

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

September 17, 2001

Volume 18, Issue 38



Engineered for Profit, NAB Edition

Can IBOC help radio fend off the looming attack of the two satellite radio services?

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AMERICAN URBAN RADIO NETWORKS

#1

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Terrorist attacks shift radio into information mode

For virtually every radio station in the United States, playlists were thrown out the window last Tuesday (9/11) as music FMs switched to simulcasts of their news-heavy AM sister stations or wall-to-wall coverage from their network. The crashing of a hijacked airliner into one tower of the World Trade Center shocked the nation and



had people scrambling to catch bits of information from radio and TV. But that was just the beginning. The shock grew as a second airliner crashed into the other WTC tower, a third hit the Pentagon and number four, falling short of its intended target, went down in a remote section of Pennsylvania.

Even as radio covered the tragic events, stations were gearing up to help in the aftermath. Some stations issued calls for blood donors to help boost dwindling supplies. Others began raising funds to help the victims. As this issue of *RBR* went to press, the tally of dead—expected to be in the thousands—was far from complete. Several of the dead or missing had connections to the radio industry (page 2), although it appeared that none were station owners, executives or employees.

With two skyscrapers reduced to rubble in the New York financial district, stock trading—which never began that Tuesday—was put on hold for most of the week. Observers feared that the stock price slide, which had already been underway (page 6), was likely to accelerate once trading resumed. Much more information is available online at rbr.com.—JM

FCC begins review of crossownership



The Federal Communications Commission adopted a Notice of Proposed Rulemaking (9/13) to examine whether to abandon or modify its crossownership rule, which generally prohibits a single company from owning both a daily newspaper and a broadcast station (radio or TV) in the same market. Chairman **Michael Powell** cautioned that people who file comments in the NPRM should avoid being theoretical, but focus on the real world. "Let's go look at the number of grandfathered and waived applications that exist in the marketplace," he said.

The NPRM will examine whether the FCC should modify or scrap the crossownership rules, which was adopted in 1975. Commissioner **Kathleen Abernathy** noted that the week's events had demonstrated that people now get news from many more sources than in 1975.

One option being considered is to allow common ownership, but require separate news operations. The FCC is also going to look at revising a quirk in the current rule, which bars the owner of a newspaper from buying an in-market radio or TV station without a waiver, but allows a broadcast owner to buy an in-market newspaper and not seek a waiver until its station's FCC license comes up for renewal.—JM

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Radio News®



Fritts cautious as Rosen issues challenge

RIAA President **Hillary Rosen** used her appearance at the NAB Radio Show (9/6) to challenge broadcasters to sidestep the lawyers and settle their dispute with the record industry over Internet streaming royalties. "Let's get it done," she said. "Let's get online music out of the courtroom and into the listeners' living rooms."

NAB President **Eddie Fritts** isn't rushing to embrace Rosen's offer to negotiate a settlement. "They won the first round in the court and feel that they have the high ground," Fritts said of RIAA's offer.

Nevertheless, Fritts told reporters in New Orleans that there are already talks underway behind the scenes between some of the parties involved in the litigation. Ultimately, though, he said the dispute will probably have to be settled on Capitol Hill. Fritts noted, though, that members of Congress prefer to have feuding industries come to them with a negotiated solution which can then be written into law.

In making her pitch, Rosen said she held no grudge against broadcasters and the NAB for filing the lawsuit which sought, and failed, to strike down the royalty payments. "I respect you for it," she insisted, but now she wants to talk business. "It's not too late to resolve this outside of the courts and outside the arbitration panel," Rosen said. "You have my word that we will be flexible."

In a Q&A period, however, Rosen's stance on the proper rate for Internet streaming performance royalties kept RIAA at a level that broadcasters would likely find impossible to swallow. When asked how she could defend seeking royalty payments several times those already paid to ASCAP and BMI, Rosen insisted that the costs incurred by record companies are much higher than those of composers, so performance royalty payments should be higher than composer royalties.

Although she meant to crack a joke, Rosen really riled up the audience when she said that the record companies spend millions to promote records on radio and "just want a few thousands back."

RBR observation: Talk about trying to kill the goose that laid the golden egg! RIAA has sought for years to reverse what Rosen claims is "an accident of history"—that radio stations don't currently have to pay performance royalties to the record companies in addition to their ASCAP, BMI and SESAC fees. Make no mistake about it, if the record companies succeed in imposing backbreaking royalty fees on the Internet—which will leave the record companies themselves as the only ones able to afford to offer music on the Web—they'll use that as a wedge to add performance royalties to radio based on "fairness." That would likely lead to another round of consolidation—with the media giants who own record companies buying up every major radio station after making radio a less profitable business for everyone else.—JM

SBS's WPAT-FM to be back within seven days

We watched the antenna go down with the World Trade Center. Spanish Broadcasting System's WPAT-FM is off the air. We asked SBS's SVP **Carol Larkin** what they are doing to restore the station to 93.1 MHz. WSKQ-FM 97.9 was not affected. "We are making arrangements and have already ordered transmitting equipment and antennas from Harris and BE for a temporary installation at Empire State Building. And we have additional equipment ordered for permanent installation there and we're also commencing negotiations at 4 Times Square as a backup site for both stations for the future."

The station is expected to be back up soon. "We're anticipating that we should be able to get the station back on the air, depending on are there any airplanes flying to bring the equipment in, in seven days."

Larkin adds that all SBS personnel are safe.

Clear Channel's WKTU-FM, according to reports, was able to get back up and running on its auxiliary facility. RBR has been unable to contact the station directly and is awaiting confirmation from Clear Channel.

Other stations that used the World Trade Center antenna are public radio stations WNYC-FM and WKCR-FM. WKCR has no backup and is off air until further notice. WNYC continued broadcasting NPR news coverage on its AM signal (820 kHz) and on its recently-acquired WNYE-FM 91.5. It was working on getting the online stream back.—CM

Radio community mostly spared

It may be weeks before all of the victims of last Tuesday's (9/11)

terrorist attacks are identified, but it appears no one directly involved in the radio industry is among the dead or missing. There were, however, several victims with ties to radio.

Karen Kincaid, an attorney with Washington-based law firm Wiley Rein & Fielding, was one of the passengers aboard American Airlines Flight 77, bound from Washington's Dulles Airport to Los Angeles, but fated to attack the Pentagon. According to a Wiley Rein announcement, Kincaid joined the firm in 1993 and was a member of the firm's communications practice. Prior to joining the law firm, she had been a Senior Attorney-Advisor in the FCC's Private Radio Bureau.

Two people from the Alta Communications venture capital firm, which is heavily invested in radio groups, were passengers aboard one of the ill-fated planes. Both **Dave Retik** and **Chris Mello** were aboard American Airlines Flight 11, which had left Boston bound for Los Angeles, before it was hijacked and crashed into the first World Trade Center tower. Retik had been with Alta (formerly Burr, Egan, Deleage & Co.) since 1993

and had been involved with a number of radio deals. Mello joined Alta just last year, after working as a financial analyst at Deutsche Banc Alex. Brown.

It appears that none of the stock analysts and investment bankers who normally deal with the radio industry had offices in the World Trade Center towers which collapsed. Merrill Lynch, CIBC Oppenheimer, Lehman Bros. and Salomon Smith Barney had offices in other buildings of the complex, which were evacuated safely. Morgan Stanley, The biggest tower tenant, had its analysts further uptown.

In the towers, though, were two mutual fund companies with significant broadcast portfolios. Oppenheimer Funds reported that all of its people got out safely. That is not the case, however, for Fred Alger Management. From an office in New Jersey which is now functioning as headquarters, Executive Vice President **Jim Connelly** said his firm had not been able to account for a single one of the 38 people it had working on the 93rd floor of 1 World Trade Center. Included among the

missing is President **David Alger**, whose brother, company founder **Fred Alger**, has come out of semi-retirement to temporarily head the company. The Alger Funds hold major stakes in both Viacom (N:VIA) and Disney (N:DIS).—JM, DS

NAB post-mortem: Putting the best face on a down year

Despite the reduced attendance, NAB officials are trying to put a positive spin on this month's Radio Show in New Orleans. When RBR suggested at a Friday (9/7) press conference that the show had operated in the red, NAB President **Eddie Fritts** responded, "We don't know whether we're going to lose money or not." And he insisted that a similar turnout for next year's show wouldn't doom the fall confab. "We don't think the future of this Radio Show is in doubt at all," Fritts said, recalling the show's early days when "we were happy to have two thousand people." He also said that most of this year's attendance decline was due to the number of vendors who didn't

Cancellations put normal business on hold

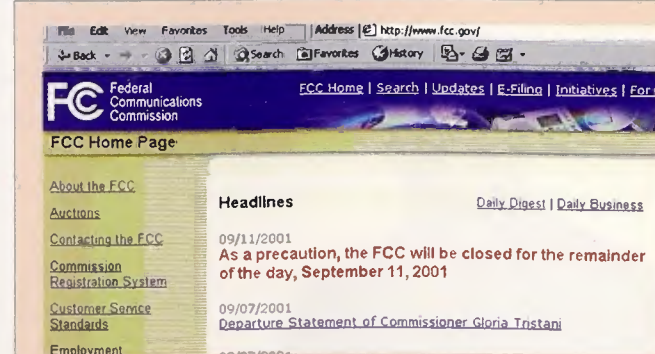
Airline flights, business meetings, your kid's soccer practice. You name it and it was almost certainly cancelled last Tuesday—and many events of normal life were suspended for several more days.

With all air travel suspended, the first meeting of the board of directors of the new Radio Ad Effectiveness Lab (see related story)

didn't take place at RAB's New York offices. Horrified staffers spent much of Tuesday gathered in RAB President **Gary Fries**' office, which had a view down Madison Ave. to the World Trade Center. "I've just had a shattering day watching this unfold," Fries told RBR.

In Washington, the FCC shut down and sent staffers home, as did all other Federal Government offices, following the terrorist attack on the Pentagon. The NAB also sent its staff home shortly after noon.

Wednesday (9/12) was to have been the first day of the 2001 RTNDA International Conference & Exhibition in Nashville. Instead, members of the Radio Television Directors Association are stayed in their news rooms and the RTNDA's board of directors canceled the convention.—JM



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exhibit (only 165 companies showed up, down from 225) and, thus, didn't bring their employees to the show, rather than the exit of Viacom (N:VIA) and its Infinity group from NAB and a schedule conflict with Clear channel's (N:CCU) management meetings.

"I don't have a shred of doubt this is a good show," chimed in NAB Radio Board Chairman **John Dille**, President of Federated Media.

The official tally was 5,227 registered attendees—down sharply from 7,600 last year in San Francisco and even below the disappointing turnout of 5,600 two years ago in Orlando.—JM

To carry or not to carry satellite ads

Broadcasters have been debating whether to carry ads from XM and Sirius on their radio stations.

"If the ad says 'radio sucks,' I'm not interested in airing it," said Susquehanna Radio President **David Kennedy**, with reference to a promotional campaign already run by one of the satellite wannabes. Kennedy said Susquehanna's stations in Dallas have already been approached by XM about a possible ad buy. He said it's a big issue within his company, and that a major consideration in determining whether to take the business is going to be what the copy says.

In the Radio Show's group executive session, *RBR* asked whether the radio execs would accept advertising from the two satellite companies. Only Clear Channel (N:CCU) CFO **Randall Mays** and Radio One (O:ROIA) CEO **Alfred Liggins** answered before the conversation turned to other topics, but both said yes, they would take the ad money from the would-be competitors. "Somebody's always going to be trying to take away our audience," noted Mays, adding that the way to prevent that happening is to offer good programming. Clear Channel, of course, is an investor in XM.

RBR observation: We later learned that radio companies who have programming deals with XM, such as Clear Channel and Radio One, made their decision long ago. Their contracts require them to air spots for the satellite partner.—JM

RAB, Arbitron team up for ad study

The Radio Ad Effectiveness Lab (RAEL) has been formed by the Radio Advertising Bureau and Arbitron (N:ARB). The joint venture, which will receive funding from various companies in the radio arena, will seek to increase understanding on how radio works, and to find ways to accurately measure its effectiveness.

RAB's President/CEO **Gary Fries** and Arbitron's President/US Media Services **Owen Charlebois** will spearhead the organization.

Said Charlebois, "Advertisers are increasingly focused on accountability and maximizing return on investment. Periodically, advertisers and their agencies have raised questions about the overall effectiveness of all forms of advertising, including radio, and there is little current research on the effectiveness of radio as an advertising medium." RAEL's primary mission is to address these concerns.

Companies expected to help foot the bill include Arbitron, Interop (O:IREP), Katz Media, Disney's (N:DIS) ABC Radio Networks, Clear Channel's (N:CCU) Premiere Radio Networks, Westwood One Radio Networks (N:WON), Canada's Radio Marketing Bureau, and WBEB Philadelphia.—DS
9/17/01

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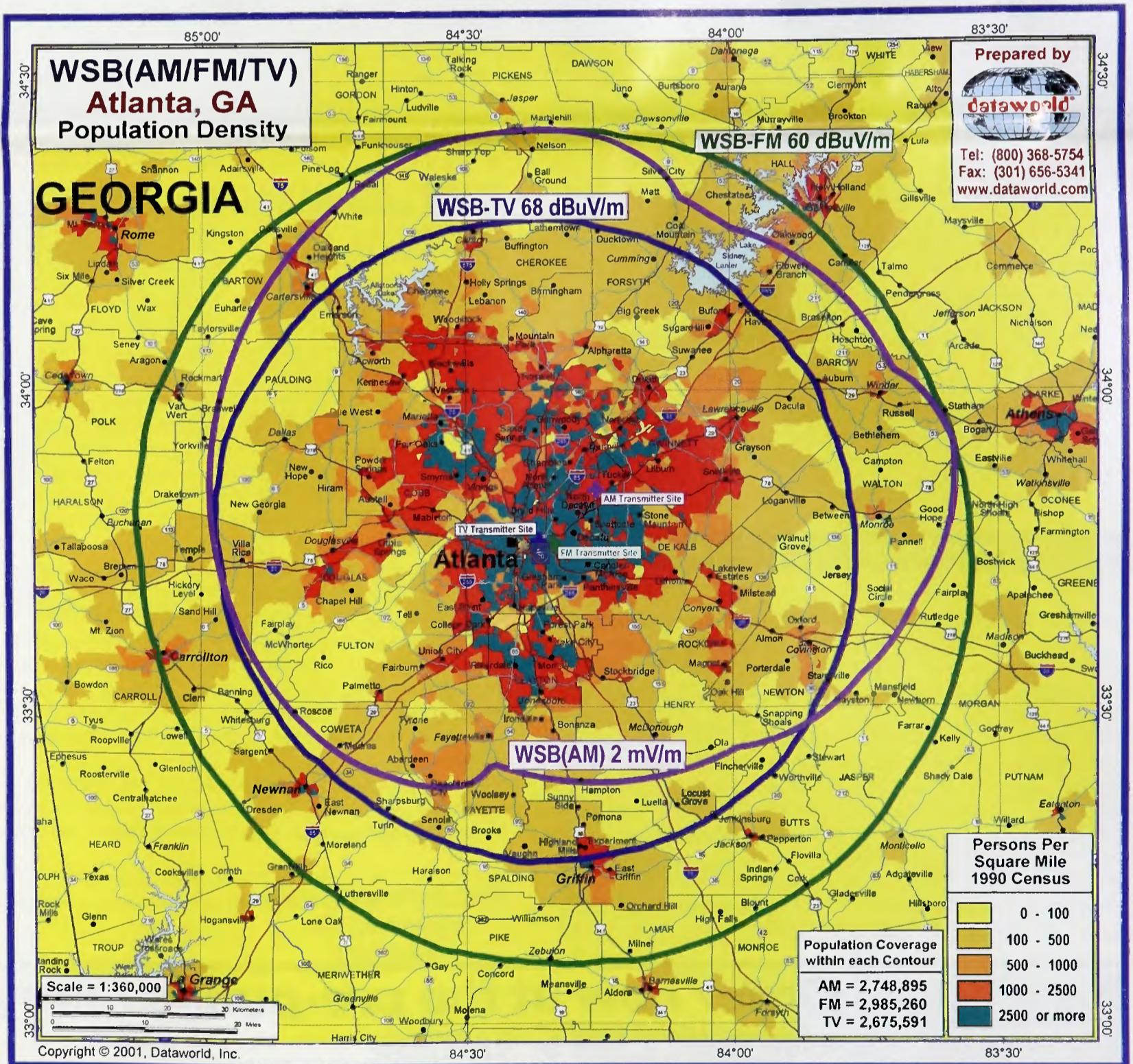
Broadcaster, tape thyself

In his first appearance at an NAB Radio Show, FCC Commissioner **Michael Copps** (D) pressed broadcasters to adopt his proposal that they tape record all on-air programming so it can be reviewed if any allegation of indecency is raised. "The bottom line is I believe that if something is said on the public airwaves, it should be a public record," Copps said. Noting that some countries require such taping by broadcasters, Copps said he hoped that US broadcasters would do so voluntarily. "I don't think it's that big a deal," he added.

While not going so far as to call for 100% taping across the industry, Commissioner **Kathleen Abernathy** (R) suggested that radio owners would be well advised to start taping if they receive complaints about a particular show and then check to see if the on-air talent is going over the line—"because if they have, you will get nailed," she warned.

All three newly-minted Commissioners, including **Kevin Martin** (R), expressed reservations about the current system for indecency enforcement, which puts the burden on a complainant to supply a tape or transcript of alleged indecent broadcasts. All three agreed that it was unreasonable to expect listeners to have taping equipment available at all times. Martin also suggested, though, that the FCC come up with a system for letting stations know when complaints are being received, so that licensees can be aware of potential problems.—JM

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Online Advertising slips

A new report from Nelson Taylor Sofres' CMRI showed a slip of 10% in online advertising for the first half of 2001, compared to the same time period a year earlier. This figure is based on estimated January-June 2001 revenues of \$1.5B.

Sai CMR President/CEO David Peeler, "Although we saw a gradual increase for online spending in the last quarter of 2000, the economic environment did not exclude this medium from the drastic hit we've seen across the entire marketplace." Peeler looks ahead no farther than Q1 2002, and does not see a jumpstart happening within that timeframe.

The top revenue-producing website is Yahoo, which was able to buck the downward trend with a 1.69% increase in revenues, from \$194M in 2000

Radio AdBiz

to \$197.3M so far this year. The following charts show some of the scope of the online advertising universe.

General Motors and Ebay are the most active buyers of space on the Internet—Ebay has spent over \$24M already this year—and General Motors has spent a million more than that.

RBR observation: The online advertising business is pulling in quite a chunk of change—a surprisingly high amount considering that online has been blamed all year long for much of the radio industry's current woes. There must be a way for radio to syphon off some of this cash!—DS

Top websites by revenue

Jan-June 2001

Yahoo	\$197,282,923
AOL.com	\$174,263,850
Excite	\$90,453,160
Lycos	\$61,892,893
Altavista	\$50,577,473
Netscape	\$48,007,442
Webcrawler	\$38,903,498
ESPN.com	\$23,677,857
Go.com	\$23,625,735
Weather.com	\$20,084,731

Top online spenders

Jan-June 2001

General Motors	\$25,415,811
Ebay	\$24,356,260
Amazon.com	\$16,200,820
Classmates online	\$15,108,190
JP Morgan Chase	\$14,914,052
Barnes & Noble	\$14,368,801
Verisign	\$13,711,014
AOL Time Warner	\$13,333,416
Providan	\$12,769,892
Bank One	\$11,187,960

Spending by industry

Jan-June 2001

Retail	\$299,404,537
Media/Advertising	\$261,440,066
Financial	\$177,879,435
Computers/Software	\$149,753,786
Local Svcs/Amusements	\$143,964,572
Trnsptn/Hotels/Resorts	\$68,016,488
Automotive	\$66,261,445
Telecom	\$42,318,614
Government/Orgs	\$39,589,868
Insurance/Real Estate	\$38,961,553

A not-so-ordinary day in the life

By Karen Petrillo

As I tried to pull myself together this morning to go to work on Wednesday, September 12, 2001, I was having a hard time concentrating. As I drove to work, certain stories on the radio brought tears. One of the images I saw on the morning TV news affected me greatly. It was a story about the American embassy in London and how there was this outpouring of people leaving flowers and notes at the embassy. One note read something to the effect of "We are praying for our best friends in the world...the Yanks." This just brought every image that I ever had in my mind of what WWII must have been like for those who lived through it. I never thought I would have to go through something like this in my lifetime. I was four when JFK was killed and have some recollection of my mother crying while watching the round-the-clock coverage. As I tried to explain this to my four-year-old son, I could not find the words, since we were just at the World Trade Center two weeks ago.

I thought about my media work and how insignificant it seemed in the face of this as I was driving to my office. As the day started to unfold, I became busy and the impact that the events of September 11 could have on our business started to sink in. Here is what my day was like on "the day after."

9:00—My first call was from a client, a supermarket that does business in NY. They wanted to move their TV schedule for this week. We needed to find out how many spots ran to date and how many dollars, and then how many dollars that I had to move. We also had to change the traffic instructions for the radio and to replace their spot with an announcement from the president of this retailer as to how to donate funds to the Red Cross at their stores and what they were doing to donate funds.

9:30—We tried to contact the radio stations in NY, and this was when we really started to feel the human effect. Mayor **Guiliani** had asked people to stay home today in NYC, so many of the sales and support staffs of the radio stations were not in. We left voicemail and email messages as to what to do with the new spots that they would be receiving. We wanted to look at what additional spots we could buy on the top news stations to make this announcement, but found out that they were not going to run commercials today (9/12) and probably not tomorrow.

10:00—As I looked at the *Wall Street Journal* and how thin it was, I noticed that they had printed a listing of the companies in the two World Trade Center towers on the front of the Money and Investing Section (Section B). I also noticed that there was a full-page ad for Morgan Stanley (the company with the most employees in the WTC towers) in section A.

We heard from another one of our clients that many retailers were changing their newspaper schedules for the weekend. Some major dailies have told their major advertisers that there will be no advertising in section A for the next few days to allow for news coverage.

11:00—Another client tells us that they want to push their current schedule back a couple of weeks, until they see how this tragedy impacts their sales. They said no one is shopping in their stores today, and they have cancelled their promotions through the weekend.

12:00—I spoke to one of the television stations about the moves we were trying to make on behalf of our clients. I asked them if they had heard of any other cancellations or moves by other advertisers. My rep said only one that she had heard about—TJ Maxx asked to cancel this week, since some of their employees were on one of the Boston flights that went into the World Trade Center. (I did not see a confirmation of this in anything that I have seen or read to date.)

1:00—One of the NY news radio stations gets back to us and tells us there are limited spots to sell this week but they really do not know what they can sell as far as additional announcements.

1:30—I hear from one of my fellow buyers that she had to cancel spots she had placed to promote a pay-per-view event for a fight at Madison Square Garden that has been canceled.

2:30—One of my clients in the NY fashion district calls me and gets through. I am amazed that he is in the office today. He told me that he got home to New Jersey yesterday afternoon. He said the city was empty. The only reason that he came in was because he was supposed to have a major presentation from the creative shop on their recommended direction for next year. The principal of the agency postponed it until Friday, since his apartment was two blocks from the World Trade Center.

3:00—I get the traffic information from my supermarket to the new Red Cross donation spots. I try to figure out when they can get to the NY and Philly stations, since there is no Fed Ex, and I can't get hold of any traffic managers to see what email format they can accept.

3:30—We decide to email the spots anyway and hope the station can accept the format. We will try to find out when the spot can start airing on any of the stations.

4:00—I hear from one of my reps that she canceled a personal trip. She was to leave tomorrow to go to Paris and Nice for 10 days. We both wonder what impact this will have on the travel industry.

4:30—I have to call a client for whom I had secured concert tickets for tomorrow night for Aerosmith. The concert has been postponed and no date has been re-scheduled.

5:30—I'm exhausted, much more so than other days, and I want to go home to see my husband and son.

Karen is the Director of Retail Services for Philadelphia-based Harmelin Media. She can be reached at 610-668-7900 x160 or KPetrillo@harmelin.com.

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Is IBOC the cure for satellite?

Satellite radio start-ups XM Satellite Radio (O:XMSR) and Sirius Satellite Radio (O:SIRD) say they are only interested in providing national service and aren't going to compete with local radio stations for local ad dollars. But with both companies building large networks of terrestrial repeaters, many broadcasters are expressing fears that those "repeaters" could become local competitors.



Bob Struble

"Is this a national satellite service or is this really a terrestrial-based radio system with a satellite company?" asked NAB President **Eddie Fritts**. The NAB has already complained to the FCC because the two companies have already built many of the repeaters—including some with as much as 40kw of power—without waiting for the FCC to adopt rules for such repeaters.

"My friends, I'm here to help," iBiquity CEO **Bob Struble** said as he updated the NAB attendees on the status of in-band, on-channel digital radio, which many see as the best way to combat digital satellite broadcasts. Struble predicted that equipment for FM in-band on-channel digital audio will be available by next spring's NAB Convention in Las Vegas. And while AM IBOC is not as far along, Struble said he expects to submit AM tests to the NRSC for analysis in November.

What's it going to cost? iBiquity estimates that the average radio station will spend \$75K to make the conversion from analog to digital. "That's a no-brainer for broadcasters," said Struble. But at the luncheon tables, the \$75K figure sparked mumbling by small market broadcasters, who saw that as a major expenditure.

Whatever the level of the threat from satellite radio, XM's official launch, which was to have been last Wednesday (9/12) in Dallas and San Diego, was postponed by the tragic events in New York, Washington and Pennsylvania.—JM

Crutchfield will sell iBiquity-equipped receivers

iBiquity Digital, announced a strategic alliance with electronics catalog retailer Crutchfield to support the introduction and sale of iBiquity's IBOC technology-equipped receivers into the consumer market.

"Crutchfield has such a rich history of successful technology introductions, and with their national reach, they are the perfect choice of retailer to introduce the new IBOC receivers," said **Bob Struble**, president and CEO of iBiquity Digital. "With Crutchfield providing a selection of IBOC capable receivers from manufacturers such as Kenwood and harman kardon, broadcasters in all markets will be assured their listeners have access to the benefits of the new digital AM and FM technology"—CM

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On and off the record: NAB exhibitor feedback

Most would agree, this year's NAB Radio Show wasn't attended as well as any of us would have liked. Clear Channel, Infinity and Westwood staffers were hard to find, of course. Blame it on the economy, blame it on the schedule date, whatever. We asked some vendors to give it to us straight—what did they think of the show. Some were off the record, some on.

"In the words of the President of my company, it sucked," said one very disappointed vendor. "Seriously, normally, exhibitors will say that 'Well, the quantity was low but the quality was high. Frankly, I think this show was an embarrassment to the NAB. I think someone at the NAB needs to lose their job and they truly need to reassess the situation. They can't deliver the floor traffic, they certainly can't justify their ridiculously high prices. In our case, we were in to the show about \$20K and I sincerely doubt we will be able to justify that expense. We will go to a scaled down booth in Seattle."

Another: "I'm not going to say this show is history, I think it has a future, but I think that NAB truly needs to reassess whether they want to continue with a Fall radio show or put all their emphasis on radio as part of a Spring show and into a Fall television show as well."

"This show was beyond bad. You have to have a presence. If you're not there, your competitors start to raise the questions of the viability of your company. I heard comments from a major manufacturer—some of their salespeople—that I've known for a number of years who referenced the fact that it was rather odd and eerie when they looked over at their cafe (part of their booth was a cafe) and there were more exhibitors there than there were attendees."

Broadcasters are to blame as well. The NAB can only do so much to get people to attend. Certainly, Clear Channel's absence was felt, although Clear Channel CFO **Randall Mays** promised at the show that wouldn't happen again. However, two vendors say it wasn't all about Clear Channel or Infinity's absences.

Said one: "I have a customer who is an engineer for one of the major groups—not Clear Channel, not Infinity. He came to the show, he's from the Southeast. His wife's company paid for him to come so that he could write it off. He was wearing her company's name on his badge, because the company that he works for wouldn't pay for him to go. He wanted to go to all of the engineering seminars and such.

That, unto itself, says a lot."

And the other: "Horrible. The turnout of the attendees other than the people who had booths was pretty bad. And it may be a result of the fact that one company can own 400 stations and then tell their people not to go to it. I heard that some of the groups told their people not to go to the NAB convention. Did the NAB cut their throat by lobbying Congress to have unlimited ownership and then these guys turn around when they get 1,200 stations and tell their people not to go?"

Not everyone was disappointed

Not all exhibitors found the show to be a wash. Said Sierra Automated Systems Director of Sales **Michael Uhl**: "I thought the show was fine. I thought the traffic was good. We had a really bad booth location, but in another respect, it was a great booth location because there wasn't anybody else around us—we stood out like a sore thumb. We had a pretty good number of people there, we talked to some quality people. Now the negative side was that it bugs me a little bit that some of these other companies backed out at the last minute, and then still showed up to do business at the show. I think that's duplicitous to say the show's not good enough and then be there to do business anyway. Now if they never signed up to do the show in the first place, that's different. I think we need to support the NAB. It's certainly not an inexpensive way, but it's a very good way to meet face to face with our customers and to show what the company is about. I will be there in Seattle next year."

Dataworld President **Jack Neff**, while he wasn't at the booth this year, said it was a good show for the company: "I had three people there, in a 10'x20'. Luckily, we had a very good location. They needed more than three the first day because of the amount of people that came into our booth. We had lots of maps up and sold them out. Some of the other days had slower traffic, but you pick up from a show like this new concepts. People come by with new ideas—we had a lot of interest from ad agencies. These people don't get to our office, but they do get to a show. I think some of these shows are slower because they pick the dates too early."

Nautel Manager, Broadcast Sales **Gary Manteuffel** tells *RBR* it was more about quality than quantity this time around: "The people who were there were looking for something. They were serious buyers for serious projects that they had."—CM



RCS releases Tracker

RCS announced the release (9/7) of "RCS Tracker," digital audio logging software that records, stores, finds, plays and archives audio files in an off-the-shelf computer powered by brand name audio cards. RCS Tracker is self-contained and allows the user to select CD- to Internet-quality audio fidelity. Tracker's "smart technology" records up to eight stereo or 16 mono channels simultaneously in a variety of user configured audio formats and can playback any of the channels from the local machine, from any touch-tone telephone or over the Internet.

"People in broadcasting listen very differently from the average listener, they are 'professional listeners'," says **Philippe Generali**, RCS President. "By that we mean they are listening not only to the content but the structure of the programming from station to station and time is a critical factor. So, for example, if a professional listener hears the song, 'Hotel California' begin, they know they have over six minutes before anything else will occur on that station, so they can use that time to 'audio surf' the available stations on their RCS Tracker system."—CM

NAB launches SystemsStore.com

Announced at the NAB Radio Show in New Orleans, SystemsStore.com has launched Systems Store Radio, a new 24/7 Internet radio service for radio, television and pro-audio engineers. Consisting of a Classic Rock music format, and containing commercial spots for technical products and services, Systems Store Radio (SSR) is available on the Internet at www.systemsstore.com. SystemsStore.com is a division of The RDA Group.

SSR is powered by BE's AudioVault system. It will soon be adding industry news and information that will be updated on a daily basis.—CM

Harris ready to launch IBOC equipment NAB 2002

Harris (N: HRS) and iBiquity Digital, sole developer/licenser of digital In-Band On-Channel (IBOC)

AM and FM radio broadcast technology in the US, announced at NAB that the process of transferring iBiquity Digital's IBOC technology to Harris is nearly complete, and will be ready for the NAB show in April 2002. The technology will allow Harris' Broadcast Division to manufacture exciter and transmitter hardware capable of generating AM and FM IBOC signals.—CM

AllCast announces deals with Eonstreams, BRS Media

AllCast, a patented peer-to-peer streaming provider, announced two new developments (9/5): Eonstreams, a streaming solutions provider in the southeast, will optimize their network with AllCast software and BRS Media will use AllCast software to power the solutions they offer to streaming radio stations.

BRS Media will be using a customized version of the AllCast

"Broadcaster" for its My Radio.FM service and WEBCASTi AM and FM webcasting solutions. "The high price of bandwidth makes it cost prohibitive for most stations to broadcast online," said **George Bundy**, BRS CEO. "The AllCast Broadcaster levels the playing field. The fact that you can be webcasting in no time at all, and at a fraction of the cost of current streaming technology, without having to add additional hardware OR personnel is amazing! And that makes the AllCast Broadcaster a very valuable tool to anyone seeking to webcast online."—CM

MobileBriefs demos live wireless streaming

MobileBriefs demonstrated a new broadcast technology that allows wireless devices to receive personalized streaming audio. MobileBriefs' live wireless Personalized Audio Broadcast (PAB) streaming service allows users to

receive their own personalized news or information directly to their wireless device without connecting to the users' computer. The technology is commercially available now for news, publishing, and media companies. Features include insertion of company or industry-specific content and ad-insertion. The system is already pre-loaded over 16,000 articles from the most well known business publications and over 700 top business audiobook summaries.

In locations where higher speed 2.5G and 3G wireless networks are not available, users also have the choice of scheduled wireless synchronization in advance of listening where speeds are not as critical.

Says **Michael Price**, CEO of MobileBriefs: "With our unique technology we enable others to fill a void and transform their most critical downtime to productive uptime while commuting or traveling."—CM



Media broker Charles Giddens dead

Charles Giddens, Managing Director and co-founder of Media Venture Partners, died 8/12 at a Naples, FL hospital after suffering a brain hemorrhage two days earlier. Giddens was 57. Memorial services were conducted Friday (9/14) in Naples and are set for tomorrow (9/18) in Athens, GA.

"Charles was a very dear friend of Cathy and myself," said RBR Publisher and founder **Jim Carnegie**. "Professionally, I had the highest regard for him as a station broker and manager. Our hearts go out to his wife, **Joanne**, and their daughters, **Kelly** and **Casey**."

In addition to brokering over \$3B in station sales, Giddens had owned or managed 111 stations over his career. Most recently, he was co-owner of Southern Broadcasting, a group managed by his partner, **Paul Stone**.—JM

Stock markets set to reopen

US stock markets were expected to reopen today (9/17), having not opened last Tuesday (9/11) as terrorists first attacked the World Trade Center about 45 minutes before the opening bell was scheduled to ring a few blocks away at the New York Stock Exchange. (There was still a slight chance as *RBR* went to press Thursday that the markets might be able to open on Friday.) Executives of the NYSE, AMEX and Nasdaq said their systems were ready for a trading resumption on Wednesday (9/12), but they were waiting for assurances from Verizon that assurance of its telephone/data system in lower Manhattan had been restored to handle the demand of stock trading.

The long delay in reopening the financial markets may actually have calmed investors and reduced the likelihood of a massive, knee-jerk dumping of stocks.

On Thursday (9/13), analyst **James Marsh** of Robertson Stephens said there were already signs that New York City was getting back to business as usual. "I don't expect a major meltdown, but instead specific weakness in insurance and airline stocks," he told

RBR. "Consumer confidence is likely to be dented in the short-term," he said, "but there's no evidence that this will have a long-term impact."

For radio and TV stocks, Marsh noted that the costs of covering the multi-city disaster and running ad-free will "pinch Q3 numbers moderately." He's also looking for some additional capital spending by companies who have to replace transmitters which were atop the World Trade Center, but anticipates that most of that will be covered by insurance.

At UBS Warburg, analyst **Lee Westerfield** predicted: "Consumer uncertainty will pressure the radio sector, overshadowing the better-than-expected July ad data."—JM

Fries sees slow recovery

After announcing that radio revenues were down 4% for July, but noting that local was off only 1%, RAB President **Gary Fries** told NAB Radio Show attendees that the month of July finally brought the beginning of the long-awaited recovery—but a recovery that he believes will be slow. He said that recovery will be built by local sales. "I see no recovery in the national marketplace at all," he said. Of course, Fries comments in New Orleans came before terrorist attacks last week

added new uncertainty to the nation's financial outlook.

"When we come out, we are going to be some much stronger than when we went in," Fries said of the radio industry's exodus from the advertising recession. He said the easy money of the previous couple of years had made it easy for weak managers to keep their jobs or even receive promotions, but that ended when times got tough. "In 18 months we've seen a tremendous exodus of deadweight from our industry."

Fries was also blunt in criticizing radio groups for not carrying through on properly training their sales forces. "I'm going to chastise this industry for paying lip-service to training, and then not performing," he said.—JM

Analysts cut expectations, but see light ahead

More and more Wall Street analysts are cutting their forecasts for ad-supported media, but at the same time saying that the worst of the slowdown appears to be behind us.

"The proverbial canary in the mineshaft keels over," wrote First Union's **Jim Boyle** after Lamar Advertising (O:LAMR) reported that its growth curve had dropped into negative territory. Lamar, the only large pure-play outdoor company left, joined Clear Channel's (N:CCU) Eller Media in going negative on a "same store" basis. Boyle said history indicates that when outdoor advertising drops into negative territory, there's usually a full-blown recession taking place. But he also said there's good news in that, because outdoor usually starts rebounding in the middle of an recession, so we may already be at or near the beginning of a recovery.

Boyle, by the way, sees Clear Channel as a "cheap blue-chip play" at its current five-year low. He said that when CCU was still at \$50.05, before slipping to \$43.86 a week ago (9/10).

At Thomas Weisel Partners, analyst **Gordon Hodge** cut his US ad spending forecast still further. He had been looking for a 2.7% decline this year, but still a small gain of 1.9% in 2002. "We note that we are not the first prognosticators to cut our ad forecast for 2001 and 2002 and thus believe much of 'the damage' to the ad-supported stocks has already been done," Hodge said in a research report.

Although he's reduced his 2002 after-tax cash flow estimates, Hodge still rates Clear Channel a "Strong Buy" and has maintained his "Buy" rating on Hispanic Broadcasting (N:HSP) and Viacom (N:VIAB).

Lehman Bros. analyst **Bill Meyers** has cut his radio revenue growth forecast for 2002 from 6% to 4%. "As visibility remains limited, our 2002 projection of 4% growth is in the context of estimated GDP growth of 2.3% and total ad spend of 2.5%."—JM

Group heads see better industry

Some people may look back with nostalgia to the days before deregulation began to change the radio industry, but group executives on stage at the NAB Radio Show (9/7) dismissed those memories as less than accurate. "The reality is that prior to 1992, half of the radio stations in the country lost money," recalled **Bob Neill**, CEO of Cox Radio



Bob Neill

(N:CXR). "The most talented people in the business do a lot better than they did before 1992."

"A lot of people—a lot of rank and file people—have made a lot of money," agreed **Alfred Liggins**, CEO of Radio One (O:ROIA). And, he added, the access that today's larger radio companies have to cash has made programming better as well.



Alfred Liggins

Defending his company against often-heard charges that voice-tracking and other technological innovations have made Clear Channel (N:CCU) stations lose touch with their local communities, CFO **Randall Mays** said, "I think we actually bring more localism and bring a higher quality of programming into the market."

Few Clear Channel people were in New Orleans for the NAB Radio Show because all GMs and other upper-level radio execs were in Atlanta for mandatory worldwide company manager meetings. When one questioner suggested that Clear



Eddie Fritts

Channel was making a point that it doesn't need the trade association, Randall Mays insisted that was not the case. "That was not done as a point. It was actually a mistake and I assure you it will never happen again." Mays said Clear Channel had apologized to **Eddie Fritts** and the NAB for the scheduling snafu. Fritts said later that NAB had

The Radio Index™

Stock prices were in a steep decline, even before tragedy closed the exchanges. The Radio Index™ had already fallen 16.585 by 6/10, a closing tally that held at 187.87 through 9/12.



Recent Transactions!

SOLD!

WPEZ-FM, Macon, GA, \$55.0 Million

CLOSED!

KOYN, KBUS & KPLT-AM/FM, Paris, TX, \$2.575 Million

CLOSED!

KFTZ-FM, KOSZ-FM, KLCE-FM, KCVI-FM, KECN-AM & KICN-AM, Idaho Falls - Blackfoot, ID, \$13.0 Million Cash

CLOSED!

WKQB-FM, Southern Pines-Fayetteville, NC, \$6.15 Million Cash

CLOSED!

KPCR-AM/FM, Bowling Green, MO, \$725,000

CLOSED!

WYPA-AM, Chicago, IL, \$10.5 Million Cash

Media Services Group

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tried to find enough hotel rooms for Clear Channel to move its meetings to New Orleans, but there just weren't enough available.

RBR observation: Fritts is making a point of taking Clear Channel executives at their word that this was a mix-up by staffers who aren't involved day-to-day in radio operations. CEO **Lowry Mays** and Clear Channel Radio President **Randy Michaels** put in appearances in New Orleans to emphasize their commitment to the trade organization—but just about everyone else who was there from the nation's largest radio group was an engineer or market-level sales exec. The absence of Clear Channel's managers, along with the deliberate boycott by Infinity's entire staff, added to the negative tone in an already tough year.—JM

Northern makes a Star date with Marathon

Marathon Media remains in spin cycle. Recently it has shed stations in Medford, OR and La Crosse, WI-MN. This time, a fleet of stations in the far-flung environs of Michigan's Upper Peninsula is being sold in what amounts to a territorial expansion for a regional broadcaster. Buyer Northern Star Broadcasting has nine stations across Lake Michigan in the Traverse City-Petoskey, MI market (Arbitron #199).

Northern Star principals **Charles Knight** and **Wade Fetzer** are spending \$7.95M for the stations, which include a superduopoly in and around Marquette and duopolies in Sault Ste. Marie and Iron Mountain. The eleven-station group will provide coverage from the Canadian border on the eastern portion of the peninsula clear across to the Minnesota border on the west.—DS

Birach expands Michigan holdings

Birach Broadcasting, a small national group specializing in niche operations on the AM dial, is expanding in its headquarters state of Michigan. It has a \$1.9M deal with Cook Media II to acquire WMJH-AM Rockford and WMFN-AM Zeeland, both in the Grand Rapids market. Birach has already plunked down \$50K for the stations. He will also come up with another \$1.25M cash by closing and pay the rest off with a \$600K note.

Owner **Sima Birach** adds this duopoly pairing to his other Michigan stations in Detroit and Flint. The group, which often puts Ethnic programming on its stations, also has outposts in Pittsburgh and Salisbury, MD, plus an AM CP near West Palm Beach, FL.—DS

What's all the Papenfuss about?

Jerry Papenfuss's Result Radio Group is picking up another FM in the southeast corner of Minnesota. KHME-FM Winona will become part of a superduopoly with KAGE AM & FM and KWNO AM & FM. The stations cover the area between Rochester MN, which just resumed Arbitron ratings in the Fall of 1999, and the La Crosse WI market, which dropped the service at about the same time.

The station, which is being sold for \$1M cash, is coming from a subsidiary of Mid-West Family Radio. Mid-West is itself buying the station from Marathon Media Group in a group deal (RBR 6/12, p.12).—DS

Womble hopes to treasure Chestertown AM

WCTR-AM Chestertown, MD is fetching \$400K in a deal that will transfer it from **Joanne Morrison's** Kent Broadcasting Corp. to **Wendell Womble's** Progressive Broadcasting Group. Chestertown is located in an unrated portion of Maryland's Eastern Shore, up the Chester River and across the Chesapeake Bay from Baltimore.—DS

Viacom extends exchange offer

As Wall Street remained mostly closed late last week, a routine announcement from Viacom (N:VIA) was one indication that the financial community was trying to resume normal business. The company announced that the expiration date for its bond exchange offer had been extended through 9/25. The date had already been extended once for institutional holders of \$1B in unregistered 6.625% Senior Notes to exchange them for registered notes which may be freely traded. As of Tuesday (9/11), 98% of the bonds had been tendered for exchange. Although that was the day that Wall Street business ground to a halt, it's also quite common for companies to extend tender offers so a few stragglers can be accounted for. 100% of three smaller unregistered offerings had been tendered by the 9/11 deadline.—JM

Fewer Fishers at Fisher

Fisher Communications (O:FSCI) is looking less like a family-run company as it seeks to build Wall Street awareness of its recent Nasdaq listing. President and CEO **William Krippaehne** announced that two Fisher family members, **George Fisher** and **William Fisher**, had resigned from the company's board of directors. The company also declared a dividend of 26 cents per share, to be paid 12/7 to shareholders of record as of 11/23.—JM

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. Broker credits are based on contracts filed with the FCC.

\$34,000,000 KBZR-FM, KDDJ-FM, KEDJ-FM & KSSL-FM Phoenix (Arizona City, Globe, Sun City, Wickenburg) from Big City Radio-Phoenix LLC, a subsidiary of Big City Radio Inc. (A:YFM) (Stuart Subotnick et al) to HBC License Corp., a subsidiary of Hispanic Broadcasting Corp. (N:HSP) (McHenry T. Tichenor Jr. et al). Cash. Daisy-chain **superduopoly**. Although all five stations are in the Phoenix area, the combination of all five results in three **duopolies** (KSSL-FM/KEDJ-FM, KHOT-FM/KDDJ-FM and KDDJ-FM/KBZR-FM). According to the coverage map supplied by du Treil, Lundin & Rackley Inc., the KDDJ-FM/KBZR-FM duopoly will disappear if KBZR receives FCC permission to go ahead with a construction permit it has applied for. **Broker:** Jorgenson Broadcast Brokerage (seller).

\$8,850,000 KAKT-FM, KCMX-FM, KBOY-FM, KTMT AM & FM, KCMX AM & FM Medford-Ashland OR (Phoenix, Medford, Ashland) from Marathon Media Group LLC (Bruce Buzil, Chris Devine) to Mapleton Communications LLC (Michael Menerey et al). \$675K escrow, balance in cash at closing. Existing superduopoly. **Brokers:** Peter Handy, Star Media (seller); Media Venture Partners (buyer).

\$7,950,000 WNKW-AM/WYSS-FM/WKNW-AM & WIHC-FM Sault Ste. Marie MI (Sault Ste. Marie, Newberry); **WMIQ-AM/WIMK-FM & WZNL-FM Iron Mountain MI** (Iron Mountain, Norway); **WUPK-FM/WDMJ-AM, WIAN-AM/WJPD-FM & WNGE-FM Marquette MI** (Marquette, Ishpeming, Negaunee) from Marathon Media Group LLC (Bruce Buzil, Chris Devine) to Northern Star Broadcasting LLC (Charles F. Knight, Wade Feizer, Alpert Suter, George Atkinson, Lester Knight, Lou Smith). \$400K escrow, \$25K holdback, balance in cash at closing. \$1.00 is allocated to non-complete. Existing **superduopoly** in Marquette MI; existing **duopolies** in Sault Ste. Marie and Iron Mountain.

\$1,050,000 KIRT-AM McAllen-Brownsville (Mission TX). 100% of the stock of Bravo Broad-

casting Co. Inc. from Edward L. and Maria Teresa Gomez Revocable Trust to Iglesia del Pueblo Inc. (Juan de la Garza, George Gonzalez, Jaime de la Garza, Mari Vasquez, Rosie de la Garza). \$25K escrow returned to buyer, \$350K cash at closing, \$700K note.

\$1,000,000 KHME-FM Winona MN from Family Radio Inc., a subsidiary of Mid-West Family Broadcasting (Thomas A. Walker, treasurer et al) to KAGE Inc., a subsidiary of Result Radio Group (Jerry Papenfuss). \$50K escrow, balance in cash at closing. **Superduopoly** with KAGE AM & FM/KWNO-AM Winona & KWNO-FM Rushford MN. Seller is acquiring station along with several others from Marathon Media Group LLC (RBR 6/12, p.12). This deal takes effect upon closing of the Marathon deal.

\$400,000 WCTR-AM Chestertown MD from Kent Broadcasting Corp. (Joanne W. Taylor Morrison) to Progressive Broadcasting Group Inc. (E. Wendell Womble). \$15K escrow, balance in cash at closing. **Broker:** Edward R. McKenna (seller).

\$80,000 KITO AM & FM Vinita OK. 33.3% of the stock of DLB Broadcasting Corp. from William E. David (33.3% to 0%) to Lenoa Boyd (33.3% to 50%) and David L. Boyd (33.3% to 50%). Cash.

\$50,000 WPRT-AM Prestonburg KY from Adam Gearheart d/b/a WXLN-FM to East Kentucky Radio Network Inc. (Walter E. May, Jonathan Keith Casesbolt). \$3.5K escrow, balance in cash at closing. **Duopoly** with WXCC-FM Williamson KY & WDHR-FM/WPKE-AM Pikeville KY.

N/A KHUM-FM & KSLG-FM Eureka-Arcata CA (Garberville, Hydesville). Stock of Lost Coast Communications Inc. New shares of stock issued for no consideration. Shareholders are as follows: S. Cliff Berkowitz (28% to 13%), Jacqueline Debets (28% to 13%), Randy J. Blount (28% to 13%), Keith Korbin (6% to 4%), William Thorington (0% to 11%), Don Banducci (0% to 6%), Patrick Cleary (0% to 8%), Martin Cleary (0% to 11%) & Rocky Poole (0% to 6%).

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Digital Universe

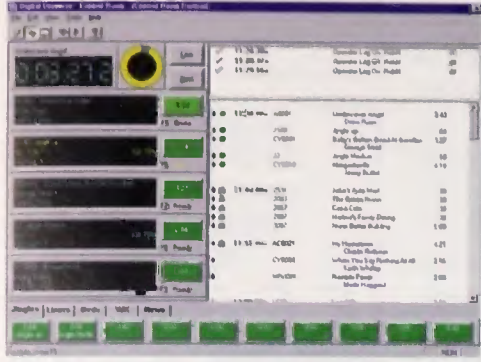
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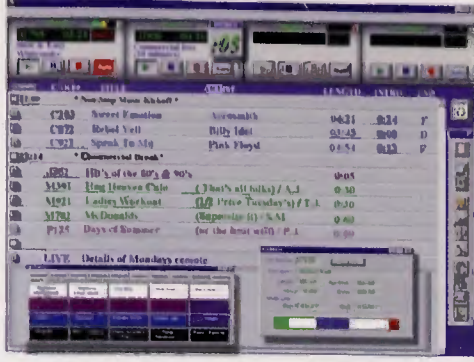
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Digital Universe

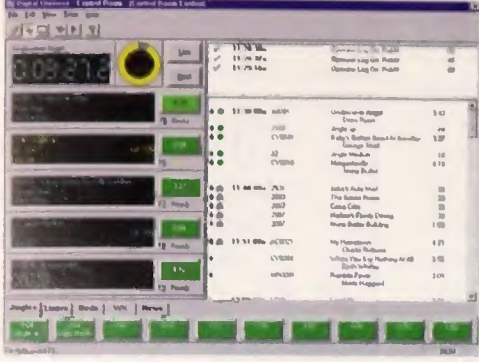
Joins the Family

Computer Concepts Corp.

Part of the Scott Studios Family

Scott Studios

Good



Digital Universe

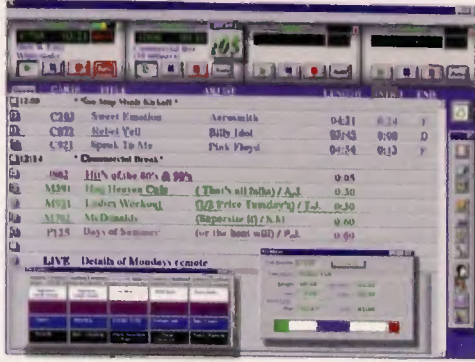
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Better



Maestro

Maestro includes all the features of *Digital Universe*, plus dozens more. You get exceptional control of song-under-sweeper and music crossfades, live copy on screen and integration with NewsRoom, phone recorder with waveform editor, and preview of song intros, endings and hooks.

Maestro can include our highly acclaimed Voice Tracker, so shows can be pre-recorded quickly while jocks hear music and spots in context. Site Server makes distant city voice track and spot transfer automatic. Operational savings from one voice tracked daily shift can pay for *Maestro* very quickly!

Maestro hardware is the industry's most robust.

Best



SS32

When major market jocks choose an on-air system, they overwhelmingly choose Scott Studios' SS32 for user friendliness and usefulness in fast-paced air studios. New York, Los Angeles and Chicago stations have put in SS32's in the last 12 months, as well as others in *all* of the top ten markets.

SS32 leads in the world's fastest requests from 10 Cart Walls, preview of audio before play, live copy on screen, phone recorder-editor, Instant Play keys, Voice Trackers for local or distant cities, integration with NewsRoom, and top-of-the-line industrial hardware. SS32 also uses fail-safe networking that keeps every station on-air even if all file servers fail!

Good



AXS 3

AXS (pronounced ax'-cess) 3 gives you Instant Play keys, easy log edits, satellite jock substitution, a Real Time Scheduler, unattended net catching and a production or phone recorder and editor in the air studio.

AXS 3 uses non-proprietary +4 digital audio cards to mix uncompressed, MPEG and MP3 with triple overlap.

A less expensive AXS 2 dual overlap system is also available for satellite and slower paced formats.

All Scott Studios and Computer Concepts systems come with training at your station, pre-dubbed start-up music libraries and the *best toll-free phone support* in digital audio!

Every 17 Hours, Another U.S. Station Installs a Digital Audio System from

Computer Concepts Corp.

Part of the Scott Studios Family

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