNERS

**Knowledgeable  
Confidential  
Brokerage Services**

**Jorgenson**  
Broadcast  Brokerage

**Mark Jorgenson**      **Peter Miuli**  
(813) 926-9260      (408) 996-0496  
Tampa                      San Jose

**HAMMETT & EDISON, INC.**  
CONSULTING ENGINEERS  
RADIO AND TELEVISION

*Serving the broadcast industry since 1952...*  
Box 280068 • San Francisco • 94128



707/996-5200  
202/396-5200  
engr@h-e.com  
www.h-e.com



**COMMUNICATIONS TECHNOLOGIES, INC.**  
Broadcast Engineering Consultants

Clarence M. Beverage  
Laura M. Mizrahi

P.O. Box 1130, Marlton, NJ 08053  
(856) 985-0077 • fax: (856) 985-8124

**APPRAISALS**

Radio and Television  
Every type of appraisal  
Expert witness services

Art Holt or Chris Borger  
1-610-814-2821

**HOLT**  
Media Group

**Transactions  
@rbr.com**

**CHECK IT  
OUT TODAY**

**T R A N S A C T I O N    D I G E S T <sup>TM</sup>**

by Jack Messmer & Dave Seyler

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

**\$75,500,000 WMC AM & FM** Memphis from Raycom America Inc. (John Hayes et al) to CBS Radio Inc., related to Infinity Broadcasting Corp. (N:INF) (Mel Karmazin et al). Cash. Buyer will also receive \$200K worth of commercial time on WMC-TV. Broker: Deutsche Bank Securities (seller)

**\$7,000,000 WWVD-FM** Ft. Myers-Naples FL (LaBelle FL) from InterMart Broadcasting West Coast Inc. (James Martin) to Meridian Broadcasting Inc. (Joseph Schwartzel). \$350K letter of credit as escrow, balance in cash at closing. **Superduopoly** with WNOG-AM, WARO-FM & WTLT-FM, plus LMA of WINK-AM & FM & WLTQ-FM. Note: This station has FCC approval to upgrade from Class A to C3 and change its city of license to Estero FL.

**\$7,000,000 WCCL-FM** Ft. Myers-Naples FL (Punta Rassa FL) from InterMart Broadcasting Gulf Coast Inc. (James Martin) to Fort Myers Broadcasting Company (Brian McBride & family members). \$350K letter of credit as escrow, balance in cash at closing. **Superduopoly** with WINK-AM & FM & WLTQ-FM. Crossownership with WINK-TV (Ch. 11, CBS).

**\$4,000,000 WRDS-FM** Syracuse (Phoenix NY) from Short Broadcasting Inc. (Robert D. Short Jr.) to Galaxy Communications LP (Edward F. Levine et al). \$100K escrow, \$250K consulting agreement, balance in cash at closing. **Superduopoly** with WTKW-FM, WKRL-FM, WTLA-AM. Other Galaxy stations in the area do not overlap WRDS.

**\$3,025,000 WKPO-FM** Madison (Evansville WI) from TBK Communications Ltd. (Thomas Kwiatkowski) to Good Karma Broadcasting LLC (Craig Karmazin). \$141,250 escrow, \$200K consulting agreement, balance in cash at closing.

**\$2,400,000 WOCE-FM** Benton TN from B.P. Broadcasters LLC (Zollie Cantrell, Nelson Bowers) to East Tennessee Radio Group II LP (Paul Fink, Gilbert Watts Jr.). \$125K letter of credit as escrow, \$1.75M in cash at closing, two notes totaling \$440K,

\$210K under non-compete agreement. LMA since 7/27. Note: This station has a CP to move its transmitter closer to Cleveland TN and become a Class A rim-shotter to the Chattanooga market.

**\$1,000,000 KEFE-FM** Santa Fe NM (Los Alamos NM) from AGM-Nevada LLC (Charles Salisbury, Anthony Brandon, L. Rogers Brandon) to Hutton Media LLC (Edward Hutton Jr., Georgie Hutton). \$50K escrow, balance in cash at closing. Note: Group buy divestiture to comply with ownership limits.

**\$1,000,000 WWWG-AM** Rochester NY from Winton Road Broadcasting Co. LLC (Anthony & L. Rogers Brandon) to HHH Broadcasting (Howard Goldsmith, Kenneth Morency). \$500K escrow, balance in cash at closing. Broker: Blackburn & Co.

**\$850,000 WRGO-FM** Gainesville-Ocala (Cedar Key FL) from Williams Broadcasting Co. (R.V. Williams) to Pamal Broadcasting Ltd. (James J. Morrell). \$42.5K escrow, balance in cash at closing. **Duopoly** with WDFL-AM & WKZY-FM Cross City FL and WRZN-AM Hernando FL. Broker: Hadden & Associates (seller)

**\$790,000 WMNS-AM & WMXO-FM** Olean NY from Magnum Broadcasting Inc. (Michael M. Stapleford, Karen L. Egger) to Southbridge Radio Corp., a subsidiary of Vox Radio Group (Bruce Danziger, Jeff Shapiro). \$39.5K, escrow, \$560.5K cash at closing, \$190K debt assumption. \$290K of total is allocated to a non-compete.

**\$650,000 WRZN-AM** Gainesville-Ocala (Hernando FL) from Management and Marketing Synergy Inc. (Franklin Watson) to Pamal Broadcasting Ltd. (James J. Morrell). \$32.5K escrow, balance in cash at closing. **Duopoly** with WDFL-AM & WKZY-FM Cross City FL and WRGO-FM Cedar Key FL. Broker: Hadden & Associates (seller)

**\$590,000 WSRQ-FM & WSRI-FM** Bear Lake-Beulah MI from D&B Broadcasting LLC (D.C. Schaberg) to Fort Bend Broadcasting Co. (Roy E. Henderson). \$30K escrow, balance in cash at closing. WSRQ-FM has a CP to move from 100.1 MHz Class A to 106.1 MHz Class C1. Both stations were silent with FCC permission at the time contract was signed, but it was stipulated that they return to the air within 10 days. Deadline to avoid returning licenses to the FCC is 10/21/00.

**more transactions @ rbr.com**

## Entravision up big time

In its first report as a public company, Entravision (N:EVC) said Q2 net revenues shot up 146% to \$35.7M and broadcast cash flow rose 147% to \$14M. On a same station basis, the revenue gain was 28% and cash flow 34%.

Entravision also reported that its \$448M cash/stock acquisition of Z-Spanish Media closed last week. With that deal, **Amador Bustos** has taken over as President of Entravision's Radio Division, which includes 57 stations in 23 markets. Also coming from Z-Spanish with Bustos, **Jeff Liberman** is now COO of Entravision's Radio Division and **Glenn Emanuel** is President of Entravision's Outdoor Division, which has 11,200 billboards in New York and L.A.

## Cumulus' net up, same-station down

Acquisitions helped boost Q2 revenues for Cumulus Media (O:CMLS), but problems remain with negative same-station results for both revenues and cash flow.

Overall, net revenues increased 36.7% to \$62.6M and broadcast cash flow grew 21% to \$16.4M. However, for the 212 stations in 39 markets that Cumulus has operated for at least a year, net revenues were down 3.5% to \$43.6M and cash flow dropped 25.7% to \$10.1M. As efforts continue to reverse that slide, Cumulus' Board of Directors has called a halt to the company's Internet projects. That's in addition to the previously announced consolidation of corporate offices in Atlanta.

CEO **Lew Dickey Jr.** says investors should expect to see the effects of cost reductions in Q4 results, but no measurable growth in revenues until Q1 of 2001.

## Nassau same station BCF up 28%

Although its IPO has been withdrawn, Nassau Broadcasting is looking to attract would-be buyers, so it's issued a public report on its Q2 financial results. Don't think, though, that **Lou Mercatanti** has revealed everything he would have had to make public if he'd completed the IPO. There are no actual results for Q2, only same-station financial numbers, results for those stations which Nassau

has owned for more than one year. Nassau said Q2 same-station net revenues rose 16.4% to \$8.7M. Broadcast cash flow for those stations rose 28% to \$3.2M.

## Jersey now Nassau

Reflecting its expansion outside its home base of New Jersey, Nassau Broadcasting has renamed its national sales operation. What was the Jersey Radio Network has been rebranded the Nassau Radio Network. **Joan Gerberding** continues to head the group-wide sales operation, which operates in addition to Nassau's national rep, Katz.

## Baron banks on radio

**Ron Baron** has been actively buying radio stocks for his BAMCO Inc. investment firm, according to analysis of SEC filings by Dow Jones News

Service. During Q2, Baron's largest purchase was 1.14M shares of XM Satellite Radio (O:XMSR), bringing his fund's total to 2.2M shares worth \$83M at the end of the quarter. Baron also bought 909K shares of Cox Radio (N:CXR), for a total of 1.4M shares worth \$39.2M, and 560K shares of Citadel Communications (O:CITC), for a total of 1.4M shares worth \$48.5M. Baron also owned 2.4M Class D shares of Radio One (O:ROIAK) and 1.1M shares of Class A shares (O:ROIA) for a total value of \$85.5M. Based on those numbers and past reports, it appears Baron sold a tiny portion of his Class A position after the 6/7 stock split which created the new, non-voting Class D shares.

Ron Baron has been an active buyer of radio and other media stocks for many years, but they by no means dominate his portfolio, which totals nearly \$8B.

## Contract Close-up

### Getting the station that you really want

by Erwin G. Krasnow and Eric T. Werner

In most acquisitions, the buyer purchases the target station on an "as-is, where-is" basis. That is, although the buyer may be investing with a view toward capitalizing on the target station's unrealized potential, the seller typically only delivers the station at its existing location in its existing operating condition. The purchaser is then left with the task of effectuating any improvements to the station's facilities that may be needed to maximize the station's performance—a process that can delay, perhaps indefinitely, the buyer's ability to enjoy the full value of his purchase.

Kennett Broadcasting LP found a way of getting the station it really wanted in its purchase of Station KTMO-FM, Kennett, Missouri, from Legend Broadcasting, Inc. Kennett secured Legend's agreement to a condition in the purchase agreement that made the deal contingent on Legend's ability to deliver the station with certain significant modifications of the station's facilities already completed. Thus, the contract stated that the deal could not be consummated until the FCC had consented to and approved the "reallotment of Channel 255C from Kennett, Missouri, to Keiser, Arkansas, and the modifications of the station's license to specify the new community . . . , the grant of a construction permit specifying a change in the city of license for the Station and/or a change in the transmitter site or a downgrade of its classification, and an assignment of the licenses to buyer."

Moreover, while the agreement provided that Kennett would bear the cost and responsibility for preparing the necessary FCC filings, it set forth certain time limits within which Legend had to prosecute each of the necessary filings with the FCC.

The agreement also provided that, notwithstanding all of the undertakings required of the seller, if Kennett despite its best efforts was unable to acquire a tower site reasonably satisfactory to it on or before the date on which the reallotment became final, or if—having acquired a tower site—Kennett was unable by a specified date to obtain final approval (including, for example, land use, zoning, and environmental approvals) to construct its facilities, then Kennett could terminate the agreement without recourse and have its escrow deposit and all accumulated interest returned.

The authors are attorneys with Verner Liipfert Bernhard McPherson and Hand

# Introducing AXS3: Scott Studios' Affordable New Digital System

AXS (pronounced ax'-cess) 3 is the *third generation* of the most popular digital automation for radio! AXS is in its *second decade* as the *premier* satellite system and digital cart replacement.

AXS 3 is also radio's first *affordable* music on hard drive system with *triple overlap* to *three separate console faders*. Your live jocks get the ultimate in level control and mixing ability. For unattended operation, AXS 3's voice trax auto-fades music under voices smoothly, bypassing the console.

**Air Studio Production Bonus:** AXS 3 also gives you *another* stereo production output and record input. You can record and edit phone calls or spots and auto-delay news *and* audition them in a cue speaker while playing triple overlap on the air!

**Premium Hard Drives:** The 3 also tells you that AXS 3 gives you a *3 year limited warranty* on hard drives. AXS 3 uses *exceptionally reliable* and *fast* 10,000 RPM 18GB (or 20GB) *hard drives* from top quality suppliers (like IBM, Seagate, Western Digital and others you trust) to keep your precious commercials, jingles and other recordings *always* at your fingertips. Other systems cut corners with slower and less reliable drives that sometimes choke and sputter with triple overlap and music from hard drive. AXS 3 won't jeopardize your cash flow with unreliable drives that might crash.

**Awesome Sound Quality:** AXS 3 uses only the best *non-proprietary* +4 balanced digital audio cards by Audio Science. These are also sold by most of the major brands of digital systems, but only in their top-of-the-line models costing *lots more* than AXS 3. Scott Studios uses premium audio cards in all our systems, although AXS 3 software will work with any good Windows sound card. Of course, if any card develops a problem, we'll replace it under warranty. You'll also be able to get these non-proprietary audio cards from us, the manufacturer, and several other vendors of high end digital audio systems.

**Easy to Use:** AXS 3 was *designed by jocks*, for jocks. It's 100% intuitive. AXS 3's big on-screen intro timer and separate countdown timers on every deck make pacing a snap.

If you know how to work cart decks, you know how to work AXS 3. It's so simple, everyone can run it! AXS 3 has *big* buttons. Other systems use complex multi-step mouse mazes. AXS 3 gets things done with one simple touch.

**MP3 Import:** AXS 3 plays MP3's, MPEG II and uncompressed (linear) recordings.



**Jocks love AXS 3!** Scott Studios' AXS 3 works with three cart players on the right side of the AXS 3 screen. The program log (at left) automatically loads the decks, or you can insert anything from pick lists. The far left of AXS 3 has 12 HotKeys that can play any time at a touch of a Function key.

**The Music's Easy:** AXS 3 is delivered with *your* music library already pre-dubbed for you at no extra charge. AXS 3 also comes with Scott's time-saving TLC (Trim, Label & Convert) CD Ripper software. It runs in your Program Director's computer and uses a CD ROM drive to digitally transfer 5 minute songs to hard drive in 15-30 seconds.

**The Best Voice Tracking:** AXS 3 works with Scott's optional Voice Trax. Announcers hear surrounding music and spots in their headphones in order to match their voice to the moods and tempos of the music.

**The Best Air Studio Recording:** AXS 3's built-in recorder has a graphic waveform editor for ease of recording and editing phone calls, spots, news or announcer lines. AXS 3's log editor lets you add new items to your schedule.

**Quality Hardware:** You get an industrial Pentium III rack mount Windows computer and a 1RU (1-3/4") tall case is available when space is tight. Jocks can use a keyboard or mouse, or optional button box or touch screen for fast control.

**The Best Tech Support:** Toll-free emergency phone support is available 24 hours a day, 7 days a week (including holidays). Software updates with new features are available for AXS 3

customers several times per year to stations on our annual support plan.

**Easiest to Install:** AXS 3 comes with a pre-wired connections to CAT5 LAN cables for snap-in installation on the AXS3 end of the wiring. Satellite control logic is also a plug-in snap. Your first two satellite audio connections for music format and news network, as well as another for your production console, are built into AXS 3 so interface cards or external switchers are not required.

**LAN and WAN:** AXS 3 and other MPEG and uncompressed WAVE Scott Systems use the same recordings. You don't have to dub the same spot several times for several stations.

**The Best Production Studios:** AXS3 is compatible with popular multi-track systems you may already have, like Sound Forge, Vegas, Cool Edit Pro, Fast Edit and others. Simply add our time-saving \$500 no-dub instant LAN spot upload option.

**AXS 3 is Affordable:** Satellite AXS 2 systems start at \$7,995 including built-in GPI and switcher. Triple overlap AXS 3 includes AXS 2 and adds 18GB of music on hard drive for only \$9,995 delivered. For details, check [scottstudios.com](http://scottstudios.com) or [axs3.com](http://axs3.com) or call 800 SCOTT-77.

(972) 620-2211 FAX: (972) 620-8811  
 8 0 0 7 2 6 8 8 7 7  
**(800) SCOTT-77**

**Scott Studios** Corp.  
 13375 Stemmons Freeway, Suite 400  
 Dallas, Texas 75234 USA