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Voice Of The Radio Broadcasting Industry®

November 6, 2000

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Congressional quack-up? Lame ducks will migrate back to DC

Congress has given up. Weeks upon weeks of continuing adjournment delays and budget stalemates have ended in a two-week Congressional vacation and a lame-duck session beginning November 14. Both the Democrats and the Republicans are hoping to gain politically, in the tightest Presidential race in history, by demonstrating the other side's partisanship. House Speaker **Dennis Hastert** (R-IL) said that "a cooling off period is not a bad idea."

Broadcasters are still left wondering what the future holds for LPFM. Sen. **Rod Grams'** (R-MN) bill to require third adjacent channel protection for LPFM stations, is a rider on the appropriations bill for the Departments of State, Justice and Commerce, one of the two appropriations bills that have not yet been passed. If the bill does not pass this Congress, all of the agencies that have worked so hard to rally support for Sen. Grams' bill, namely the NAB and NPR, may have to begin their fight all over again with the 2001 Congress.—ED

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AFTRA/SAG strike is history

AFTRA and SAG board members voted overwhelmingly 10/28 to approve the new contract with ad agencies and big advertisers announced a few days earlier (*RBR* 10/30, p. 1). Although official ratification by 135K union members isn't expected to be completed until late this month, the strike against TV and radio commercial producers is over and actors were free to go back to work, beginning last Monday (10/30). The six-month strike, the longest talent walkout in Hollywood history, is estimated to have cost \$125M in the L.A. area alone.—JM

CCU eyeing Univision?

BusinessWeek magazine reported a rumor from a Wall Street fund manager that Clear Channel (N:CCU) may have takeover designs on Univision (N:UNV), the nation's largest Hispanic TV group. Univision is said to be attractive because its stock has been beaten down.

RBR observation: There are a couple of reasons to give this rumor some credence: Mexican TV giant Grupo Televisa (N:TV) owns about 6% of Univision and is also a partner with Clear Channel in a big Mexican radio group (*RBR* 9/25, p. 17); and Clear Channel already has a large non-voting stake in Hispanic Broadcasting Corp. (N:HSP), the largest US Spanish radio group. On the downside, Clear Channel's stock has been beaten down along with Univision's, as have most media stocks, making it more difficult for Clear Channel to pull off yet another huge acquisition; and Univision has an attributable stock interest in Entravision (N:EVC), which could create difficulties in compliance with local radio and TV owner-

ship limits at the FCC. Also, Univision CEO **Jerrold Perenchio** holds a chunk of Class P stock with ten times the voting power of the publicly traded Class A stock (giving him about 20% voting power), which would make it difficult to do a buyout or merger without his support.—JM

WAAF yanks DJs off air for playing mock confessions

Entercom's heritage rocker (and *Billboard* Rock station of the year) WAAF-FM Boston/Worcester pulled afternoon drive jocks **Tom Birdsey** and "**Rocko**" off the mic 90 minutes before their shift ended 10/27 for refusing to stop airing mock secret taped confessions from a Catholic church.

PD **Dave Douglas** says management was in on the joke, but after an enraged Boston Catholic diocese spokesperson called the station citing the joke as equivalent to a hate crime, he had to pull the plug. "Although I do support Rocko and Birdsey as air talents and give them the opportunity to create cutting-edge radio, I felt that at this particular time, this bit needed to stop," he tells *RBR*. "And we will not be airing any more of these types of confessions."

Rocko and Birdsey returned to the airwaves 10/30, no further punishment was issued. The tapes, supposedly from a listener, had a gambler, child abuser and a woman having an extra-marital affair. Last year, they were suspended after fooling **Don King** into thinking a call they made was from **Mike Tyson**.—CM

Hicks, Muse in another mega-merger

This time **Tom Hicks** is in the middle of a big radio, TV and Internet merger in Latin America. Ibero American Media Partners, a joint venture of Hicks, Muse, Tate

& Furst and the Cisneros Group of Companies, is merging with El Sitio (O:LCTO), an Internet-based company targeting Spanish and Portuguese speakers around the globe. The merged company, to be called Claxson Interactive Group, will be owned 37% by Cisneros, 29% by Hicks, Muse and 34% by current El Sitio shareholders. On a pro forma basis, the combined company had net revenues of approximately \$119M for the 12 months through 6/30/00.—JM

Clear Channel responds to Martin

Clear Channel (N:CCU) issued a release responding to **Andy Martin**, an independent US Senate candidate from Florida, who who claims to have filed consumer fraud charges against the broadcaster for its nationwide contesting practices. Clear Channel had previously agreed to run disclaimers that satisfied Florida's Attorney General after an investigation. Clear Channel had also paid a fine. Martin has also asked FCC Chairman **Bill Kennard** to open a formal investigation.

Some of CCU's response: "Mr. Martin's claims are without merit and should be subjected to intense scrutiny. Mr. Martin has a history of abusing the media, the courts and the political process to further frivolous and meritless agendas. Over the years the courts have chastised Mr. Martin on numerous opinions for irresponsible litigious activities, abuse of the legal process and 'scumilous allegations.'...The recent allegations lodged by Mr. Martin against Clear Channel are yet another ploy to promote himself for personal or political gain and are without basis. Clear Channel intends to protect its reputation, employees, listeners and shareholders."—CM

Viacom to bet on BET?

Dow Jones—Viacom (N:VIA) has held talks to acquire BET Holdings Inc., the nation's only cable TV network aimed at African Americans, for roughly \$3B, people familiar with the matter said.

Spokesmen for Viacom and BET declined comment. The people familiar with the talks said they took place within the last several weeks, but are not currently on the front burner, and it is possible no deal will result.

A purchase of BET Holdings, which owns the Black Entertainment Television cable TV channel, would significantly expand Viacom's already sizable collection of cable TV networks, which include the MTV and VH1 music video channels. Viacom recently added a country music channel with its acquisition of CBS, but doesn't currently have a cable service aimed at African Americans. However, it does own the United Paramount Network, which caters to primarily an African-American and young male audience.

BET Holdings is 65%-owned by **Robert Johnson**, its founder and chairman, and 35% owned by Liberty Media Group (O:LMGA), a cable TV company controlled by AT&T Corp. (N:T).

The talks between Viacom and BET were first reported (10/30) on the Web site of industry publication *Multichannel News*.

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Do you or don't you fax?

The FCC fined El Mundo Broadcasting Corp., licensee of WKAQ-AM San Juan, PR, \$6K for failure to inform an individual that a phone call was being recorded for broadcast. **Luis Francisco Ojeda**, an

on-air personality at WKAQ, called **Bernardo Vazquez-Santos**, Legal Council to the Governor, and questioned him about use of a governmental fax machine to send out invitations to a cocktail party. Parts of the conversation were aired various times on various stations.

RBR observation: Wow, is the extent of crime in Puerto Rico the use of a fax machine? It must be well worth the \$6K to break open a scandal of this magnitude!—EID

Hanson and Richman square off over SMR

Strategic Media Research founder **Kurt Hanson** announced 10/24 he is resuming the Chairman title of the company he founded in 1980. He also accepted the resignation of CEO **Deborah Richman**, who joined the company 9/99.

Hanson, also the publisher/editor of online "Radio And Internet Newsletter" (RAIN), says Richman was charged with developing new products for cable and other media. "...those plans have not come together on the timetable that was originally proposed. I thought it was time to refocus us on the field in which we've really got expertise—the radio industry," he explains.

Hanson will now split his time between Strategic Media Research and RAIN. Day-to-day ops of Strategic Media Research will be handled by VP/Client Services **Amy Vokes**, VP/Telemarketing **Joe Heslet**, VP/

Radio News®

RBR News Analysis

RBR finds McCain guilty of subverting the legislative process

Sen. **John McCain** (R-AZ) made a lot of noise recently decrying the use of appropriation bill riders to move unrelated legislation from bill to law. One such piece of legislation is Sen. **Rod Grams'** (R-MN) bill which would create a new LPFM service, but would require 3rd-adjacent channel protection for existing stations for all new LPFM grants. Grams' bill was attached to an appropriations bill for the Departments of State, Justice and Commerce. Said McCain, "By any reasonable interpretation, the appropriations process has been highly irregular, with the use of legislative gimmickry designed to avoid debate, subvert the regular legislative order, and obscure from the American people special-interest driven legislative riders and pork barrel spending." (*RBR* 10/30, p.2).

He may have a point, but in the case of LPFM, we must ask just who is it who is subverting the legislative process? A 3rd-adjacency protection bill was long ago passed in the House, and while it is impossible to tell how many Senators would vote for Grams' bill, it is abundantly clear that the bill would pass, and easily. It has a bipartisan group of 56 co-sponsors! Only 51 of them are needed to pass the bill. So why isn't it a law now?

McCain is apparently still wedded to his own stillborn LPFM bill, which garnered the verbal support of only four other Senators, only one of whom signed on as a co-sponsor (*RBR* 6/12, p.2, 6/19, p.4 & 8/7, p.3). It had no chance of passing and was taken off the table. So McCain, rather than giving in to the wishes of a clear majority, is taking advantage of the committee system and blocking the Grams bill. He leaves its supporters no option but to find an alternative method to write it into law.

By the way, this is not a bill designed to protect a narrowly-defined special interest group. While Grams' bill does protect large radio groups, it more particularly protects the economic viability of smaller operators; it protects noncommercial stations; it protects reading services for the blind and other users of subcarriers; and most of all, it protects the rights of 99% of the American public who have a right to expect a clean signal when they tune in their favorite radio station.

While broadcasters would no doubt prefer no LPFM at all, and while we at *RBR* still think that it makes very poor use of the spectrum for a number of reasons, the NAB has signaled that it would find the Grams bill to be an acceptable compromise. It is a perfect example of a compromise that gives everyone something while minimizing damage to the existing broadcasting infrastructure. McCain and FCC Chairman **Bill Kennard** (D) should take it and consider it a victory.—DS

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In response to the 10/25 RBR.com story, Richman says, "In fact, this 'reinstatement' followed the resignation of the entire SMR Board of Directors (except for Hanson) after Chartwell Capital decided not to continue funding the business, citing an insufficient rate of ROI."

The seven-member board included Richman, Hanson, **Joe Mansueto** (of Morningstar), the company's two-month Chairman **Michael Davies** and three representatives from Chartwell Capital.

Richman adds, "Hanson also falsely claimed that I, as the CEO of SMR, neglected opportunities in SMR's core radio business to focus on developing new products for cable channels and other media properties. Nothing could be further from the truth. When I was hired by SMR last year, the company had significant pre-existing liabilities as a result of continuing to engage in certain totally unprofitable lines of radio-related business...with the Board's full support, I sought additional outside venture capital funding so that we could compete more successfully."

Hanson says Richman was not present at the board meeting and is willing to retract her emailed statements. We hadn't heard back from her at deadline.—CM

RapidRomance.com opens up to radio

RapidRomance.com, a unique dating service manifested at local coffee houses, opened its "six-minute" dating concept to radio stations 10/27. The concept, which has been featured on "Sex In the City," "The Tonight Show" and news stations across the country, has 20 eager singles go on 10 six-minute dates in one hour and fill out questionnaires to express interest or disappointment immediately after. Rapid Romance then calls the participants the next day with their "matches" and phone numbers.

Rapid Romance launched in LA six months ago and is currently expanding to other US cities. President **Michael Schor** is currently

RBR News Briefs

iBiquity Digital demos in Detroit

At the recent Convergence 2000 show in Detroit (a bi-annual conference for leading automotive technologists, engineers and executives), sole IBOC proponent iBiquity Digital demonstrated its system on Infinity's WWJ-AM and Greater Media's WGRV-FM. iBiquity also showed off its first live broadcast transmission of audio and wireless data directly to radio screens located in kiosks throughout the convention center. The data included banner ads, news, weather, sports and playlist content info.—CM

Big City: To IRR is human, to rep is the design

The ranks of Hispanic rep firms have increased by one: Big City Radio (A:YFM) has formed Independent Radio Reps, under the care and feeding of President **Mark Munoz**. The firm, which will rep Big City's own Hispanic-formatted stations in Los Angeles and Phoenix, will not be limited to Big City O&Os. Independently-owned Hispanic News-Talker WSUA-AM Miami just signed on, joining other non-Big City stations in Texas.—DS

Steve Allen dead at 78

Most of us remember **Steve Allen** from TV, but he was also a former DJ who began his career in 1943 at KOY-AM Phoenix. He moved to KNX-AM Los Angeles, where his show was picked up by the CBS Radio Network, and then made the transition to TV as the first host of NBC's "The Tonight Show" in 1953. Steve Allen was 78 when he died 10/30 at his son's home in California.—JM

Ed Kane dead at 76

Retired Associated Press Radio Network anchor **Ed Kane** has died of lung cancer at age 76. Kane's radio and TV broadcast news career ran 39 years, including seven years at ABC Radio and 24 at the AP Radio Network, but didn't end with his retirement in 1980. He continued to co-produce and anchor "Home Front," a feature for AP Radio, until two years ago. AP says Kane died 10/19 at his home in Reston, VA.—JM

establishing strategic partnerships with radio stations, sharing the revenues from these meetings: "Doing this on radio is a brand-new concept. We're taking the coffee-house concept to larger venues like nightclubs where we can do 60 people in three groups. Within the first hour of releasing this, I had a three-station group in Austin call wanting market exclusivity. I'm debating doing this by format or market exclusivity—stations have been interested in creating singles events that cater to their individual demographic."—CM

Cornerstone Project begins

"Free Speech: The Language of America" is the slogan for the Media Institute's Cornerstone Project, whose goal is "to give the American public a renewed appreciation of the importance of free speech and free press." The three-year-long project will be targeted toward the FCC and Capitol

Hill, using PSA's, education and promotions to get out the message.

Providing the monetary contributions to the Cornerstone Project are the four founding members, the National Association of Broadcasters, the Newspaper Association of America, Magazine Publishers of America and the American Association of Advertising Agencies as well as the Gannett Foundation and the Nation Cable Television Association. The Advisory Council, made up of 10 other groups such as the American Library Association and RTNDA, will provide support in the form of time and space to inform and promote the project.

After citing the story of a Ukrainian broadcaster's struggle with the Ukrainian government over free speech, **Eddie Fritts**, President/CEO of the NAB, said "Broadcasting as we know it in the United States would not exist without the First Amendment. Each of us recognizes that the

First Amendment is the foundation of our freedom." You can find a link to the Cornerstone Project website on RBR.com.—ED

Motor Trend launching programming

Motor Trend magazine is launching two weekend programs this month through Talk Radio Network. Both debuting in 100 markets, "Motor Trend Radio Magazine" and "Motor Trend Weekend" air 8A-10A on both coasts Saturday and Sunday, respectively.

Motor Trend Radio Magazine features interviews with *Motor Trend's* editors, mechanics' advice on buying and selling cars, on-location broadcasts from auto shows, call-ins, road test reviews and more. Motor Trend Weekend broadcasts live from auto events and provides information and entertainment for auto enthusiasts. Both programs are sponsored by Meguiar's wax.—CM

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DirectAir targeting on the level of direct mail

A unique e-commerce model for radio station websites was recently launched at NAB. "DirectAir" claims a patent-pending solution that goes beyond the age, sex and zip code demographics of other ad insertion providers—to provide the targeting capability of direct mail.

Instead of using cookies or a passive permission marketing approach when listeners log on for their first time to listen, DirectAir says it will provide better targeting results (and a higher CPM) by allowing listeners to filter six out of seven commercial categories to only provide the information they want to hear each time they tune in.

"Studies have shown that 70% of Internet surfers don't even put in the right zip code when asked," DirectAir Chairman/CTO **David Seaberg** tells *RBR*. "So if you take a company with this level of targeted advertising for Internet radio, and you go to advertisers and you give them an audience based on this kind of information that's false, based on zip-codes, you are doing a disservice to the advertiser and you're only able to broadcast the same way broadcast can. So advertisers won't pay it. The key is right now, radio advertising is between \$16B-\$20B dollars a year and the average CPM is about \$17, and that's because they can't target the ads. Direct mail dollars are at \$42B. I'd like to see about \$4B of that move over to targeted radio in the next five years."

The DirectAir service also offers stations a customized interactive audio player with a contest/polling interface, listener ratings interface for song feedback and real-time artist/title/buy-now display with its targeted audio ad insertion. As an option, DirectAir can provide listeners with personalized wireless content like stock quotes and sports scores. The company is currently beta testing with KAHK-FM Austin, TX

Radio AdBiz

Newspapers: Circulation down, web hits up

More and more people are ditching traditional newspapers for online sources of daily news, according to new analyses as reported by the Newspaper Association of America (NAA). Recent circulation and readership reports have recorded a small decline in printed versions of news while their corresponding websites are gaining more readers. The slippage applies to broadcast media as well. Prime-time television and morning drive radio have also been impacted by the emergence of new electronic media.

The Fall 2000 Competitive Media Index (CMI) showed that audiences for print and broadcast media declined slightly or just held steady during the Spring. Daily newspaper readership was down to 55.1% from 56.2% with Sunday editions falling from 66.2% to 65.1%. The latest CMI also notes that the average half-hour of prime-time broadcast TV gained only slightly to 38.1% from 37.8% while the average half-hour of prime-time cable mirrored a meager hike from 12% to 12.2%. Radio did not fare quite as well with the average quarter-hour of morning drive slipping from 23.4% to 23.1%. (Of course, radio has 96 quarter hours each day, while newspapers publish once.)

Greenwich, CT-based NFO Ad:Impact reports that newspaper online sites are included as the most recognizable and most visited local-oriented destinations. Studies show that 66% of all online consumers, on average, were aware of online newspaper websites and that of this group, 48% had actually visited their local newspaper sites. It is further shown that an estimated 5M online users visited newspaper websites over the past 30 days, at the time market surveys were conducted.

NAA President and CEO **John F. Sturm** said, "This research confirms what we've all known for some time—that there are simply more media choices out there. Fortunately, newspapers have made considerable progress developing their online products, particularly in dominating the local news franchise. Our expectations are that this multi-media offering makes the overall newspaper package an unbeatable combination." —KR

The chart below shows the percent change in circulation over the past year for both daily and Sunday newspaper editions, broken into circulation size groups.

Newspaper Circulation	Pct chng Daily circ	Pct chng Sunday circ
500K+	-0.02	+0.04
250K-499K	+0.43	-1.40
100K-249K	-0.02	-0.69
50K-99K	-0.82	-1.11
25K-49K	-1.24	-0.88
25K-	-1.84	-0.98

Source: Audit Bureau of Circulations

and has 30 stations waiting to launch.—CM

WPP Group up sharply

What ad slowdown? WPP Group (O:WPPGY), the world's largest advertising company, reported a 21% increase in Q3 revenues, based on constant currencies, to approximately \$985M. North American revenues (which are nearly half of

the total) grew 19.5% to \$449M. Despite increasing jitters about an advertising slowdown, WPP (including recently acquired Y&R) managed to book about \$1.2B in new business for Q3.—JM

Omnicom Q3 up 22%

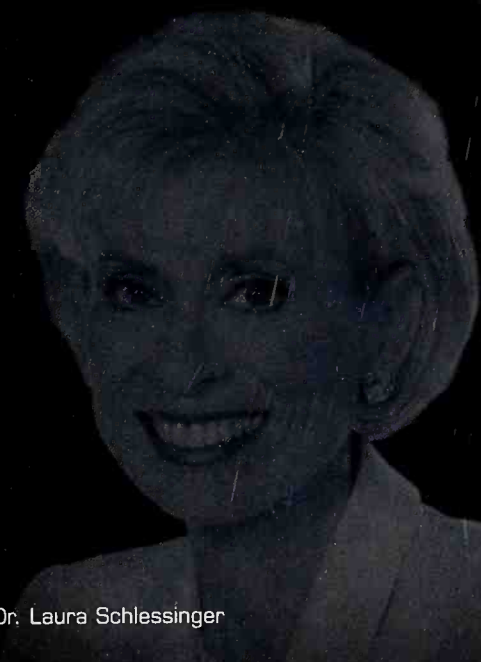
Q3 net income rose 22% to \$85.7M for Omnicom Group (N:OMC). Worldwide revenues

grew 20% for the advertising industry giant to \$1.45B. US revenues were up 27% to \$775.7M. Omnicom is the parent company of ad agencies BBDO Worldwide, DDB Worldwide and TBWA Worldwide. It also owns the OMD and PhD media buying and planning agencies, along with PR firms and various Internet assets.—JM

PREMIERE TALENT



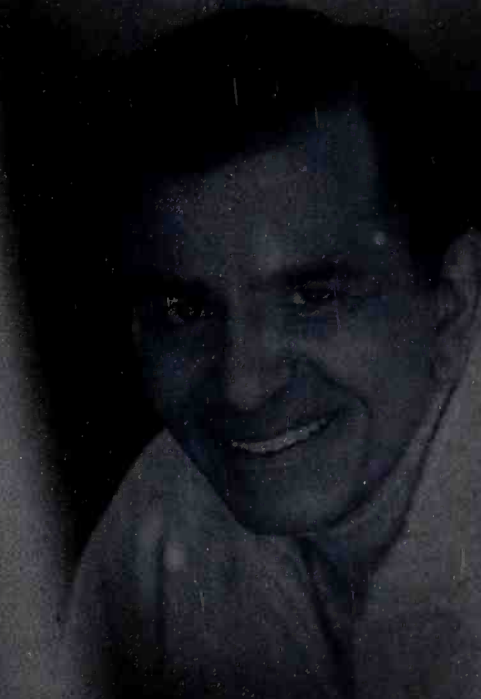
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Continuity Scheduling:

Close-up spots and a lesson from Dirty Harry

by Franklin Raff

You could learn a lot from a homicidal vigilante. Take Dirty Harry. He would have made a great local radio rep. An impassioned dealmaker, he was *the* master of the assumed close. One would not look for wiggle room in Dirty Harry's rate card. One would not try to add the word 'flavorific' to Dirty Harry's ad copy. Dirty Harry's sales proposals do not include an "Option B". Dirty Harry was a conspicuously proactive problem-solver. And I wish he worked for us, 'cause *man* have we got problems.

From a creative standpoint, for instance, we often find ourselves at a point of seemingly irreconcilable compromise. On one hand, we must give 'establishing' information in our radio ads: business name, location, phone number—yes, repeated—website and legal. Innumerable surveys and recall tests show that radio listeners *need* this information, and are frustrated by omissions.

But we must also craft the 'close-up' moments, the really *creative* radio that people *want* to listen to. Now that many stations think nothing of running as many as 18 spots per hour, great programming includes compelling *ad* content.

But just as minor salespeople will try to quick-close an all-encompassing 'radio advertising partnership package,' so do many creatives try to tackle all content objectives in a single spot. The end result is often the same: contracts, credibility, and the clients' best interests are ultimately compromised.

We have (I think) coined a phrase in our attempt to arrive at a responsible and radiocentric solution to the close-up/establishing dichotomy of the radio ad. We call it continuity scheduling. Naturally, we got the idea from watching Dirty Harry.

In order to ensure clear and powerful storytelling, Hollywood relies on a system of filmmaking rules called 'continuity editing.' This system is now so pervasive that anyone who works in narrative film is expected to be thoroughly familiar with its principles. The '180 degree rule,' for instance, dictates that a movie camera must always

remain on one side of a 180 degree axis of action. Now let's get back to Dirty Harry. First, we see an 'establishing' shot: The villain is to the left of the screen, facing Harry on the right. The axis of action is set: bad guy left, good guy right. In the next shot we see the bad guy, screen left, reach for his gun. Cut to a close profile of Harry drawing from the left hip, and aiming towards screen left. Bang! And cut to close profile of the anguished bad guy facing right. Now another close-up: Harry's smoking gun, whose barrel—you guessed it—faces left.

Close-up shots lend emotional impact: the wincing face, the smoking gun. But close-ups would disorient us if it weren't for the 180 degree rule. Continuity editing brings coherency to the montage, regulating a dynamic of emotional power and intellectual consistency.

So it is with continuity scheduling, a system comprised of establishing spots and close-up spots. An establishing spot is the information-based calling card. It is designed to run exclusively and at high frequency in the first months (depending on frequency, one to three months) of a radio campaign, after which this frequency wanes, keeping continued presence in all dayparts as close-up spots are introduced. Establishing spots are always in the mix, though they may decrease to as little as one play per daypart/day after six months as close-up spots supercede them in the rotation.

An establishing spot should be engaging and versatile—the listener gets the facts and is pre-prepared, or aurally and mentally keyed in, for future close-up spots. An establishing spot is neither a 'generic' spot, nor a sixty-second tag. Rather, it sets a fact-filled 'line of action,' optimizing transference via audio and copy continuity.

For the anxious new client, the establishing spot offers a particularly gentle introduction to radiocentricity. Call it the Montessori effect: By transferring existing creative (usually from print) to audio, radio multiplies an audience while luring the client from other media with new creative opportunities. In this way, and at a

critical time, we show that our remarkably un-trackable medium cannot, at this point, be tested. Rather, it is *their* sales message that is simply tested on a new audience. And so, until 'radio starts to work' as we so nervously say, the 'message effectiveness' onus is largely on the client.

Continuity scheduling also serves as a deliberate enticer. As we gather critical establishing frequency while tramping through the painful first invoices of a radio campaign, we work with our clients to polish up the fun stuff—the close-ups. And as we help mold our clients' best ideas into radiocentric ideas, we usually find that radio, the imagination medium, gets their best attention. Reaching over 95% of consumers weekly, only radio can paint a million different pictures in a million different minds in the space of a minute. And though the folks at *Creativity* or *Lürzers Archive* may haughtily reboot *Photoshop* at the very thought, America (and some of her best creatives) are still *deeply* in love with our medium. It's just *more fun* to listen, and think, and write, radiocentrically.

As we prepare for the infusion of the close-ups, we find we have a well-established foundation. Our listeners know *who* we are, and they're ready to know *why* we are. Keeping that axis of action—thematic continuity—we unleash the fun stuff. The soundbite montage. Or, say, a child's testimonial: wonderfully unhumid and exhilaratingly real. As long as it serves as a memorable, penetrating, and persuasive superstructure to the establishing spot, it is appropriate.

The close-up spot has no need for the wearisome, endless tags that steal credibility from our advertisers and TSL from our stations. Liberated from contrivance, the close-up spot can do what our intimate medium does best: show a *real* selling proposition, show us the *soul* of a business. The close-up spot is a positioning tool, but it is also an act of generosity, an oasis of authenticity that compliments, serves, and ignites the imagination of the listener.

Continuity scheduling solves a basic creative problem while making it



mandatory—at last from a creative standpoint—that radio advertisers never sacrifice frequency for reach. Continuity scheduling sets creative roots deep in the minds of a listenership. As such, it demands an unrelenting commitment to longer schedules and higher overall frequency values.

Continuity scheduling entices a wary client, insures against premature contract cancellations, catalyses agent-client creative efforts, and is rocket fuel for up-selling. And though there's lots of room for improvement, the general idea is working for us and our clients.

Emotional power and intellectual consistency are the dynamic yin and yang of continuity scheduling. In this delicate balance, there is little room for compromise.

So if you would be a shotgun scheduler, a sprayer and prayer, or an ad sprinkler—if you would rather do and say a little of everything all at once—if you think it's safer to make the same old apologies for the same old results, safer to stand by and let your client decrease radio in a "down" month, safer not to try something new, if you really think it's safer to settle for declining nationwide audience shares, disrespect from traditional agencies, and our miniscule portion of the nationwide ad dollar, you'd better stop and ask yourself: Do you feel lucky?

Franklin Raff is the President and Executive Creative Director of Raff Radio Marketing Group, Inc.; franklin@raffradio.com

Radio AdBiz®



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Tune in to hear Valerie Geller; Pat Clarke with Americom; Bob & Sheri; John Pedlow with Broadcast Electronics; George Bundy with BRS Media; Montie Montana with Buffalo Bill's Wild West Show; Tom Palmer with ConvergedMedia Inc.; Michael Peterson with CoolLink; Robin Wang with Dalet; Jeffrey W. Gaus with E Fusion; Don Backus with Enco; Andy McClure and Dean LeGras with Exline; Lawrence Norjean with FMiTV; Charlie Whitaker with Forever Young; Ron Rivlin with HiWire; Bob Struble with iBiquity; Ralph Guild with Interep; Tony Garcia with Jefferson Pilot; Tom Des Jardins with Lightningcast; Doug Fabian with Maverick Investing; Glen Hamilton with MSM; Eddie Fritts with NAB; Judith Brenna with Nassau Broadcasting; Birendra M. Roy with NetMedia; Kraig Kitchin with Premiere; Kevin and Jackie Lockhart with Prophet Systems Innovations; Gary Fries with RAB; Phillippe Generali with RCS; Dave Scott with Scott Studios; David Oxenford and Frank Montero with Shaw Pittman; John Brooks with Silicon Valley Bank; Joel Hartstone with Siteshell; Peter Barnes and Vince Werner with Spot Taxi.com; Dave Adams with Spot Traffic; Gordon Bridge with SurferNetwork.com; John Kaiser with Trafficstation; Jeff Kimmel and Pete D'Acosta with Wicks Broadcast Solutions; Elliot Kanbar with Wild about Broadway; and Michael Zwerling with ZBS Radio.

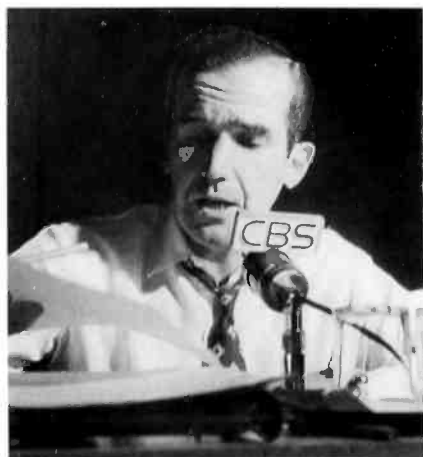
In a move designed to help busy executives keep up with the fast-changing radio business, *Radio Business Report* in the Spring of 2000 became the first radio trade publication to launch an Internet radio station." Radio news is breaking at an incredibly fast pace and



just can't wait for the morning faxes," said Ken Lee, Associate Publisher and General Manager.

In addition to posting news on its Web site, www.rbr.com, RBR is also streaming 24 hours a day.

The "format" consists of a newscast of radio-specific business and industry news, interviews and commentaries, plus classic radio bits, jingles and Mercury Award-winning spots (with real paid spots to come). Veteran newscaster Jack Messmer, now Executive Editor of RBR, is back behind the mike for the audio updates.



The new RBR Web "radio station" is still early in its development and radio executives are encouraged



to provide input on what they'd like to hear. (Please don't ask for Britney Spears, though!) You may email klee@rbr.com

so we can build the radio station you want.

"Another exciting aspect of the Internet radio station for RBR is that we can now offer advertisers a cross-platform vehicle to help to market their products," noted Lee. "Advertisers can now run audio spots on our Internet radio station, bundled with banner messages on the www.rbr.com web site, along with click-through messages on our daily email service, plus traditional advertising with *Radio Business Report* and *MBR*."





State stats: Where the ears are

RBR has taken demographic information from the Fall 1999 Arbitron and worked up a demographic profile of each state and the District of Columbia.

Many of the facts contained on the charts will not come as a big surprise. California, New York and Texas are the three largest states in terms of 12+ population in Arbitron-rated markets. Wyoming is the smallest.

Florida is home to the highest percentage of individuals aged 65+. At the other end of the thermometer, Alaska has by far the least. On the other hand, Alaska is the state most saturated with men and

women in the coveted 25-54 demo, and it's also #1 35-64. (The Alaska numbers practically scream the suggestion that people go there, make their money and get the hell out.)

If the sale of acne cream is a major part of your business, Utah is the place to be—it is the leader in percentage of teens by a wide margin.

Chances are that if you are Black, you are not reading this at your desk somewhere in

Montana, where only 1,200 are resident. On the other hand, eight states have a Black 12+ population of over 1M, and nine have a Black concentration of 20% or more.

The Hispanic population is much more concentrated—New Mexico is not a leader in raw population numbers, but its 38.9% Hispanic population is by far the highest percentage. California and Texas are home to the largest Hispanic populations.

State	Mkts	12+ pop	Rank	Teen	18-34	25-54	35-64	65+
AL	7	2,346,400	24	10.7	27.4	52.6	47.2	14.7
AK	1	205,500	48	10.7	33.8	66.3	51.0	4.5
AZ	2	3,089,100	16	9.8	29.3	53.2	45.1	15.8
AR	5	1,066,000	37	10.8	27.2	52.0	46.4	15.7
CA	20	27,286,700	1	9.7	31.2	56.0	46.3	12.9
CO	5	2,789,800	19	9.9	29.5	58.6	49.3	11.4
CT	7	2,584,800	22	8.5	27.5	53.6	47.7	16.3
DE	1	527,500	43	9.4	29.2	54.0	47.4	13.9
DC	1	3,664,600	13	9.0	30.8	60.9	50.4	9.9
FL	17	12,499,500	4	8.4	25.3	49.4	45.1	21.1
GA	7	4,418,900	10	10.5	30.6	58.3	48.3	10.6
HI	1	723,900	39	9.2	30.7	54.5	46.8	13.3
ID	1	331,300	45	11.8	27.0	54.5	47.0	14.2
IL	8	8,355,700	6	10.2	28.7	54.3	47.1	14.1
IN	6	2,297,500	25	10.3	28.5	53.1	46.4	14.8
IA	7	1,294,200	32	10.2	27.5	51.4	46.1	16.1
KS	2	633,000	41	10.4	27.1	53.3	46.8	15.7
KY	3	1,326,300	31	10.1	28.1	53.7	47.5	14.3
LA	7	2,611,800	21	11.7	28.5	53.0	46.3	13.5
ME	4	468,200	44	9.5	28.1	52.7	44.9	15.7
MD	4	2,706,200	20	8.9	28.1	55.5	48.7	14.3
MA	5	4,992,100	9	8.4	29.6	53.0	45.8	16.1
MI	10	6,385,500	8	10.4	28.3	53.9	47.3	13.9
MN	5	2,803,300	18	9.9	30.6	57.1	46.8	12.7
MS	6	1,137,700	35	11.5	28.9	54.5	45.4	14.0
MO	5	4,042,700	12	10.1	27.7	54.0	47.3	14.9
MT	2	166,700	49	10.6	26.0	53.8	48.1	15.4
NE	2	747,000	38	10.3	30.5	54.4	46.0	13.3
NV	2	1,413,300	30	8.8	28.6	57.1	50.1	12.5
NH	2	533,400	42	9.4	30.0	57.9	48.1	12.4
NJ	5	2,029,900	27	9.1	25.2	53.0	48.2	17.5
NM	2	672,900	40	10.3	28.1	57.0	48.9	12.7
NY	13	21,141,000	2	9.1	27.4	53.5	48.1	15.2
NC	7	4,321,200	11	9.5	30.5	54.4	47.0	13.0
ND	3	294,500	46	10.3	33.0	51.0	42.8	13.9
OH	9	7,394,700	7	10.0	27.5	52.7	47.2	15.3
OK	3	1,636,200	29	10.5	28.4	54.1	47.3	13.8
OR	3	2,150,100	26	9.9	26.0	55.5	48.8	15.4
PA	12	9,664,200	5	9.4	26.3	51.1	46.9	17.6
RI	1	1,272,900	33	9.0	28.1	50.7	45.1	17.9
SC	5	1,981,300	28	10.4	30.5	54.0	47.0	13.0
SD	2	229,100	47	10.9	29.6	53.6	44.9	14.6
TN	7	3,453,000	15	10.2	27.7	54.3	47.8	14.2
TX	19	13,543,500	3	11.4	31.4	56.1	46.1	11.1
UT	1	1,256,700	34	15.5	31.6	51.3	41.8	11.1
VT	1	125,900	50	8.8	35.3	55.9	45.8	10.2
VA	7	2,885,400	17	9.4	31.4	54.4	46.2	14.5
WA	4	3,658,600	14	9.6	28.3	56.9	48.4	13.7
WV	7	1,073,500	36	10.4	24.0	49.6	47.7	17.9
WI	6	2,547,000	23	10.0	29.0	53.5	46.2	14.7
WY	2	114,900	51	11.1	27.1	55.4	48.8	13.0

Source: Arbitron

Management, Sales & Marketing

Florida's ethnic population of nearly 30% is fairly evenly divided by Blacks and Hispanics. Only three other states reach double-digits in both categories

The highest concentration of military personnel (in military group housing) is in Hawaii. Alaska is tied for third. In the contiguous 48 states, North Carolina and

Virginia lead the way.

There are two numbers provided for college students. The first (labeled Col) is the percentage of the population enrolled in college, and the second (labeled dorm) is the number living in campus housing.

The highest concentrations of farm population are in the Midwest (surprise, sur-

prise), led by South Dakota, Iowa and North Dakota. Not many farmers choose to put down roots in places like Alaska, Arizona or New Mexico (or for that matter, Massachusetts).—DS

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State	Black	Pct	Hisp	Pct	Mil	Col	Dorm	Farm
AL	582,000	24.8	26,500	1.1	0.2	4.1	0.9	1.0
AK	11,700	5.7	9,900	4.8	1.1	3.2	0.0	0.0
AZ	109,600	3.5	620,300	20.1	0.1	3.5	0.3	0.1
AR	128,900	12.1	23,900	2.2	0.1	4.1	0.9	1.8
CA	1,751,900	6.4	8,066,300	29.6	0.3	3.4	0.5	0.4
CO	129,400	4.6	370,700	13.3	0.4	4.4	0.8	0.5
CT	221,200	8.6	198,900	7.7	0.2	3.1	1.2	0.1
DE	86,500	16.4	17,600	3.3	0.0	4.1	1.5	0.7
DC	927,500	25.3	286,400	7.8	0.3	3.3	0.8	0.3
FL	1,669,600	13.4	2,031,700	16.3	0.1	0.3	0.4	0.3
GA	1,241,200	28.1	146,900	3.3	0.4	0.4	0.6	0.4
HI	23,200	3.2	48,200	6.7	2.5	4.1	0.6	0.2
ID	1,600	0.5	24,600	7.4	0.0	3.1	0.5	2.1
IL	1,397,800	16.7	975,600	11.7	0.1	3.6	0.8	0.5
IN	228,500	9.9	34,800	1.5	0.0	4.4	1.5	2.4
IA	43,800	3.4	36,200	0.2	0.0	6.4	0.2	4.3
KS	44,400	7.0	34,300	5.4	0.1	2.9	0.4	2.5
KY	146,600	11.1	11,300	0.9	0.0	5.0	1.4	2.0
LA	803,800	30.8	79,900	3.1	0.1	4.2	0.8	0.6
ME	3,000	0.6	3,900	0.8	0.1	5.1	2.4	0.8
MD	650,800	24.0	46,500	1.7	0.2	3.1	0.8	0.9
MA	260,500	5.2	272,900	5.5	0.1	5.2	1.9	0.1
MI	1,037,500	16.2	166,800	2.6	0.0	3.4	0.8	0.8
MN	101,600	3.6	50,500	1.8	0.0	4.4	0.1	2.1
MS	337,000	29.6	12,600	1.1	0.4	4.8	1.4	1.4
MO	559,600	13.8	88,300	2.2	0.1	3.7	0.8	1.3
MT	1,200	0.7	3,900	2.3	0.6	2.9	0.3	2.3
NE	50,200	6.7	32,900	4.4	0.1	6.3	1.3	1.5
NV	107,100	7.6	224,500	15.9	0.1	1.7	0.2	0.0
NH	4,400	0.8	7,600	1.4	0.1	3.7	1.5	0.4
NJ	169,800	8.4	118,100	5.8	0.2	2.3	0.8	0.3
NM	18,000	2.7	261,900	38.9	0.3	3.6	0.4	0.1
NY	2,900,300	13.7	3,070,700	14.5	0.1	3.8	0.9	0.2
NC	899,100	20.8	106,000	2.5	1.2	4.5	1.5	1.2
ND	1,900	0.6	4,900	1.7	0.3	10.0	3.6	4.0
OH	976,300	13.2	109,200	1.5	0.0	3.8	0.9	1.1
OK	153,500	9.4	65,000	4.0	0.5	3.8	0.8	0.9
OR	46,200	2.1	115,900	5.4	0.0	3.1	0.6	1.5
PA	1,040,300	10.8	288,500	3.0	0.0	3.8	1.3	0.8
RI	37,200	2.9	64,200	5.0	0.1	4.4	1.7	0.2
SC	483,300	24.4	29,600	1.5	0.5	4.3	1.5	0.9
SD	3,300	1.4	3,500	1.5	0.7	2.0	0.8	5.1
TN	655,700	19.0	38,600	1.1	0.2	3.9	1.1	1.3
TX	1,604,900	11.8	3,997,900	29.5	0.2	3.3	0.6	0.5
UT	13,100	1.0	94,100	7.5	0.1	5.8	0.6	0.2
VT	1,300	1.0	1,800	1.4	0.0	9.3	4.7	0.9
VA	693,100	24.0	60,700	2.1	1.1	5.3	1.8	0.8
WA	148,600	4.1	202,300	5.5	0.3	3.4	0.5	0.7
WV	34,600	3.2	5,900	0.5	0.0	5.3	1.0	1.2
WI	204,900	8.0	74,400	2.9	0.0	8.4	1.2	1.9
WY	1,900	1.7	8,200	7.1	0.8	3.0	0.2	1.2

Source: Arbitron

Entercom beats estimates

You can add Entercom Communications (N:ETM) to the list of radio companies who have posted Q3 financial numbers above what Wall Street had been expecting. **Joe and David Field's** Entercom had Q3 net revenues of \$92.5M, up 56% from a year ago, and broadcast cash flow of \$39M, up 68%. After-tax cash flow rose 35% per share to 54 cents, a total of \$24.3M. On a same-station basis, net revenues rose 8% and BCF 15%.

In the first trading day (10/31) after the strong report, Entercom's stock price shot up \$7.875 to \$39.188.

Media Markets & Money™

by Jack Messmer

Viacom raises Infinity buyout offer

Shareholders of Infinity Broadcasting (N:INF) got a Halloween treat from Sumner Redstone. Viacom (N:VIA) raised its buyout offer for the 35.7% of Infinity's shares that it doesn't already own.

Back in August (RBR 8/21, p. 12), Viacom offered to exchange 56.4% of a non-voting Viacom Class B share for each share of Infinity stock. That's now been increased to 59.2% of a Viacom Class B share for each Infinity share. Of course, both share prices have declined in the in-

tervening weeks, so the total face value of the deal has actually declined to \$12.5M from \$15.2M.

It was Wall Street's beating down of radio stocks that led Viacom President **Mel Karmazin** and CEO **Sumner Redstone** to make the buyout offer in the first place. Both had complained that Infinity, in particular, is worth more than its trading price, so they're going to roll up Infinity's cash flow into its parent company. In announcing the enhanced buyout offer, Redstone called the increased exchange ratio "fair to both Infinity and Viacom stock-

holders, who will reap the rewards of this union for many years to come."

Westwood reports double-digit growth

"Wonderful quarter." "Great results." Just a couple of the analysts' comments following the Q3 earnings report from Westwood One (N:WON). Some dot-com business may have gone away, but WW1 got a boost from its exclusive coverage of the Sydney Olympics and CEO **Joel Hollander** reported that the company's network radio business grew even a bit faster than its traffic business for the quarter.

Net revenues rose 76% to \$139M and operating cash flow gained 99% to \$40M. On a pro forma basis, including the merged operations of Metro Networks, net revenues were still up 15% and cash flow 30%. Net income was up 85% to \$9.9M and net free cash flow surged 143% to \$23.2M. On a per share basis, free cash flow was 20 cents per share, versus 13 cents a year ago.

Looking to the future, Westwood One (N:WON) CFO **Farid Suleman** said he was comfortable with analysts' estimates that WW1 should post EBITDA of \$175-178M in 2001 and after-tax cash flow of 90 cents to \$1 per share. Company executives obviously think the network radio giant's stock is undervalued on Wall Street. Suleman noted that WW1 has bought back \$100M of its own stock so far this year and its directors have now authorized an additional \$200M for stock buybacks. Both Suleman and Hollander revealed that they had each bought additional shares for their personal accounts.

What's hot now that dot-com

Salem Communications Corporation

has agreed to purchase the assets of radio stations

WZER-AM and WWTC-AM

Milwaukee, Wisconsin Minneapolis, Minnesota

from

Catholic Radio Network

for

\$7.0 Million*

Austin P. Walsh and R. Thomas McKinley

of Media Services Group, Inc.

represented Catholic Radio Network in this transaction.

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

E-mail: austinwalsh@mediaservicesgroup.com

Tom McKinley: Tel: (415) 924-2515 Fax: (415) 924-2649

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is not? "Pharmaceuticals have been stepping up to the plate," Hollander noted. He said the February 2001 Grammy Awards broadcast is already sold out, with drug companies making a lot of the buys. WW1, he added, has renewed the Grammys for an additional five years.

On the traffic side, Hollander said WW1 wants to continue working with Clear Channel (N:CCU) and noted that contracts with Clear Channel have been renewed in a number of markets. He and Suleman said it will be costly for Clear Channel or anyone else to build the infrastructure and staff necessary to compete with WW1's Metro and Shadow Traffic units. Hollander put the start-up cost for a traffic service in New York City at \$10-12M.

Cox grew in Q3

"We are extremely pleased with our strong financial performance during the third quarter," said Cox Radio (N:CXR) CEO **Bob Neil**. "Despite slower advertising growth throughout the radio industry, Cox Radio was able to grow same station revenues by 12% and same station broadcast cash flow by 29%." Overall, net revenues rose 19.2% to \$95.1M, broadcast cash flow gained 21.8% to \$40.5M and after-tax cash flow per share grew to 22 cents from 20 cents a year ago. Cox Radio posted a huge increase in net income, from \$10M to \$263M, but that was almost all due to a \$252.6M after-tax gain reported on its exchange of KFI-AM & KOST-FM L.A. for a group of former AMFM stations.

Triple-swap in Cleveland

One of the nation's best-known Classical stations is being displaced as part of a three-way swap. Radio Seaway Inc. is trading away the primo 95.5 MHz signal of WCLV-FM for an as-yet-undisclosed amount of cash and a couple of new signals to carry its Classical programming—1420 kHz, currently WHK-AM, and 104.9 MHz, currently WAKS-FM (Class A licensed to Lorain, OH). The AM is coming from Salem Communications

(O:SALM), which gets the prized 95.5 slot, and the FM from Clear Channel (N:CCU), which is getting Salem's WHK-FM, 98.1 MHz, a Class B licensed to Canton, OH. Broker: **George Reed**, Media Services Group (Seaway), **Gary Stevens**, Gary Stevens & Co. (Salem)

RBR observation: We'll have to wait for the contract to be filed with the FCC to see exactly how the dollars fall, but this deal appears to value the 95.5 slot at around \$40M.

Clear Channel adds in Atlanta

Clear Channel (N:CCU) has found a way to add another FM signal to under-radioed Atlanta. It's paying \$7M for WYAI-FM Bowdon, GA and will then pay to build an upgrade from Class A to C1. Seller **Steven Gradick** (who put this new station on the air just two years ago) retains WKNG-AM & WCKS-FM Tallapoosa, GA-Fruithurst, AL, plus a financial stake should Clear Channel re-sell WYAI at a profit within three years.

RBR observation: The C1 upgrade will have WYAI's 105.5 MHz signal city-grading southwestern portions of Atlanta. It also creates a nice figure-eight pattern with Clear Channel's WGST-FM on the adjacent 105.7 MHz slot, which sits northeast of the city. Give Clear Channel's engineers a pat on the back for finding a way to get a new signal into this much sought-after market.

TAMA picks Peaches' FM

Tampa-based TAMA Group is expanding to a fourth market with a \$1.5M deal to buy WXQL-FM Jacksonville, FL from Peaches Broadcasting Ltd. This sale from one African-American-owned company to another was brokered by **David Honig** and **Ronda Robinson** of the Minority Media and Telecommunications Council. TAMA is headed by **Charles Cherry II** and Peaches by **Lawrence Doss**.

RBR observation: WXQL is a Class A, but has a CP to upgrade to C3.

CLOSED!

KVVQ/KHDR
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from
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Infinity Broadcasting
for
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Radio Business Report
Voice of The Radio Broadcasting Industry

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RADIO NETWORK



The deals listed below were taken from recent FCC filings.

Transaction Digest

by Dave Seyler & Jack Messmer

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.

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\$98,800,000 KALC-FM Denver from SCA License Corp. (Ed Atsinger, Stuart Epperson), a subsidiary of Salem Communications (O:SALM), to Emmis License Corp. of Denver (Jeff Smulyan), a subsidiary of Emmis Communications (O:EMMS). \$1.2M escrow, balance in cash at closing. **Duopoly** with KXPB-FM. LMA in place.

\$17,250,000 WLCG-AM & FM, WRNC-AM & FM, WRVB-FM, WIBB-FM & WQBZ-FM Macon GA (Macon-Warner Robins-Fort Valley-Gray GA) and **WVMG-AM & FM Cochran GA** from Taylor Broadcasting of Macon Inc. (Stephen Taylor) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$17.25M cash. Existing chain **superduopolies**.

\$12,275,000 KMNS-AM, KWSL-AM, KSEZ-FM, KGLI-FM & KSFT-FM Sioux City IA (Sioux City IA-South Sioux City NE) from Radioworks Inc. (Cy Chesterman, Theodore Mahn) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$500K escrow, balance in cash at closing. Existing **superduopoly**.

\$11,000,000 WTSL-AM & WGXL-FM Hanover NH, WXXK-FM Lebanon NH and WVRR-FM Newport NH from Conn. Valley Broadcasting LLC, Mountain View Broadcasting and Real Rock Radio LLC (Bob & Cheryl Frish) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$590K escrow, balance in cash at closing. Existing chain **superduopoly** (WTSL-AM and WVRR-FM do not overlap each other, but both overlap the other two stations). Broker: Bernacki Brokerage

\$10,000,000 KMXM-FM & KTPZ-FM Boise ID (Gooding-Mountain Home ID), **KMHI-AM Mountain Home ID** and **KTFI-AM & KIKX-FM Twin Falls-Ketchum ID** from FM Idaho Co LLC (Wendell Starke) to HBC-FM Idaho LLC (William Ackerley, Wendell Starke & others). \$25K escrow, \$2.4M (less escrow) in cash at closing, \$7.6M note. **Superduopoly** in Boise with KSRV-AM & FM. LMA since 10/1. Broker: The Exline Co.

\$1,525,000 WLUS-AM & WDJY-FM Gainesville-Ocala FL (Gainesville-Trenton FL) from Pinnacle FM Broadcasting Inc. (Joe Newman), a subsidiary of Alliance Broadcasting Group (O:RADO) to Pamal Broadcasting Ltd. (James Morrell). \$130K escrow, balance in cash at closing. **Duopoly** with WDFL-AM & WKZY-FM. Note: A previously filed deal to sell this combo to Prime Time Radio for \$2.5M in 1999 did not close.

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Texas swap is a two-fer

Here's a tid-bit that didn't surface until the deal was filed at the FCC: The swap that Sunburst Media and Salem Communications announced in September (RBR 9/4, p. 13) isn't just a straight-up exchange of their Dallas-Ft. Worth stations. In addition to KLTU-FM in the DFW market, Salem is also getting Sunburst's last station in the Tyler-Longview, TX market, KPXI-FM Overton, TX. Both KLTU and KPXI are on 100.7 MHz, so the dual signals will let Salem cover north-central and northeastern Texas like a blanket. Sunburst gets KDGE-FM DFW in this deal, which RBR had valued at \$80M.

ACE out of radio

Dain Schult's plans to make American Communications Enterprises (O:ACEN) into a "Radio Wal-Mart" with hundreds of small-market radio stations programmed from a central facility has come to naught. ACE never closed on a single one of its announced station purchases and is no longer programming the four Texas stations that it had LMA'd. It's also been sued by the would-be seller and has responded with a countersuit. Now Schult and partner **Robert Ringle** have left the company and turned over control to Tampa Bay Financial, a group which says it plans to take ACE into a wide range of communications ventures, not just radio. Strangely, ACE is planning a four-for-one stock split, effective 11/16 for shareholders of record today (11/6).

Q3 soft for Jeff-Pilot Communications

Jefferson-Pilot Corp. (N:JP) reported that broadcast cash flow was "down slightly" in Q3 (\$21.1M vs. \$21.5M) for its Jefferson-Pilot Communications division, which includes both radio and TV stations. Earnings, however, rose \$53K to \$9.7M. For the first nine months of 2000, broadcast cash flow was up 6% to \$62.4M. Meanwhile, the overall company, which is primarily an insurance giant, saw Q3 operating earnings per share grow 16% to \$1.08.

Media Markets & Money™

Contract Close-up

Getting the Station You Really Want (Part II)

by Erwin G. Krasnow & Eric T. Weaver

In an earlier column (RBR, 8/21, p.15), we discussed ways in which a buyer can structure a transaction to increase the likelihood that it will be able to enjoy the benefits of any expansion potential the station might possess following the closing, thereby getting the facilities it really wants even if they are not presently in place. In that contract, the parties included in the purchase agreement very aggressive provisions that required the seller to satisfy certain upgrade requirements for the station as a condition to closing. In their recent contract for the purchase and sale of KGBC(AM), Galveston, Texas from Harbor Broadcasting Company, Inc. to Prets/Blum Media Co., Inc., the par-

ties adopted a less aggressive, but nevertheless effective, approach to the same problem.

In their agreement, the parties agreed to use their best efforts to close the transaction within 60 days of the execution of the contract. However, for the first 45 days of that period, the parties provided for a "feasibility period" during which the "Purchaser [had] the right to conduct such tests, studies, and examinations of the seller and the assets as purchaser shall deem necessary or advisable." At any time during this feasibility period, if the buyer determined for any reason that it did not want to purchase the station, it could terminate the agreement without further obligation by either party. The agreement further provided that the seller and its shareholders would cooperate with the buyer in the conduct of any tests or examinations, and would provide any information or records requested.

In addition, Harbor Broadcasting also agreed that, during the feasibility period, it would attempt

to correct certain existing signal interference problems related to another station's adjacent channel operations in a nearby community. Moreover, the buyer was given the right, during this period, to apply to the FCC for a power increase for the station, and the seller committed to cooperate with any such filing (although it expressly disclaimed any representation that such a power increase was possible or feasible).

Although these terms seem particularly one-sided in favor of the buyer, the contract did not leave the seller entirely unprotected. It specifically stated that "[d]uring the feasibility period . . . seller shall have the right to solicit and accept backup contracts provided that such contracts be and remain secondary and subject to this agreement."

The authors are attorneys with Verner Lipfert Bernhard McPherson & Hand

Radio One posts double digits

Radio One (O:ROIA) had warned at a September investment conference that ad growth was slowing (which sent its stock plunging), but the company still managed to post double-digit same station gains for both net revenues (13%) and broadcast cash flow (20%) in Q3. Total revenues were up 78% to \$42.9M and BCF gained 86% to \$22.3M.

"Now that we own a national platform of Urban radio stations, we expect to leverage it in various ways which should enable us to continue to post industry-leading growth rates while further allowing us to develop and acquire compelling programming such as we have with the **Steve Harvey** Morning Show in Los Angeles and the **Russ Parr** and **Tom Joyner** Morning Shows in Washington,

DC and other markets," said CEO **Alfred Liggins**.

Meanwhile, Radio One announced that CFO **Scott Royster** had signed a five-year employment agreement. Royster is also buying 1M new shares of Radio One stock, with the sale financed by a note from the company.

Boston deal finalized

Radio One (O:ROIA) announced final terms of a deal to merge in Nash Communications (RBR 5/22, p. 20), which owns WILD-AM Boston. The heritage Urban station will become part of Radio One in a swap for \$5M in cash and stock. **Bernadine Nash** will join Radio One to manage WILD and the station Radio One already owns in Boston, WBOT-FM. Radio One has been programming both since May.

Radio Unica cuts loss

After pre-announcing (rbr.com 10/11) that Q3 results would be disappointing, someone at Radio Unica (O:UNCA) showed big cohones to title the company's report "Radio Unica Communications Corp. announces strong third quarter results." Rather than reaching positive cash flow in Q4 of this year as CEO **Joaquin Blaya** had previously predicted (RBR 8/28, p. 8), he's now saying that won't come until Q3 and Q4 of 2001.

Radio Unica reported 11/2 that Q3 net revenues rose 83% to \$8.7M. The company reduced its negative cash flow (EBITDA) to \$1.2M from \$3.2M a year ago. Blaya said Q4 pascings indicate that revenues will rise 50-65%. In their conference call with Wall Street analysts, Blaya and CFO **Steve Dawson** repeatedly criticized Arbitron for undercounting Hispanic listeners.

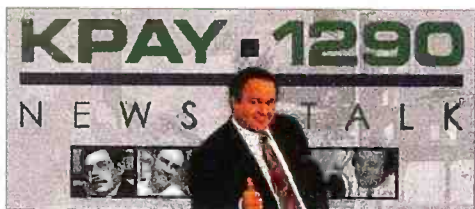
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