Radio Business Report™
Voice Of The Radio Broadcasting Industry®
May 7, 2001
Volume 18, Issue 19

RADIO NEWS

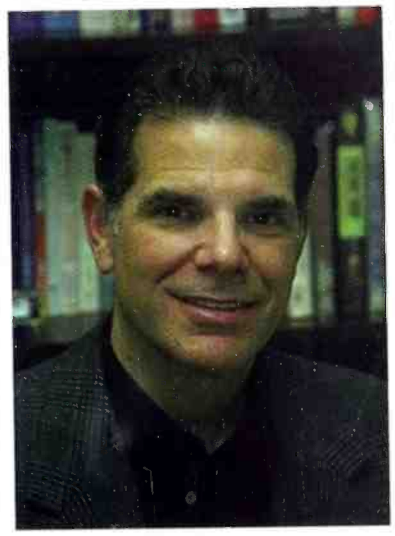
RADIO ADBIZ

FEATURE

MEDIA MARKETS & MONEY

Myers sees radio down 6% this year

It's the most negative forecast yet by any analyst that we're aware of. Just a couple of weeks after cutting his ad revenue forecasts for most media *(RBR* 4/16, p. 4), **Jack Myers** of Myers Reports Inc. has slashed his projections again. He now sees total US ad spending finishing 2001 at 1.5% behind 2000, rather than gaining 2.4%.



For radio, Myers is now expecting a shortfall of 6%, rather than a 5% gain. Also, he sees a further decline in 2002, with radio revenues dropping another 2% as the ad recession continues.

"We are in a genuine advertising recession," said Myers, "and we can expect

Radio Business Report
Voice Of The Radio Broadcasting Industry ®

May 7 2001, Volume 18, Issue 19

BPA International membership applied for September 2000

Executive Editor .... Jack Messmer
Managing Editor .... Dave Seyler
Senior Editor .... Carl Marcucci
Production .... Michael Whalen
VP Administration .... Cathy Carnegie
FCC Research Consultant .... Mona Wargo
Administrative Assistant .... April Olson

Publisher .... Jim Carnegie
VP/GM, Associate Publisher .... Ken Lee
Senior Account Executive .... John Neff
Account Executive .... June Barnes

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

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

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

Nashville Sales Office
June Barnes
Phone: 615/360-7875
Fax: 208/445-8774
Email: .... JBarnes@rbr.com

Radio Business Report is published weekly by Radio Business Report, Inc. Publishers of Radio Business Report, MBR - Manager's Business Report, The Source Guide, www.rbr.com and the Information Services Group database.
Subscription rate: One year $220.

Radio News®

some radical belt-tightening and shifting of business plans and strategies."

The analyst doesn't see significant growth in US advertising again until 2004. If his crystal ball is correct, total US ad spending will drop 1.5% this year and recover only 0.2% in 2002—essentially flat with a dismal year. Myers is looking for only 1.3% ad revenue growth in 2003, before finally posting a 3.6% gain in 2004.

Myers' updated forecast, broken down by medium, appears below.

***RBR* observation:** Someone has to be the most pessimistic forecaster—and right now it's Jack Myers. We hope he's wrong. There's no doubt that ad spending is slumping badly. We just hope the duration of the downturn is much shorter than Myers' prognostication.—JM

US media forecast by Jack Myers

	Yr. 2001 forecast on 11/00	Yr. 2001 forecast on 4/01	Yr. 2001 forecast on 5/01	Yr. 2002 forecast on 5/01
Newspapers	2.0%	0.0%	2.5%	1.0%
Broadcast TV Networks	3.6%	2.0%	-3.0%	0.0%
National Spot TV	2.5%	1.0%	-15.0%	-4.0%
Local Spot TV	2.0%	1.5%	-7.0%	-4.0%
Broadcast TV Syndication	2.8%	2.8%	-5.0%	-2.0%
Radio	**9.0%**	**5.0%**	**-6.0%**	**-2.0%**
Yellow Pages	0.0%	-1.0%	-1.0%	-2.0%
Consumer Magazines	7.0%	4.5%	0.5%	-2.0%
Network Cable TV	14.0%	1.1%	8.0%	6.0%
Local/Regional Cable TV	18.0%	16.0%	5.0%	5.0%
Online	70.0%	40.0%	40.0%	30.0%
Outdoor	16.0%	12.0%	2.0%	-2.0%
Other	-2.0%	-3.0%	-6.0%	-2.0%
Total US Media	**4.9%**	**2.4%**	**-1.5%**	**0.2%**

Source: Myers Reports Inc.

March madness: A reaction to revenue figures?

March revenue figures aren't all that bad, actually, considering that the radio industry was intoxicated with an influx of dot-com money which inflated March 2000 revenue totals by 15% for local business and 40% for national business, resulting in an overall gain of 21% for the month.

The dot-coms are gone, but radio has given back less than half of the March 2000 gains. March 2001 is down 6% local and down 23% national for an overall loss of 10%, according to figures just released by the Radio Advertising Bureau.

YTD, local business is off 3% and national is off 20% for an overall loss of 7%.

"Local radio continues to be more stable relative to other media sectors," said RAB President & CEO **Gary Fries**. "The nature of the radio business is so embedded in the local marketplace that it will sustain our medium through this slowdown in the economy. Once we get into the later half of 2001, past the high comparisons from the first six months of 2000, radio will be well positioned to pick up momentum."—DS

Powell gets renewal

President **George W. Bush** is nominating FCC Chairman **Michael Powell** for another five-year term. Powell's current term isn't up until next year and, having just been named to the Commission's top post, it's hardly surprising that Bush would want him to stick around for more than a year. The move will also make it possible for the US Senate to consolidate four FCC nomination hearings into one—perhaps even five-in-one if Commissioner **Gloria Tristani** (D) decides soon whether she's going to take the plunge and head back to New Mexico for a run at Sen. **Pete Domenici**'s (R) seat.—JM

SBS launches "El Sol" in LA

Spanish Broadcasting System (O:SBSA) has turned up the competitive heat in the nation's hottest Spanish radio market, Los Angeles. "El Sol 96.3" launched at a minute past midnight last Monday (4/30) as SBS began its LMA of the former KFSG-FM (now KXOL), which it is buying from the Four Square Gospel Church for $250M.

SBS Exec. VP of Programming **Bill Tanner** told *RBR* the new format is a Spanish AC targeting the 25-54 demo, with a tilt toward female listeners. "Tu nuevo amor," is the line being used on air—in English, "your new love." The station is aiming right between the two big LA FMs of competitor Hispanic Broadcasting Corporation's (N:HSP), KSCA and KLVE, according to Tanner.

KXOL will run commercial-free through the summer with an awareness-building contest, "El Dorado del Sol," or "The Summer of the Sun." The listener who identifies the 50,000th song played on the new station will win $50K (and, presumably, have the thrill of hearing the first commercial as well). There are similar prizes beginning at $1K for the 1,000th song, $5K for the 5,000th and on up then in increments of 5K.

Some of the air staff, including morning driver **Paco Pacora**, has come over from the former KMJR-FM, whose 93.5 mHz signal has been LMA'd by the Four Square Gospel Church and now carries the KFSG calls. SBS National PD **Pio Ferro**, formerly of KLVE, is pulling the afternoon drive shift.—JM

Radio News®

KESN-FM aces engineering test by getting a C

ABC Radio's near four-year upgrade of KESN-ESPN Radio (the former KEMM) has finally been completed. Now 100kw @ 1,647 ft. HAAT, the 103.3 mHz facility is licensed to Allen, TX (15 miles NE of Dallas). Equipment tests began the night of 4/30 and the official launch was 5/1. The station will be moving up the tower to 1,883 ft. HAAT, diplexing with KWRD-FM.

Hats off to ABC Radio, American Media Services, and Reynolds Technical Services, which also helped in the project that included 14 stations that had to move or change frequencies. While not an easy venture by any means, the $20M+ price for the stick is actually bargain-basement

"It is, there's no question. I believe the last thing like that that sold around here was worth twice that. It's a great relief to get it running. Everything you can imagine with 14 participants—trying to juggle all of that at the same time in order to get to this final goal—has been a little on the difficult side," **Bert Goldman**, VP Engineering, Radio Division, ABC/Disney tells *RBR*. "Every step of the way there have been issues—trying to time everything to coordinate with the FCC grants was a big one."—CM

Like it? Buy it—here's where

New York *Daily News* columnist **David Hinckley** noted (4/30) that Clear Channel's (N:CCU) WKTU-FM NYC is selling back-announce packages to the Sam Goody's record store chain, with support from Epic Records, for "Play," the new hit by **Jennifer Lopez**. The deal also includes prominent in-store displays with the 'KTU logo, according to Goody's marketing manager. Goody's isn't able to tell exactly what impact the paid back-announcements are having, since J-Lo is a top-selling artist anyway, but the *Daily News* story says Goody's sales of "Play" have risen since the spots began airing.—JM

Should a death be carried live?

The upcoming execution of Oklahoma City bomber **Timothy McVeigh**, which will be shown to a small, select audience via closed circuit TV, has brought into question the role of electronic media in such events. To date, there has been no live broadcast on either radio or television of an execution.

Non-commercial WNYC-FM New York broke new ground last week (5/2) with a program which included audio from an actual execution which took place in Georgia back in 1984. **Ray Suarez** hosted an hour-long program, "A Public Radio Special Report: The Execution Tapes."

The tape itself is 18 minutes long. It is a narration of the execution by an employee of the Georgia Department of Corrections, who witnessed the event from behind a one-way mirror.

The tapes became available when an Atlanta defense attorney named **Mike Mears** was able to subpoena execution recordings made over a period of 18 years.—DS

KYOO-hoo! The FCC wants your money

KYOO Communications, licensee of KYOO AM-FM Bolivar/Halfway MO, was hit for $22K worth of FCC fines for a number of infractions stemming from a tower inspection. Its EAS equipment was inoperable, the transmitter was unmonitored, the tower needed a paint job, and finally, the condition of the EAS equipment went both unlogged and unreported.

While admitting that the infractions were noted accurately, the station pleaded poverty, backing up the claim with three years worth of federal income tax returns, and asked for a reduction down to $8K.

The FCC found merit in KYOO's arguments, but not quite that much merit. It did, however, reduce the total fine to $12K.—DS

O'Shaughnessy tweaks Arbitron

It seems Clear Channel isn't the only broadcaster these days bucking Arbitron. Priding himself as one of the few holdouts from buying the Arbitron books over the years, President **Bill O'Shaughnessy**, President of WVOX-AM/WRTN-FM Westchester, NY tells *RBR* that stations like his, which have an affluent upscale audience, don't stand a chance with Arbitron these days.

Said the outspoken Westchester broadcaster who is the former NAB Chairman of Public affairs: "Our discriminating listeners have a life! They're much too busy to fill out a diary. In fact, they write their own diaries—for future generations. I know of no one who has the time for this nonsense in this high-tech, speeded up day and age. It's fine if my fellow broadcasters want to pay tribute to the ratings services, but we're so fortunate that we've been able to enure ourselves from this ridiculous exercise for nearly 40 years. And when I saw the so-called Westchester ratings—the so called ratings for a complex, disparate market like Westchester—I decided to call attention to the futility of the whole exercise in trying to determine what sophisticated and substantial people do all day long."

So O'Shaughnessy's stations are running a series of "tongue and cheek" liners tweaking the mighty Arbitron, right in the heart of the Eastern Establishment where most of the Madison Avenue moguls live.

O'Shaughnessy contends that if you do it right and target your listeners, ratings are irrelevant. "Arbitron started having separate pull-outs for Westchester. Now instead of 200 diaries they have 800. They came up to me and tried to sell us and I said, 'No, no, you're nice guys, but forget it.' So now, they've come out with three books in a row and we went from a 0.8 to 0.5 to 0.3. Meanwhile, our billings go out of sight! Go figure."—CM

WTOP back streaming

Not long after Bonneville's all-news WTOP-AM founded the first LMiV website (*RBR* 4/23, p.5), it has just turned its Internet audio stream back on, sans AFTRA ads. "LmiV, given the nature of what we do, we are the enabler for the streaming. The technology does include ad blocking and insertion technology, and we provide that technology in partnership with both Real Networks and DoubleClick," LMiV Director of Corporate Communications **Kim Lee** tells *RBR*.

Which stations are next to launch with LMiV? Adds Lee: "We do have a set of beta stations representing each of our founding media companies and we are finalizing those launch plans as we speak."

LMiV is the online venture partnership of Emmis, Bonneville, Entercom, Corus and Jefferson Pilot.—CM

SiteShell picks up Pick the Hits

Pick the Hits, a website which tests new music by soliciting ratings and comments from consumers, has just signed a deal with SiteShell Corp. which will place its service on the websites of SiteShell client radio stations.

134 stations will add Pick the Hits, a number that is expected to double before year's end.

Pick the Hits founder and CEO **Alan Burns** said, "We are thrilled to have such a direct link to radio listeners. Our clients are very eager to know which songs music fans will respond most positively to, and this deal allows us to reach a much larger number of people who are active radio listeners."

SiteShell President **Jim Champlin** noted, "Pick the Hits has compelling, interactive music content and SiteShell's affiliates will provide thousands of interested users."—DS

Internet listening coming back

While radio-specific streaming listening is still down due to the AFTRA issue, MeasureCast announced in its *Internet Radio Report* for the week of April 23-29 that overall listening was up, after two weeks of a downtrend. AFTRA apparently caused only a two-week blip in the radar screen—MeasureCast's Internet Radio Index increased 2.4% over the previous week, "...demonstrating that listeners are not abandoning Internet radio despite decisions made by some terrestrial stations to temporarily pull their broadcasts off the Internet because of the AFTRA Recorded Commercials Contract," says MeasureCast Marketing Communications Manager **Sven Haarhoff**.

Added MeasureCast CEO **Ed Hardy**, "Internet radio continues to grow. We've seen a 35% increase in the total number of hours streamed since January. Moving ahead, industry leaders have to band together to negotiate around the obstacles put in their paths so they can continue to build their audiences."

Nevertheless, AFTRA's wake is still demonstrated: 14 of the top 25 stations on the latest ratings list were Internet-onlys, compared to five in the MeasureCast standings for the week ending 4/1.—CM

Kantor, Moyes get in on XACT

XACT Radio Network, a new streaming solutions company for radio stations recently launched with investors **David Kantor** (former AMFM Radio Networks President), Moyes Research CEO **Bill Moyes** and NextMedia CEO **Steve Dinetz**. The affiliates so far: WBOS-FM Boston (Greater Media), WJBR-FM Wilmington (NextMedia), KATM-FM Modesto (Citadel) and WLUM-FM Milwaukee (Milwaukee Radio). XACT (www.XACTRadio.com) features a revenue-generating listener-customized downloaded player. "It's an excellent Internet product for radio stations because it works under their branding and their playlist, so it goes hand-in-glove together. It works as an alternative revenue source for the station, it works in terms of being listener-friendly because it essentially allows a listener to fine-tune a product they already like, but the station retains the branding," Kantor tells *RBR*.

CEO **David Juris** and COO/CFO **Eric Neumann** co-founded XACT.

XACT pays all costs and fees for the station and shares a portion of the revenue with the station. Of course, XACT removes AFTRA ads. The company is also repping itself. Says Juris: "The commercials that run on this service, similar to a network, are intened to run on the service, not for on-air. We have our own in-house sales staff. Our intent is to target Internet and interactive budgets, not radio dollars."—CM

Salem: there ain't nothin' like a Dame-Gallagher

At deadline, Salem Radio Network (SRN), part of national Christian-specialist radio station group owner Salem Communcations (O:SALM) announced a deal to acquire Dame Gallagher Networks. Among the network's offerings is "The **Mike Gallagher** Show," which finished in a tie for seventh place in the recent *Talker* magazine ranking of Talk shows (see boxed item, below). Gallagher is heard by an estimated weekly audience of 2.25M over 190 stations. While the price of the deal was not announced, it is expected to close within the month. The addition of Dame-Gallagher affiliates will bring SRN's total to over 1,600.—DS

The ears have it: Talkers ranked by audience

Rush Limbaugh is still on top of the Talk heap, according to the semi-annual rankings for Talk hosts calculated by *Talkers* magazine. The estimates of weekly audience are based on Arbitron ratings and other factors, and rounded to the nearest quarter-million. We'll let the results Talk for themselves.—DS

Rank	Host	Audience (M)
1.	Rush Limbaugh	15.00
2.	Dr. Laura Schlessinger	14.00
3.	Howard Stern	8.50
4.	Dr. Joy Brown	5.75
5.	Jim Bohannon	4.50
5.	Don Imus	4.50
5.	Bruce Williams	4.50
6.	Ken & Daria Dolan	2.50
6.	Clark Howard	2.50
6.	G. Gordon Liddy	2.50
6.	Mike Siegel	2.50
7.	Neal Boortz	2.25
7.	Dr. Dean Edell	2.25
7.	Mike Gallagher	2.25
7.	Michael Savage	2.25
8.	Tom Joyner	1.75
8.	Kim Komando	1.75
8.	Tom Leykis	1.75
8.	Jim Rome	1.75
8.	Doug Stephan	1.75
9.	Bob Brinker	1.25
9.	Matt Drudge	1.25
10.	Phil Hendrie	1.00
10.	Motley Fool	1.00
10.	Dave Ramsey	1.00
10.	Michael Reagan	1.00

AMERICAN URBAN RADIO NETWORKS

PRESENTS

The Hottest Galaxy of Star Power Programming... Ever !!!
Music, Entertainment, News and Information

THE NEW USA MUSIC MAGAZINE

This 2-hour countdown show is hosted by John Monds, fresh with celebrity interviews and hot AC urban contemporary hitz!

SUPERJAM SURVEY

A weekly younger audience count-down packed with hitz, entertainment features, and celebrity interviews. Featuring Skip Cheatham of K 104-FM in Dallas and Queen of Gossip Wendy Williams from Power 99-FM in Philadelphia.

SONI D'S Old Skool Mega Mix

It's hit after old skool hit... perfect if you're trying to reach young adults.

The "Back in the Day House PAR-TAY"

Hosted by industry VET Mitch Faulkner, this 2-hour old skool party features the biggest old skool and party classics.

HOLLYWOOD Live WITH TANYA HART

Daily entertainment news on celebrities direct from the entertainment capital.

THE WALL STREET WRAP

Giving you the down low about your money!

COMING SOON

Daily reviews of the newest films released by the movie industry.

AMERICAN URBAN NEWS
SBN SPORTS

Satellite delivered daily broadcasts of major News, Sports, and Information reports.

Surfing the NET

Find out the cool places to go on the NET. Pros take you there to get connected.

AMERICAN URBAN RADIO NETWORKS

THE Bev Smith SHOW

The only African American oriented national nightly 4-hour talk show. We explore today's hot topics.

A Century of SOUL

The Millennium Music Special for Black Music Month.
An eight-hour chronicle of Black Music in America which brings history to life for our listeners.
Journey through time... celebrate the musicmakers that shaped our country and the world!

NEW YORK • CHICAGO • DETROIT • ATLANTA • LOS ANGELES • WASHINGTON D.C. • PITTSBURGH

Radio AdBiz©

National Buyers on National Biz

In the wake of the *Myers Report* (see cover story) and other timely gloom and doom reports on national revenue, *RBR* asked some of our agency columnists for their take on 2001. Is it all that bad?—CM

The participants:

Irene Katsnelson, VP, Director of Network Radio, MediaVest

Jenni Kramer, Media Manager, Advertising Services Department, Warner-Lambert Consumer Group, Division of Pfizer Pharmaceuticals

Reyn Leutz, SVP, Director of Radio Negotiations, Mindshare USA

Matt Feinberg, VP/Manager of Radio, National Broadcast, Zenith Media Services

What happened to national radio business?

Katsnelson: National business has most certainly dwindled vs. 2000. There's no question about that, especially in Q1 and Q2.

Kramer: The frenetic pace of the demand for national radio is settling down. My feelings on what happened to it are basically the dot-coms have just disappeared from the marketplace and it's had a big impact—kind of back to the traditional radio marketplace, what it was three-five years ago before they came into the picture. This year is more normal. We weren't hurt too badly, but it wasn't what we would have liked to have seen.

I think in general, the national radio marketplace is returning to normalcy. I'm still kind of hopeful for Q4, but everything we've heard from the vendors is there are avails, they're not going as quickly as they had in the past two-three years and that they will basically hold their front rates.

Leutz: I haven't found that it's been dead—this is the weird thing. I think that it's been slower, but it's nowhere near as desperate as cable and television. I think all of this is being way over-embellished. I think it's nowhere near as bad as what I've been reading. I find it to be a softer market. I definitely don't think it's as soft as national television or for that matter, national cable.

Feinberg: I think the marketplace is pretty soft, but I don't think it's any different from anything else. As a buyer, it's helping us. There's more inventory out there than the networks have let on. The only place you get hurt is when we're trying our planning stuff and they start going, "It's tight, it's tight! Oh my God if you don't do it..." Then you get scared into it. So we tell somebody, "Hey, if you don't move on this in a week, it's gone." And so they go, "Oh, well we can't do it."

Otherwise it helps us, because when we go to buy, there's definitely a lot more inventory for us to buy. More choices. Supply and demand. We will say, "Look, the market is soft, so you don't have to buy just this. We have other places to go to."

What categories were hit the worst?

Katsnelson: Obviously dot-coms, pharmaceuticals. I think the tune-in business is still strong, I think the package goods business is still going to be strong, but it's early for them, their fiscal hasn't begun yet and they've placed their activities through the first two quarters of this year, so you're really looking at the end of this year where they are going to come in.

Kramer: With the dot-coms in the marketplace, they were taking inventory that would normally go to traditional advertisers and paying very high prices for it. And that whole supply and demand economics was just a function of them being in there. There were some more traditional advertisers like Pfizer that came in with bigger budgets than normal. I know P&G consolidated their media buying for radio at one of their agencies and that gave them a little more clout in the marketplace.

When will it be coming back?

Katsnelson: I believe it's going to resurge for Q3 and Q4. And I also believe that the year will finish up at slight increases vs. last year, which if you think about it, since last year was so tremendous, it's going to be huge. Even a marginal increase, or if it stays flat, it's going to be pretty big considering the economy.

I believe it will rebound because there are still large radio advertisers that have not yet placed their budgets for the second half of this year. They are going to do that shortly. Secondly, [there will be] incoming advertisers who are looking for efficiencies (radio is still one of the few national mediums where you can get efficiencies). But it's still too early to know for sure.

Kramer: It might take another year or so to get completely back to what we were used to, if it ever goes back.

Leutz: I have no indication that Q3 or Q4 are on a roll. I think it's just kind of slowly coming through again. It will be softer, slow, but we're definitely not seeing the fire sales that we've seen in television.

Feinberg: It will come back at some point—when? You've got me. Now, Q3 and Q4 are soft for people doing long-term buys.

Is it soft also for other media?

Katsnelson: I don't work on other media, but just from what I've heard, it's soft across the board. TV is soft and if they were in the double-digit increases, everything will probably be going backwards this year. But their upfront hasn't happened yet either.

Kramer: From what I've heard, with the TV upfront gearing up right now, the TV marketplace is softening as well, that it is not going to be as frenetic and it should be relatively business as usual.

Leutz: To me, national TV and cable is just down so low—the demand is so far down that the ricing is way down. I think that etwork radio is efficient anyway nd so it's hard to cut it—it's arder to cut that back. Maybe thers out there have seen a different market, but I have not seen it ɔ be that soft. It's soft, but it's not nywhere near where television s. Network TV is 15% below the pfront. I haven't seen any of hose rates in network radio.

Feinberg: I don't have day-to-day nteraction with those people, but know it's very soft over at the able world.

Any other thoughts?

Katsnelson: If you were to do an average and take away he lowest and the highest, you would probably take away last year as being one one of those fluke years. So looking at this year related to last year is not really fair because those dot-coms are probably never going to be back again. If you take them out of the equation, it's still a strong marketplace. If you compare it to the year prior, it's very strong vs. '99.

Everyone jumps on the bandwagon when they read the trades that this company is firing 20% of their staff and this one is firing 12%, it's hard not to. So, it's reaction, really, that drives this thing. But I am optimistic it is going to rebound.

Kramer: We would like to see Pfizer buy more radio, but there are a couple of obstacles we tend to run into. There's a creative block and if the agency says they can't put good creative together, the brand people tend to acquiesce to that and say, "OK, we'll just put some more money into television."

Whether it's having the agency go outside and try and get talent that can do good radio creative or to use outside boutiques, which some agencies are very happy to do, in our mind there is no excuse for not being to be able to develop the radio copy.

So it has been a challenge to us. And I think too, just educating the planners on radio is difficult, and that's what I'm always telling the vendors. They want to get in to see the brand people, and I say, "You've got to go in to see the media planners, because they're the people who need to hear what radio can do for a brand plan." They've got all the research tools, some of the bigger companies have RADAR—get them to do some studies and research that can help sell the medium.

Feinberg: In a soft market, no matter what, at the end of the day, if they have to sell a spot for a dollar, they will do that. They may want $1,000, but if the day before it has to be trafficked, no one has bought it, you can buy it for a dollar. That's an M.O. people have in buying. That's a client strategy that's determined well in advance. However, many large clients cannot turn around on a dime. They have to be kind of set up in advance psychologically to turn that money around overnight.

Network radio, the strongest link

By Matthew Warnecke

Terrestrial radio signals streamed on the World Wide Web have become yet another battleground for the industry to tussle over talent payments and contracts.

When we order a network radio schedule on behalf of any of MediaCom's many clients, until recently, those units could end up airing on the web. In that instance, we did not negotiate that additional audience, nor did we set out to deliver our client's commercial to a web audience. Indeed, the web demography might be wholly different from that of the station(s) we purchased through the network. Not only that, but those passive web units may be covered over by net advertisers who actually set out to deliver the audience associated with that webcast. Although the technology is available to tabulate delivery for these passive units, very few of the ad-carrying webcasters/streamers are preparing delivery recaps for the units that actually make it through to the web. A conservative estimate of passive ads that aren't covered over by net advertisers is 50%. I don't know about you, but no one has been calling me to alert me to the truckloads of Internet impressions that our clients are obtaining as a result of passive streaming.

Nevertheless, the hew and cry that erupted as a result of audiences who *might* be exposed to a commercial was deafening.

In the coming weeks, several unions may head out on strike for compensation on issues just like this one. We at MediaCom will take a conservative approach on behalf of our clients. Our spots will air only where we place them and only in accordance with established agency/industry policies. Our estimates will be conservative, too. They will be in keeping with our ongoing analysis of possible strikes and the impact on audiences and ratings.

So let's think about this...possibly very few new TV shows...more and more things like "Chains of Love," so called reality TV, and "The Weakest Link." Frankly, I think this kind of programming needs its own soundtrack. Namely, Aretha Franklin singing "Chain of Fools".

In the midst of this mess, network radio is the media type that has been experiencing audience growth in recent years. Its national delivery brings more and more of the best local stations to national advertisers at a decidedly advantageous cost. And, as Americans continue to become more and more mobile and active, radio travels with the audience to be consumed at work, at play, at home and on the road. Network radio is the place to be. So if your brands aren't using network radio, be careful. Someone might just walk up to them and whisper: "You are the weakest link, goodbye".

Matthew is Director, Network Radio Services, MediaCom National Broadcast
He can be reached at (212) 546-1797 or mwarnecke@mediacommail.com

Feature

by Ken Lee and Dave Seyler

National defense: Where's the business now, where's it going?

More and more of the folks who track such things are using the word recession to describe the current state of the advertising business. All media is struggling, and radio is no exception.

To a certain extent, radio's problems are an illusion bought about by the sudden appearance and equally abrupt departure of money from the dot-coms. But local sales are at least holding their own despite the tough comps radio is facing in the first half of 2001. According to the latest RAB numbers, local is only down 3% YTD (see story, p.2).

National business, on the other hand, was down 24% in March and 20% YTD. Also, check out the charts on national business categories elsewhere on page 10 of this issue.

What's the deal with national? To find out, *RBR* went straight to the top. Here is a conversation with the two top dogs in the national representative kennel: Katz Media's **Stu Olds** and Interep's **Ralph Guild**. The two were interviewed separately, but their answers show virtually identical concerns and expectations.

What happened to national business?

Olds: I think that probably we've dissected it everyway from Sunday to date and the Internet thing which everyone has talked about for the past 10 months was clearly an impact item in terms of the dollars that went away, in terms of a single category and the impact it had on station inventory as a whole. That's been a big piece of the puzzle. Once you get beyond that, every single category people are continuing to spend money in. The only issue is that some of that money is being spent at lower cost per point. Some of that money is being spent maybe, in some cases, with a little less volume, given the fact that some of those companies have seen some softness in their businesses.

Ralph Guild

Now that all of the forecasts are down for the year, does that relieve some of the pressure?

Olds: No. You're talking with a very sophisticated group of broadcasters these days, okay? They're clearly attuned to what market conditions are, and more firmly attuned to what organizations, like ours, are doing to try to drive business ahead going forward. So, the pressure is not any less. But, clearly the focus is being pushed in terms of what are we doing to create and generate dollars going forward, as opposed to why are dollars missing.

Guild: Well, that's our job to see to it that they understand that these people who own these radio stations have real problems. If they miss their numbers, a lot of them are going to be fired. So, they have good reason to be a little bit anxious and sometimes not as careful in their selection of words as they could be.

Your staff must be under tremendous pressure with all the numbers they are trying to generate with the softness out there. How do you keep them motivated?

Olds: First of all, the people that we hire into the organization are motivated primarily on their own. These are highly motivated, highly confident people that sell and manage in this organization. Clearly our job as senior management is to make sure that we give them the tools to get done what they need to get done, in terms of selling the time. Also, to give them the encouragement and make sure that they understand that there is some cyclicalness to our business, and that we are into one of those cycles right now that I think is going to be short-lived. And to keep plugging, because the more things you do during this period, the better off you're going to be when you come out of it. So, we have not gone through massive cutbacks. We haven't gone through reductions in services. We haven't gone through a lot of the things that would de-motivate a staff. In fact, they've seen the opposite. They've seen a company that's continuing to support them, continuing to push forward on initiatives that we have in place and continuing to look to do things that are going to make us better, not only in this environment, but as we come out of it.

Stu Olds

Guild: I would say that no one is up and happy. They are pretty rational about what the problems are. I think that they've learned that sometimes if business is bad, the best thing you can do is be encouraging and supportive of your sales people. Because there's no one less likely to make a sale, than a salesperson who's just been berated and screamed at by a station manager. They need positive support and encouragement.

How could companies or agencies benefit from buying radio in this economic environment?

Olds: The same reason they bought it in a good economic environment. It works. It drives advertisers to the stores and retail outlets and to the automobile dealerships and to buy computers and to buy everything that you could think of. So, radio is a very, very effective advertising media.

Guild: Radio delivers phenomenal results. I don't care what you're selling, whether it's filling seats on airplanes or selling packaged goods, or whatever. Radio advertising works. Fortunately for us, because of the significant growth of radio from 1992 to 2000, our market share went from a 6.5 to an 8.3. A lot of people have built a lot of success stories. When you're able to go in and talk success stories instead of cost per thousands and cost per points, you get a very sympathetic ear.

We hear that cable and TV are actually a little softer than radio. Is that true?

Olds: There is a softness across all of the broadcast and print categories and outdoor categories. It is a soft environment right now.

Guild: It's an advertising recession. I don't think it's the deepest and darkest we've ever been through. When the government

decides to shut off the money, it's tough, and that's all this is.

Are there any success stories you can tell in this environment?

Olds: I think that there are a lot of little success stories that are occurring out there. The biggest of which is that you're seeing a refocusing by, not only the major groups but by sales organizations like ourselves. I was pleased to see an announcement by Interep the other day that says they are starting to do things that we've been doing consistently over the past several years, in terms of calling our clients, in terms of telling radio stories. Because, you have to remember it's a very, very simple business. We know what we have to sell by, the stations, whether that's just a normal inventory or whether that is inventory that they have relating to special programming or whether it's inventory related to sports or whether it's stuff that the stations can do off the air. You have to tell that story extremely effectively. And we have to find the people to tell that story to that can make a difference in terms of deciding to purchase it or not. Very often that means that you have to not only get to the agencies, but you have to get to the advertisers as well. We've been doing that consistently. In fact, it is to the point where it is a standard operating procedure for our people to be willing to go to the clients. The more we do that the more things we're finding and the better off it's going to be for radio. We're doing that on all fronts and have been doing that on all fronts.

So, it's an ongoing program.

Olds: Our people don't have a dictate to within a 12-month period to call on two advertisers. Our people have a responsibility to the business that they handle on an ongoing basis to make sure that they are putting themselves in a position to have client contact at a variety of levels. That's what our people have been doing. [Note: Interep's new $1.5M program was described last issue (*RBR* 4/30, p.6).]

Feature

We're hearing from the agencies that the picture is looking a little brighter and that budgets are going to be available. Are you hearing some of the same things?

Olds: The good news for us is that the last real good week of national business last year was next week. And then the comps start to change dramatically. So, you go to the back half of the year which a year ago was only up 2% for the industry nationally. We're going against numbers that are much more favorable in terms of showing a positive growth story in the back half of the year. I expect that we are going to find ways to grow our business in the back half of the year versus year ago numbers.

Guild: Yes. Although, not good in some of the larger categories.

As you know, *RBR* has an ever-increasing subscriber base of national ad agency people. Is there any message or comments that you might want to make to them?

Olds: I think that radio has been a good friend of the agency community in good times and bad. We've been a very creative source of ideas coming back to the agencies and we continue to do that. Clearly, what we want to happen is, to make sure that ideas that can move their clients businesses ahead are shared with those agencies as well as, in many cases, with their clients. And, we will continue to do that. Radio is a great builder of brands. Radio is one of the first places people turn to change the dynamics of their business. In this environment, I think that we offer an effective, efficient medium to help drive their clients businesses ahead. They should be looking to us as a primary source to place their money.

Guild: What I'd like to do is talk to the planners and the account executives and the creative people. Radio is truly the most effective, powerful medium that has come along in the last 100 years. It should be a basic part of every media program. There are few, if any, products or services, that I can think of that can't be sold through radio. There are so many different audiences that we serve. It practically invented target marketing. A lot of other people have tried to take it away from us but we are the quintessential target market and medium. It should be an integral part of any radio campaign.

Categorical denial: Who is and isn't buying national radio

The pair of top ten lists shown on these charts gives some of the sordid details of the national situation. That there are enough positive categories to even have ten entries is good, but it is not a good sign when a mere 1% gain is enough to make the list.

Leading the way on the plus side is the Credit/Debit Card category at 228%—yes, we thought it was a typo, too. It turns out that the category has been such a small part of national radio that any kind of significant gain produced the ultra-high percentage. (Does this mean they're going to stop paying telemarketers to annoy this editor at home?)

The loss chart leads off with the Politcal category, no surprise in an off-year for elections. And the number two category should come as no surprise to anyone who has been paying even scant attention to the advertising business.

1st Quarter 2001
Pacing by Category as of April 26, 2001

Top % Growth Categories	1st Qtr Pacing +/-
Credit/Debit Cards	228%
Auto-Various/Aftermkt.	28%
Agriculture/Farm	21%
Stores-Retail/Whole/Internet	19%
Broadcast/TV/Web	18%
Fuel-Oil/Gas	17%
Travel/Tourism/Conv.	11%
Restaurants	9%
Telecommunications	2%
Professional Serv/Assn.	1%

Top % Loss Categories	1st Qtr Pacing +/-
Political	-97%
Internet (Dot-coms)	-87%
Books/Mags/Newspaper	-81%
Issues/Lobbies	-79%
Cosmetics/Beauty Aides	-59%
Comptr. Soft/Hard/Serv/ISP	-38%
Beer/Wine/Liquer/Coolers	-36%
Transportation(Air/Bus/Boat)	-33%
Auto Domestic	-30%

42 Years of Radio Innovation

F;m the development of the S;OTMASTER™ tape cartridge machine in 1;59; the perfection of SOLID STATE FM t;hnology in 1990; the introduction of A;DIOVAULT™ digital studio systems in ;95; and the invention of PLUG 'N PLAY ;2000, Broadcast Electronics has i;roduced more revolutionary solutions f;r radio than anyone.

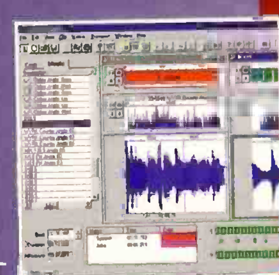
;ly one company provides the greatest ;lue and return on investment for all ;eir products and services. Only one ;s withstood the test of time with ;matched customer support and ;rvice. That ONE COMPANY is ;ROADCAST ELECTRONICS.

;e radio's NEXT REVOLUTION at ;AB 2001, Booth R2505 and 16126 Las Vegas;

- FM-20S Solid State FM
- VaultXpress & Vault 2
- Software-Based Remote Monitoring
- Plug N Play 1000

Spotmaster

5S150A Console



AudioVAULT

FM-10S

1965 1970 1975 1980 1985 1990 1995 2000

Only one company delivers radio like this...

BE

www.bdcast.com

Cloudy skies over Clear Channel

At least three Wall Street brokerage houses downgraded Clear Channel's (N:CCU) stock following the disappointing forecast the company issued as our previous issue went to press *(RBR 4/30, p. 12)*. Closely-watched Merrill Lynch analyst **Jessica Reif Cohen** cut the stock from "near-term buy" to "near-term neutral" (apparently after taking some flack from retail brokers for badmouthing the stock, but not initially cutting her rating, according to a report on CNBC). At A.G. Edwards, **Mike Kupinski** dropped his rating from "buy" to "accumulate," and at Barrington Research, **Jim Goss** dropped Clear Channel from "strong buy" to "light buy."

Media Markets & Money™

by Jack Messmer

Clear Channel's 2001 financial guidance (January forecast vs. April update)

Category	Forecast	Q1*	Q2	Q3	Q4	Full Year
Net revenues	January	$1,540	$2,241	$2,326	$1,975	$8,082
	April	$1,628	$2,085	?	?	?
Cash flow	January	$462	$811	$850	$800	$2,923
	April	$449	$660	?	?	?
After-tax cash flow	January	$320	$543	$576	$549	$1,988
	April	$324	$465	?	?	?
Net income/(loss)	January	($273)	($52)	($22)	($46)	($393)
	April	($309)	($170)	?	?	?
ATCF per share	January	$0.51	$0.86	$0.91	$0.87	$3.16
	April	$0.53	$0.74	?	?	?

* Q1 January is forecast, April is actual
Dollars in thousands except per share.
Source: Clear Channel Communications Inc. news releases 1/30/01 & 4/19/01

Cost cutting and new biz save WW1's Q1

With national advertising slumping for all media, Westwood One (N:WON) executives are basking in the glow of smiles from Wall Street for beating everyone's expectations. Although Q1 net revenues were down 0.4% to $121.6M, WW1 more than made up for that shortfall with cost-cutting and replaced most of the lost dot-com dollars from last year with new advertising. CEO **Joel Hollander** listed a few in his conference call with analysts: "Southwest Airlines, Auto Zone, Verizon, Tempur-Pedic Bedding, Hewlett-Packard and for the first time, new motion picture money with Walt Disney Studios."

Thus, WW1 posted Q1 operating cash flow of $29.3M, up 5.7%. Free cash flow, CFO **Farid Suleman** proudly noted, was up 12% to $19.9M. And due to continuing stock buybacks, free cash flow per share rose 20% to 18 cents.

Looking forward, WW1 is anticipating that Q2 EBITDA will be flat to down 5% against the dot-com inflated numbers of last year.

Suleman was confident, even defiant, when analysts asked bout the potential impact of Clear Channel N:CCU) taking traffic reporting in-house in nore and more of its markets. Clear Channel ias been doing traffic in some markets for nany years, he noted, so this is nothing new. n recent months, Clear Channel stations have dropped affiliations with WW1's Metro/ hadow services in four markets, including os Angeles and San Francisco. The result, suleman said, is that WW1 has decreased compensation payouts with no loss of rev-enue—a net gain in a difficult advertising market. Suleman said that the most impor-tant affiliates for traffic reporting are the top News and News/Talk stations in major mar-kets, where WW1 remains strong.

***RBR* observation:** Farid didn't mention it, but WW1 shouldn't have to worry much about retaining those big market News and News/Talk affiliates. Many of them are owned by Viacom's (N:VIA) Infinity, whose President happens to be Farid Suleman. Infinity, of course, is a major shareholder of WW1.

Interep down, but not out

It's hard to be very happy about a quarter in which radio commission revenues fell 16.6%, to $16.6M, but Interep (O:IREP) CEO **Ralph Guild** noted that he'd expected worse in the company's guidance to investors—a 20% decline. For Q1, Interep posted total revenues of $16.7M, down 19.6% from a year ago. Operating EBITDA was a negative $1.5M, compared to a positive $2.8M.

Despite the downturn, Guild noted that some categories did show growth in Q1—retail, up 19%; clothing, up 29%; home video, up 55%; restaurants, up 9%. "So you see that it's not all dark out there, there are some bright spots," Guild told analysts. "Of course, the major declines were domestic auto and dot-coms—unfortunately those are very big categories."

Although it's hard to see very far ahead, CFO **Bill McEntee** told Wall Street to expect Q2 revenues to be down 12-15%. He noted that bookings are currently about even with 1999, but some 15% behind red-hot 2000.

It's well known in the industry that national spot sales have been hard hit this year, with a soft economy and the loss of last year's dot-com dollars. Guild estimates that it will take $1.6B in new national business, that's total for Interep and competitor Katz, to fill the gap and bring 2001 business in slightly above last year. To that end, Guild filled in Wall Street analysts on some details of Interep's $1.5M effort to boost radio advertising (*RBR* 4/30, p. 6).

Interep executives are going to be leaving their desks to go out and make sales calls. Guild said that will make better use of the experienced national rep executives to reach key decision-makers at targeted potential clients.

"It will also give us opportunities in some areas to adjust the size of our sales force. But we are absolutely committed to keeping the productive people in our sales force in place through these down times," he added, noting that the ad climate could turn around quickly. Guild didn't offer any dollar figure for potential savings from staff cutbacks.

HBC up slightly for Q1

Same station revenues were up only 0.7% and cash flow the same 0.7% in Q1 for Hispanic Broadcasting Corp. (N:HSP), but given the number of other groups that had a down quarter, those were figures to crow about. Actual results were mixed, with net revenues up 2.7% to $47.8M. Broadcast cash flow, however, decreased 7.8% to $15.6M. After-tax cash flow decreased 4.5% to $13.5M.

CEO **Mac Tichenor** and newly installed COO **Gary Stone** told analysts that the rest of this year is going to be challenging. They're cheered, however, by the new US Census data, which showed the US Hispanic population growing faster than previously forecast. Those new Census numbers will affect Arbitron's diary placement and weighting, beginning with the Fall book. "By and large, we ought to get a kick in every one of our markets," noted Tichenor.

Hispanic Broadcasting's executives say they are focusing on 2002 for growth and were quizzed by analysts about why they are not as optimistic as some other group owners about prospects for a second half rebound this year. "We are not in a position to call the bottom," said Tichenor, noting the limited visibility available from current pacing data. He said April appears to have topped expectations, but, for now, May is doing less well. For Q2, HBC is now projecting revenue growth of 1-3%. BCF is expected to be in a range of $24-25.5M. For all of 2001, the company has lowered its growth estimate to 4.2%, with BCF of approximately $95M.

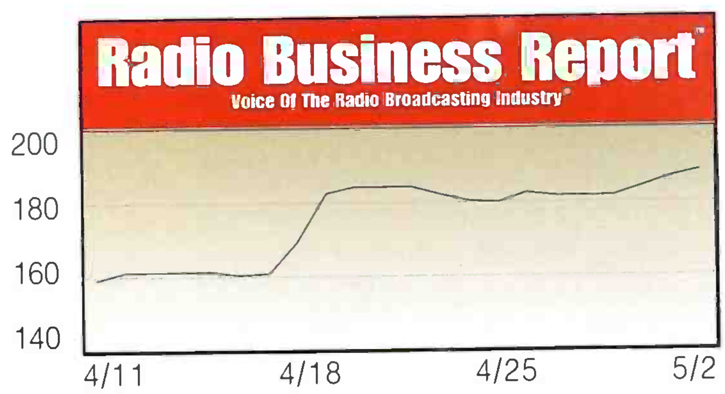
SBS curbs 2001 expectations

Raul Alarcon remains "cautiously optimistic" that the ad climate will improve in the second half of this year, but given the weakness now, Spanish Broadcasting System (O:SBSA) is revising its projections downward for the remainder of this year.

"Given this environment, we have refocused our efforts on controlling costs, while seeking to strengthen revenue share across

The Radio Index™

The Radio Index™ pushed to a year-to-date high of 188.388 on 5/2, up 8.512 from a week earlier.



Transaction Digest®

by Dave Seyler & Jack Messmer

The deals listed below were taken from recent FCC filings.

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

$1,858,000 WEXM-FM Exmore VA from Be-More Broadcasting Co. (A. Wray Fitch III) to Commonwealth Braodcasting LLC, related to Sinclair Telecable Inc. (Ann S. Adams, David J. Sinclair, Robert L. Sinclair). $90K escrow, $1.343M cash at closing, $425K note plus reimbursesment for all costs to relocate tower. **Duopoly** overlap with WTAR-AM & WROX-FM in Norfolk market.

$187,500 KAPR-AM Douglas AZ from Unicorn Communciations Inc. (R. Lavance Carson) to Good Music Inc. (Douglas Martin, pres et al). $17.5K escrow, balance in cash at closing. Buyer is a non-profit entity.

$137,500 KEAL-FM Douglas AZ from Unicorn Communciations Inc. (R. Lavance Carson) to Cochise Broadcasting LLC (Jana & Ted Tucker). $17.5K escrow, balance in cash at closing.

$70,000 WABL-AM Amite LA from Amite Broadcasting Inc. (Henry Harrison) to Spotlight Broadcasting (Patrick M. Andras). $500 escrow, balance in cash at closing.

N/A WQEW-AM & WQXR-FM New York. Stock of New York Times Electronic Media Co., a subsidiary of the New York Times Co. (N:NYT). Five trustees (four children and one grandchild of the late Iphegene Ochs Sulzberger) are adding three additional grandchildren to the trust for no consideration.

N/A KYYT-FM Goldendale WA from Colin B. Malcolm to Haystack Broadcasting Inc. (Colin B. Malcolm, Melody K. Malcolm, Kevin B. Malcolm). Reorganization of ownership structure within the Malcolm family for no consideration.

Contract Closeup

Insuring Station Value

by Erwin G. Krasnow & Eric T. Werner
of Verner Liipfert Bernhard McPherson & Hand

When the calculation of the purchase price is based upon a multiple of the station's cash flow, it is important for a buyer to insure against inaccuracies in cash flow estimates. Citadel Broadcasting Co. utilized an interesting and effective device to shield itself from such cash flow discrepancies in its purchase of WNOX(AM-FM), WIVK-FM, and WSMJ-FM, Knoxville, TN, from Dick Broadcasting Co. of Tennessee, Inc.

In that agreement, Citadel obtained a provision that stated that if the stations' broadcast cash flow for calendar year 2000 is less than a specified amount ($12M), then the Sellers would be required to pay Citadel an amount equal to 20 times the shortfall as an adjustment to the purchase price. Citadel is required to calculate the amount of any broadcast cash flow shortfall and provide it to the sellers by the end of March, 2001. At that time, if the Sellers disagree with the buyer's calculation of the shortfall, then the parties have 10 business days to attempt to resolve the dispute in good faith, after which time, in the absence of a resolution, the matter is to be submitted to binding arbitration by a private accounting firm designated by the parties. In addition, if the seller's supplemental financial statements provided to the buyer suggested that a shortfall in cash flow would be likely, then the buyer is entitled to withhold, in escrow, an amount equal to 20 times the estimated shortfall from the purchase price at closing.

Also of particular interest, the parties excluded from the calculation of the broadcast cash flow shortfall any losses the buyer might incur in connection with the stations' contract with the Tennessee Titans football team for the rights to broadcast the Titans' professional football games during the 2000-2001 NFL season. Rather, the parties provided separate protections for the buyer for such losses, providing for reimbursement of any such losses as a purchase price adjustment, and also providing procedural mechanisms, including binding arbitration, for the resolution of any disputes that might arise.

our stations group," the SBS CEO said. "We have implemented personnel reductions at some of our markets that should result in savings in compensation for the remainder of the fiscal year as well as future years."

While SBS reported a tiny 0.8% gain in net revenues for its fiscal Q2, to $25.1M, broadcast cash flow dropped 48% to $6.6M and after-tax cash flow plunged 93.6% to $300K. On a same-station basis, revenues were off 14.1% and BCF declined 35.9%.

For Q3, SBS is now expecting net revenues to be off 2-4%. BCF is targeted to come in at $9.5-11M. Although visibility remains low for the second half, SBS is projecting that the full year will have it posting a revenue increase of 5-7% with BCF of $44-47M.

Infinity adds 2nd Memphis FM

Viacom's (N:VIA) Infinity Radio doesn't own a lot of stations in Memphis, but the two it does own are giants—WMC-AM & FM, which it bought last year for $75.5M. Now it's adding a third, but much smaller station. Infinity is paying Julie **Belz** $7.2M for WMFS-FM, a Class A Rocker licensed to Bartlett, TN.

Clear Channel grows in the Blue Ridge

Bridging the gap between its Harrisonburg, VA and Winchester, VA clusters, Clear Channel (N:CCU) is paying $1.35M for **Art Stamler**'s WAZR-FM, Woodstock, VA. The station is listed by Arbitron as being part of the Winchester market.

WSCP enters Galaxy

Ed Levine's Galaxy Communications is expanding from its Syracuse superduopoly with a purchase of WSCP-AM & FM, which are nearby in Sandy Creek and Pulaski, NY. The seller in the $400K deal is Tri-County Broadcasters, headed by **Kevin Walker**.

What are Ackerley's stations worth?

The Ackerley Group (N:AK) isn't putting its four radio stations, all in the Seattle-Tacoma market, on the auction block. However, Ackerley executives told Wall Street analysts (5/2) that they're ready to listen if anyone wants to make a bid in the $150-175M range.

Against last year's dot-com-inflated Q1, Ackerley's radio stations saw net revenues decline $1.9M to $4.7M and cash flow (EBITDA) went from positive $2.3M to negative $700K. Even so, Seattle is an attractive top 20 market (#14) and already consolidated, so Ackerley Co-President **Denis Curley** says any would-be buyer should expect to pay a premium.

Over all, excluding the recently sold NBA Seattle SuperSonics, Ackerley saw Q1 new revenues decline 4% to $44.9M. EBITDA was negative $3M, compared to positive $6.5M. After-tax cash flow was $4.3M, compared to positive $4M. Ackerley is expecting another down quarter in Q2, but told analysts that the company is cutting costs to meet its target of posting positive EBITDA of $35M when the year is done.

Fisher has down quarter

Fisher Communications (O:FSCI) has stations scattered throughout the Northwest, but gets the overwhelming majority of its broadcast revenues—both radio and TV—from two dot-com hotbeds, Seattle and Portland. As you might expect, the dot-com drop-off hit Fisher hard. Q1 broadcast revenues dropped 21.5% to $34.2M. Including the company's real estate operations, Q1 revenues dropped 17.3% to $39.6M. Fisher, which posted net income of $2.2M for Q1 of 2000, flipped 180 degrees to a Q1 2001 loss of $2.3M.

"Revenue decreased at nearly all broadcasting operations, with the largest decreases occurring at Fisher's Seattle and Portland television and radio stations," the company said. "Seattle was an especially strong market during most of 2000, driven by relatively stable national business, 'dot-com' advertising early in the year, and political advertising through November. Both of these markets currently are experiencing a decline in advertising sales primarily as a result of the weakening economy."

Fisher last week completed the $31M sale of its flour mills to Pendleton Flour Mills LLC, so the business that built the Fisher family's original fortune no longer a part of the 91-year-old company.