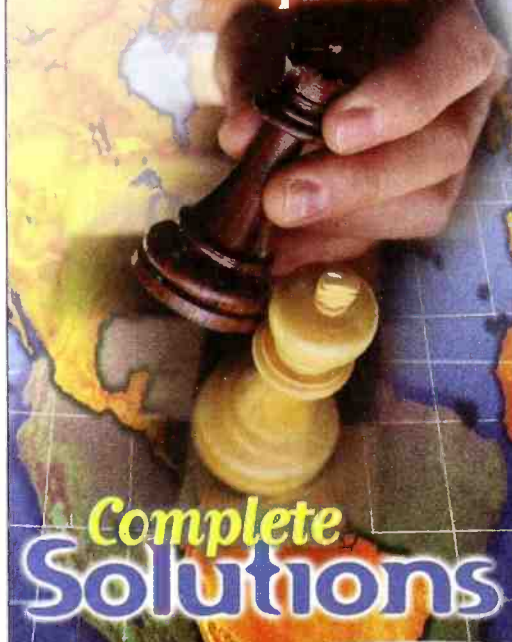


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RADIO NEWS

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What's with Wall Street investors? Do they hate making money? Radio stocks are down despite radio's continued success story. July is but the latest chapter.

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ENGINEERED FOR PROFIT™

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MEDIA MARKETS & MONEY™

Open parachutes: Radio stocks fall to earth 1
You could say it's a dot-combustible situation—a drop in dot-com ad dollars has investors in a panic, even though radio continues to rake in the dough.

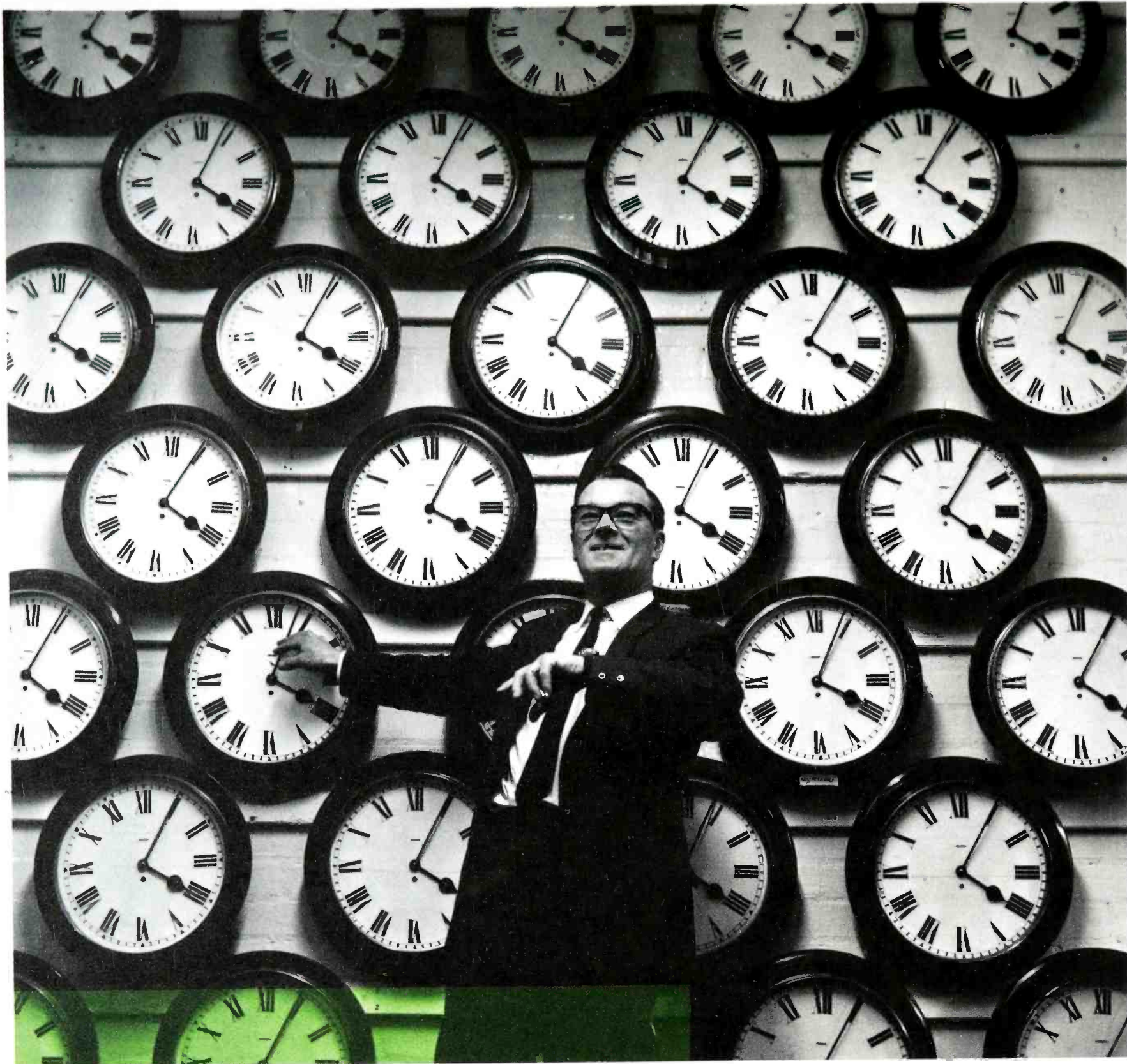
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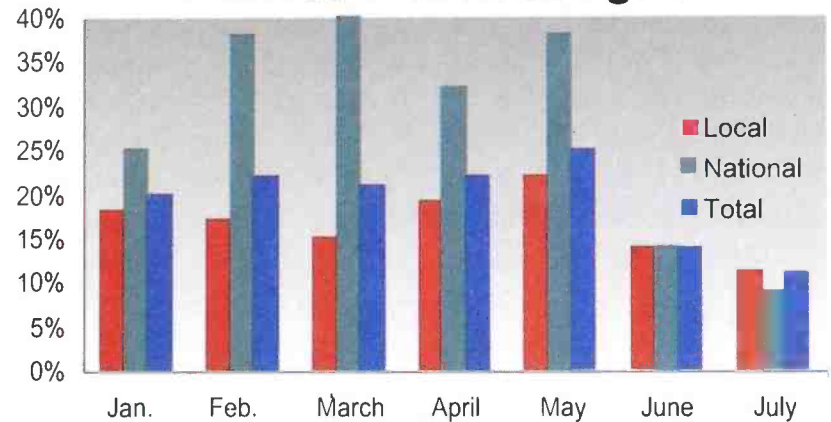
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Radio continues its double-digit parade

Radio's July 2000 revenues gained 11% over the same month last year on the strength of an 11% bump in local revenue and a 9% uptick in national, according to figures released by the Radio Advertising Bureau. It was radio's 95th consecutive month in the black. The East was tops of the five regions with gains of 15% local and 17% national. The chart at right gives a month-by-month look at the year-to-date, which stands at a 19% gain overall.

RBR observation: In a normal year, these numbers would be cause for celebration, but in Y2K they represent the industry's slowest month. Apparently this is a concern on Wall Street, where radio stocks are continuing to take a beating (see page 16). But we have to wonder how many mature industries can sustain double-digit growth on top of prior-year income, which for radio was record-breaking in its own right.

2000 RAB revenue gains



With the Olympics and national elections both beginning to heat up in the very near future, prospects for continued gains are excellent, which may well make radio stocks the best bargains on The Street.—DS

Kennard wants new ownership rules

After a long delay, the FCC Commissioners have all had their say on the AMFM/Clear Channel merger. While the views are somewhat conflicting, the boldest statement was made by FCC Chairman **Bill Kennard** (D) and reiterated by Commissioners **Susan Ness** (D) and **Gloria Tristani** (D). They want new ownership rules.

Kennard believes that a Notice of Proposed Rulemaking should now be considered "for reviewing radio transfer applications that raise competition concerns." Ness said that a combination such as the Clear Channel-

AMFM merger "results in an impermissible level of concentration." She also said that in order to remain fair, the radio industry must be aware of ownership rules before commencement of any transaction. Tristani supports a new rulemaking because she does not believe that diversity is served when a company owns nearly 1,000 radio stations.

On the other hand, Commissioner **Harold Furchtgott-Roth** (R) feels "that the Commission is [unlawfully] using its generalized 'public interest' authority to override and effectively nullify the specific judgments that Congress made about acceptable lev-

els of concentration in radio." And for this reason, he only agreed with the approval of license transfer and disagrees with any economic analysis thereof. Commissioner **Michael Powell** (R) generally sided with Furchtgott-Roth.

The current split on the FCC, with Democrats in the majority, would appear to make it easy for Kennard and company to tighten up on ownership limits. It's unclear, though, whether any rulemaking could be completed while the current FCC is seated, since the next President will begin nominating some new members early next year. Any tightening

Unbelievable!

www.rbr.com web site has the most hits ever with 344,798* in August alone!

*Microsoft site analysis

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up of ownership limits is certain to be challenged in court by broadcasters and the NAB, who take Furchtgott-Roth's view that any such action by the FCC would violate the 1996 Telecommunications Act.

RBR observation: Bring it on! It's high time the Commission brought its systematic violation of the Telecommunications Act out of the backroom and into the light of day. Let Kennard, Ness and Tristani pass new ownership rules so the matter can be taken to court. We'll be interested to see whether any judge agrees that the FCC has the authority to overrule the United States Congress and President.—ED

Clear Channel works around AP Broadcast News crisis

We reported 8/30 on RBR.com the crisis at AP Broadcast Audio (also *RBR* 9/4, p.2). At 5:00 AM, 8/29, new flawed software was uploaded to affiliate satellite receivers and abruptly crashed minutes later. 4,000 radio and TV affiliates were affected.

The service outage affected the majority of Clear Channels' News-Talk stations, and was expected to extend for upwards of a week, but the staff at Clear Channel quickly worked a way around it with existing infrastructure.

Beginning early the morning of the outage, **Steve Schneider**, Clear Channel IT News Systems Manager, worked with **Gabe Hobbs**, VP Talk Programming and **R.C. Bauer**, Clear Channel Cleveland News Director, to coordinate efforts of its newsroom system provider, WireReady's NewsReady32, and the AP to set up a fix that had Clear Channel receiving both national and state AP stories within 24 hours. Clear Channel is heavily invested in WireReady.

"AP went down. We contacted AP and WireReady newsroom systems and had them write a quick module for us. AP supplied us with a couple of receivers that worked in key locations to feed into our network and then just took the stories and routed them from the active newsrooms to places where the dead receivers sat," **Al Kenyon**, CCC VP Technology tells *RBR*. "We whipped up a server here in Covington which took the stories in and blew them out to 46 additional locations.

continued on page 6

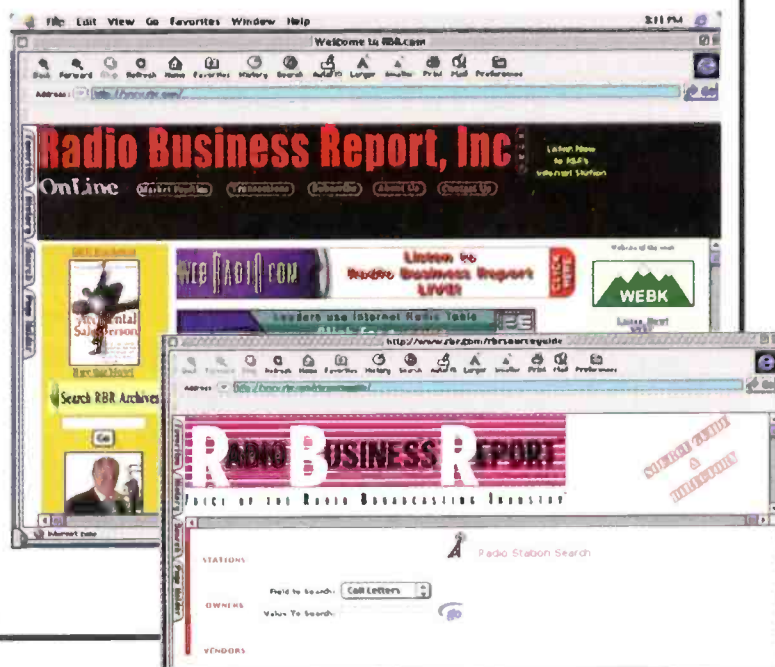
RBR.com introduces searchable database

Radio Business Report has put its Source Guide Database online, allowing Internet users to search online for up-to-date information on who owns what and who is where.

"Other people's sites don't want to give you all of the information, we do," said **Ken Lee**, *RBR* Vice President and Associate Publisher. "RBR.com has a database that is searchable by stations, groups and vendors. We give you the contact names, station formats and phone and fax numbers."

RBR's Source Guide Database includes information on all stations which register reportable ratings in all 278 Arbitron markets. It can be accessed from a link on the right side of the home page at RBR.com. "As a company policy, we understand that people come to the Internet for information," Lee said. "We're here to deliver that information. Look for more enhancements to come, based on the feedback we get from users."

The searchable database is just the latest online first for *RBR*. The 17-year-old publisher was the first radio trade publication (and, to date, still the only one) to launch its own Internet radio station, featuring business news, industry interviews and classic broadcasts 24/7.



If only it were true...

From *United States of America v. Clear Channel Communications Inc. and AMFM Inc.*, as filed with the US District Court for the District of Columbia, 8/29. This excerpt is from the "Complaint for Injunctive Relief," paragraph 13:

"Although some local and national advertisers may switch some of their advertising to other media rather than absorb a price increase in radio advertising time, the existence of such advertisers would not prevent all radio stations in each of the Overlap Radio Areas [DOJ's term for markets with both Clear Channel and AMFM stations] from profitably raising their prices a small but significant amount. At a minimum, stations could profitably raise prices to those advertisers who view radio as a necessary advertising medium for them, or as a necessary advertising complement to other media. Radio stations negotiate prices individually with advertisers; consequently, radio stations can charge different advertisers different prices. Radio stations generally can identify advertisers with strong radio preferences. Because of this ability to price discriminate among customers, radio stations may charge higher prices to advertisers that view radio as particularly effective for their needs, while maintaining lower prices for other advertisers."

RBR observation: Radio is a great business, but can you imagine how much greater it would be if it were, indeed, the business DOJ describes? Can you imagine a world with captive advertisers "who view radio as a necessary advertising medium for them" and who would pay virtually any rate a station wanted to charge? Heck, stations could just fire their sales staffs! All you'd need would be a couple of minimum-wage employees to fax out contracts to those desperate and compliant advertisers. Oh, and maybe a receptionist to help count the wheelbarrows of money being dropped off in the lobby.

It's a good thing those DOJ folks have law degrees. We'd sure hate to see any of them try to get jobs running a business.—JM

Interep Presents

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Hey Judge: Say cheese!

Cameras and electronic recording may soon be allowed in federal courtrooms. **David Busiek**, news director at KCCI-TV Des Moines and RTNDA board of directors member, testified 9/6 before the Senate Judiciary Subcommittee on Administrative Oversight and the Courts on behalf of RTNDA to allow recording in the courtroom. He testified that the public's understanding of the court system would be increased if recording were allowed. Sen. **Charles Grassley** (R-IA) introduced the bill last March allowing photographing, electronic recording, broadcasting and televising federal court proceedings. As of now, cameras are prohibited in federal court, at both the appellate and district levels.—ED

DOJ and ASCAP reach agreement

In order to keep up with new technology and to promote competition, the DOJ and ASCAP have made some significant changes to the existing Amended Final Judgment (AFJ) of 1950. For broadcasters, the Second Amended Final Judgment (AFJ2) clarifies the licensing process to include other types of licensing rather than the basic blanket licensing, particularly a per-program or per-segment license. The AFJ2 prohibits ASCAP from penalizing members who decide to withdraw their membership at the end of the year, or switch to another performance rights organization. The fee determination process was streamlined in order to cut down on litigation fees and ASCAP is now required to make a list of its repertory available to the public, which was not required previously. The provisions addressed in AFJ2 also include the Internet, as well as any other yet-to-be introduced forum.—ED

Clear Channel names Kevin Mayer CEO of Internet Group

Clear Channel President/COO **Mark Mays** has appointed **Kevin Mayer** to the newly-created Chairman/CEO position of Clear Channel Internet Group. The appointment, according to Mays, signals the company's commitment to "take our Internet initiatives to the next level." Mayer is responsible for all of Clear Channel's global Internet and interactive business, and is charged with implementing its long term strategic revenue-generating goals. Based at Clear Channel's SFX Entertainment in NYC, he will work closely with both SFX and Clear Channels' radio, outdoor and TV holdings for leveraging and developing synergies across the board.

Mayer most recently served as President/CEO of Playboy.com, and previously worked for Disney running its GO.com portal and overseeing the online presences of ESPN, ABC News and other ABC brands.

John Martin, former President of Clear Channel's Critical Mass Media, remains President of Clear Channel's Web Services Group and now answers to Mayer.—CM

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Webcasting: Radio's Friend or Foe?

*Two New Studies Examine How Radio Can Profit
from Webcasting's Next Revolution*

Radio's competitive landscape is changing quickly. And Arbitron has been at the forefront of those changes, providing information and insights to help radio leverage the shifting trends and grow. To stay ahead of the next cycle of changes, come see the premiere of the two latest studies from Arbitron at the NAB show:

**"Internet Study V: 20 Startling New Insights
About the Internet & Streaming"**

Presented by Arbitron and Edison Media Research

September 21, 2000, 10:30AM-11:45AM

Moscone Convention Center, Room 103

"Can Radio Survive the Broadband Revolution?"

Presented by Arbitron and Coleman Research

September 22, 2000, 9:00AM-10:00AM

Moscone Convention Center, Room 103

For more information, stop by the Arbitron booth at the NAB or visit the Arbitron Web site at www.arbitron.com and download the studies as free PDF files.

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RBR News briefs

NBG puts a pair into syndication

NBG announced a one year contract to syndicate "Shaken, Not Stirred," a one-hour comedy feature hosted by **Johnny Seattle** and **Scotty Crane**. The show was previously self-distributed, airing on KQBZ-FM Seattle, WCKG-FM Chicago and KOTK-AM Portland.

It also announced a two year contract to syndicate "The **Katfish Kris Kelly Show**." Also formerly self-distributed, the show is currently airing on several stations, including KMXV-FM/Kansas City where NBG says it dominates Saturday evening ratings. The five hour show is targeted at CHR and Hot AC stations. Content includes up-tempo songs from the late 70s, 80s, and early 90s, a blend of Retro, Old School, and Disco with Katfish's fast-paced presentation.—CM

RAB adds copywriter course to CRMC 2000

The Radio Advertising Bureau has introduced (9/6) "The Certified Professional Commercial Copywriter Course" to its Certified Radio Marketing Consultant (CRMC) 2000 training and accreditation series. Copy veteran and RAB conference speaker **Dan O'Day** designed the course to help anyone involved in the creation of radio spots write better copy. Topics covered in the course include "questions to ask before you start writing," "how to avoid cookie-cutter copy," "how much copy is too much," "focusing on the listener" and more.—CM

ABC launches "Maxim Minute"

Maxim Magazine and ABC Radio Networks have created a weekly :60 second vignette, "The Maxim Minute," that began 9/8 and airs every Friday. News, entertainment and information will be presented in the irreverent Maxim style to ABC Radio News' ePrep service affiliates in the Alternative, Classic Rock, CHR and Hot AC formats.—CM

Cox Radio Syndication launches "Lex and Terry Morning Radio Network"

Ranked #1 for seven consecutive years at Cox's WFYV-FM Jacksonville powerhouse, "The Lex and Terry Show" was launched 9/6 for national syndication in morning drive. Initially on 17 affiliates, the irreverent comedy duo of **Lex Staley** and **Terry Jaymes** now join Cox Syndication's "The **Clark Howard Show**," "The **Neal Boortz Show**," "The Motley Fool Radio Network" and "**Handel on the law**."—CM

CS First Boston picks global media winners

A new global report issued by CS First Boston's Hong Kong office cites eight companies as being well positioned to be winners in the "new media" landscape. Three of those US companies, Clear Channel Communications (N:CCU), Viacom (N:VIA) and Time Warner (N:TWX, although it has a merger pending to become one with AOL, N:AOL). Also on the list, compiled by 19 CS First Boston media analysts, are Germany's EM.TV, Mexico's Grupo Televisa (N:TV), Canada's Rogers Communications and two Australian companies, News Corp. (N:NWS) and Publishing & Broadcasting.

The analysts selected the eight companies (from analysis of 100 firms) based on seven qualities: management quality, new revenue streams, global footprint, scale and scope of industry reach, strong brands, bundling of multiple services and vertical integration. Only News Corp. and Time Warner received CS First Boston's highest ranking in all seven categories.—JM

Bank of America launching \$100M ad blitz

Dow Jones—Bank Of America (N:BAC) will begin a year-long, \$100M ad campaign 9/15 during opening ceremonies of the Olympic Games.

BofA said the campaign, which will combine television, radio and print advertisements, will target 21 states and the District of Columbia. Ads will

also run in Boston and New York, although the company does not have a retail bank in either of those locations.

Charlotte, NC-based BofA also said it will launch an ad campaign tailored for minority communities on 9/18. That campaign will cover California, Oregon, Washington state, Texas, Arizona, Florida and Washington, DC.

BofA, the nation's largest bank, reported revenue of \$7.8B in 1999. ©2000, Dow Jones & Co.

Memorial service for Wayne Cornils to be held at NAB

An industry-wide memorial service will be held in honor of "Radio **Wayne**" **Cornils** who passed away 7/5 in Colorado Springs. The service will be held on Wednesday 9/20 prior to the opening of the NAB Radio Show at St. Patrick's, 756 Mission Street opposite the Moscone Convention Center in San Francisco, at 10:30AM PT.

A reception will follow the service in the nearby Hilton Hotel, in Franciscan A & B rooms, at 11:30 AM immediately following the service. The service and the reception are open to all who care to attend.

Cornils' career spanned 50 years, starting as a weekend announcer at his hometown station while he in high school, and then going on to hold positions ranging from DJ to CE, sportscaster, salesman, SM, GM and part owner, and served the industry holding positions at both the NAB and RAB.—CM

CCU teams with coaches to help protect children

Clear Cause Marketing, a new public service marketing partnership of Clear Channel Communications (N:CCU) and The American Football Coaches Association (AFCA) have teamed together to sponsor the National Child Identification Program (NCIP). This is the second recent broadcaster initiative in the interest of children, following the Florida Emergency Missing Child Alert Program unveiled last week by the Florida Association of Broadcasters (RBR 9/4, p. 6).

The NCIP program is a community service initiative that records useful information about kids for use by police in cases of abduction or runaways. It allows parents to collect and keep specific information on identification cards. Since its inception in 1997, the program has become the largest child identification effort ever conducted, reaching eight million children at football stadiums, churches and community events.

The AFCA and Clear Cause Marketing will first work with the Texas Association of School Administrators to reach every school age child in Texas by the year's end. Utilizing Clear Channel's radio, outdoor, TV, Internet and entertainment media resources, the national goal is to reach 60M+ kids within the next three years. "This is a great cause and we're looking forward to working closely with the AFCA in the future. The identification kits are a great tool and will be very instrumental in re-uniting children with their families," says **Mark Mays**, Clear Channel President/COO.—CM

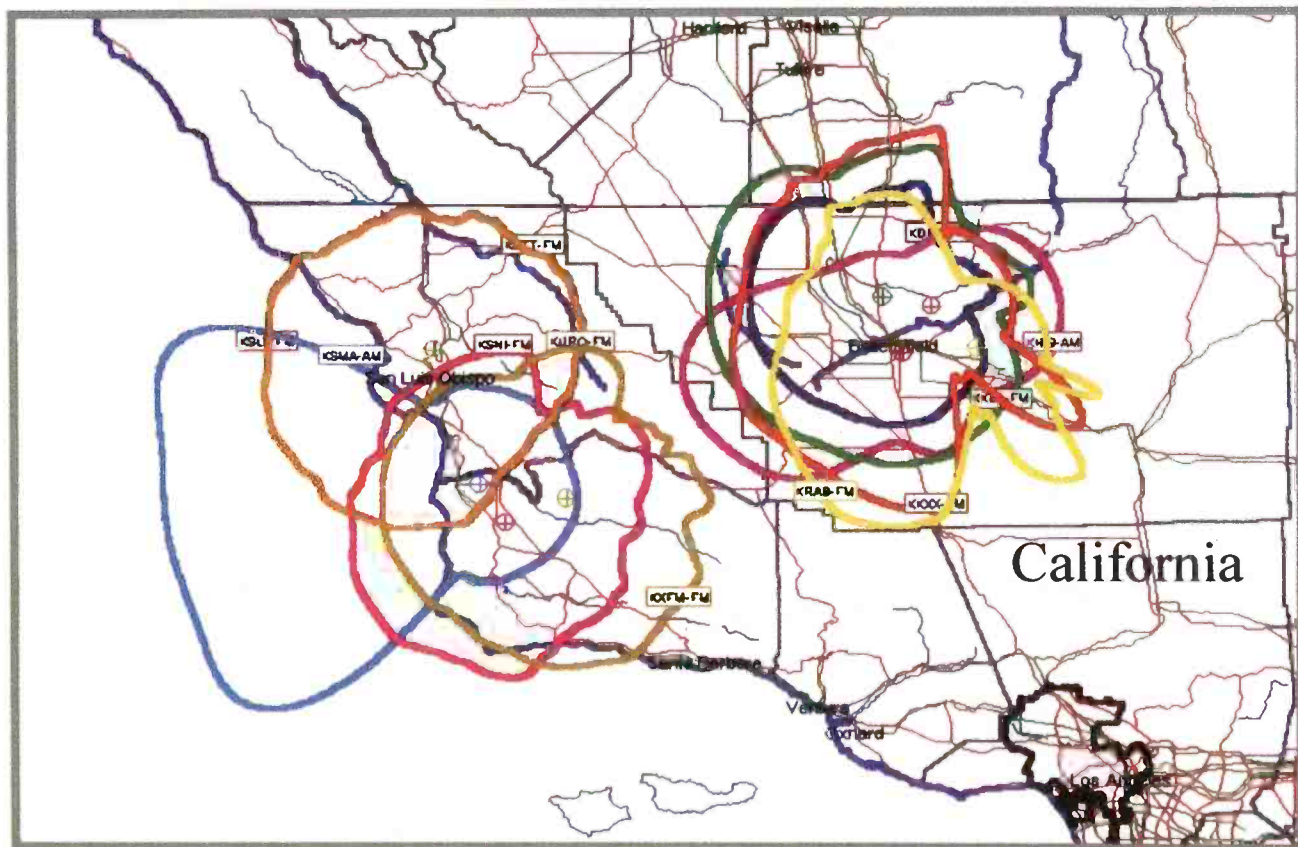
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KDFO-FM	<i>Delano</i>	KSly-FM	<i>San Luis Obispo</i>
KKDJ-FM	<i>Delano</i>	KSNI-FM	<i>Santa Maria</i>
KRAB-FM	<i>Greenacres</i>	KXFM-FM	<i>Santa Maria</i>
KSMA-AM <i>Santa Maria</i>			



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STREAMING

Kids advance household technology

Households who know all the Pokemon characters may actually be good for streaming radio. How, you ask? Statistical Research, Inc. has conducted a study that shows a link between advanced media technology and households with children. Homes with teenagers (12-17) are two to four times more likely to be more high-tech, including access to the Internet. The survey, which "explores the unique ways that kids interact with and combine the Internet, TV and other media," has shown that households with children acquire new technology at a faster pace.—ED

Online radio listeners increase

According to a recent Arbitron/Edison Media Research study, the number of people who listen to radio stations online has tripled since 1998 from 6% to 20%. Including Internet-only audio, nearly one-quarter of all Americans have listened to audio on the Internet. This number is expected to increase as more and more people are turning to the web for streaming audio.—ED

Only one click to stream

StreamingRadioUSA.com enables users to listen to their favorite local station online with one click of the mouse. CEO **Mark McClure** says that his site, to be launched in Spring 2001, is different because it is a "quick and painless" process to stream audio, unlike some of his competitors. McClure also adds that the advertising is kept to a "respectful level," in order

to ease the transition "from broadcast to Netcast."—ED

Streaming fast facts

- Although web placements are increasingly becoming a part of the marketing plans of traditional adver-

tisers, dot-com advertisers still outnumber them two-to-one, according to Media Metrix's AdRelevance Division.

- Holiday shopping over the Internet is expected to

nearly double 1999's total volume. Last year's take was \$10.5B. This year, the Gartner Group is predicting a total of \$19.5B. We'll bet radio will have a big hand in driving this business.—DS

News Analysis

Why keep streaming audio if it's not making any money?

So you've been streaming your audio but keep asking yourself why. It costs money and the return is minimal, if any. You may have signed deals with dot-com companies for free streaming in exchange for some inventory, or you may have given up your streaming signal for a monthly ad sharing revenue check and question why that check isn't bigger.

Well, it's all about the agencies and the adoption process (meaning a standardized ratings methodology, agreement on rates, etc.). With the advent of technology to target the individual and provide overnight, accurate data of who is listening, it's only a matter of time before agencies fully embrace the streaming audio medium.

"I think until the agencies figure out what they're going to do, how they're going to handle this, this is going to go around in circles, as I've seen so many new media do when we have to deal with agencies," says **Lou Severine**, Winstar Global Media President. "I'm not putting down agencies, it's just that this is the way they operate. And until they determine where this is going to come from, that is going to be the first obstacle."

While you may not be making money right now, it would be foolish to give up the ship. Computers of all sizes are becoming the radios of the future—at home, in office, on wireless devices, and someday in car audio systems. You want to be a part of that. Now is the time to put (or keep!) your roots down, get an online audience established and show a pattern of ratings. As each day goes by, it's a little less about traditional radio and a little more about Internet radio. And remember, your online presence doesn't have to be just about an on-air signal. Companies like Jones Broadcast Programming are now offering different website format packages.

Missing the boat?

Look at Viacom President **Mel Karmazin's** "no-streaming edict" (until someone can prove money can be made at it). The Zen Master is taking the chance that Infinity/Westwood can jump on the streaming bandwagon after someone else has done it right. He may be right (well, he very often is....), but he may be wrong. With each day that goes by, Mel is losing a little more of the Internet generation to other webcasters/broadcasters. And he is not gaining experience. "I think the thing that gets borne out on the Internet is that experience matters. The successful companies are the ones that test, test and test again to find out what is the best way to meet the customers' needs," comments **Bill Piwonka**, VP Marketing, Measurecast (a company delivering overnight streaming statistics).

Meanwhile, almost every other group broadcaster is streaming its stations' signals. Clear Channel just hired a big Internet gun, **Kevin Mayer**, to head up its Internet group company-wide. You can bet Mel is going to keep an eye on what Clear Channel does with 1,000 streaming radio sites.

Again, it's all about the agencies. While they're not ready to substitute every on-air ad with streaming ads (you don't want to completely eliminate stations' localism anyway), the agencies are key to the process. From the horse's mouth: "The acceptance and usage of streaming is still in its infancy. So, in the meantime, advertisers should continue to test and learn in order to gain a foothold. I have no doubt that streaming will continue to grow with rapid speed and overwhelming acceptance," says **Reyn Leutz**, head of network radio buying for both Ogilvy & Mather and J. Walter Thompson.

"It's going to take time before this thing really blossoms and develops. I remember starting in 1970 on WPLJ on FM and there were no ratings. We had a hell of a time trying to sell it. It took FM about 8-10 years to really develop," explains Severine. "I feel that this is at least a year to 18 months away before the spigots will start to open from the agencies and clients to spend money in this medium."

Hang in there.—CM

Other publications talk about internet radio stations...

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us live at
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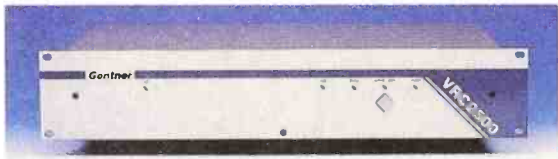


by Carl Marcucci

New at NAB

Gentner featuring VRC2500 remote site controller

Recently made available to broadcasters (8/28), Gentner Communications (O:GTNR) will feature its newest remote site control product—the VRC2500. Replacing the discontinued VRC2000 and designed for radio and LPTV stations, the 2500 is completely programmable to identify and evaluate problems that can occur at transmitter sites and automatically take corrective action. It can communicate with engineers via phones, pagers or Internet. It also can respond verbally over the phone with a built-in voice synthesizer. (No, it's not "Hal" returning from "2001: A Space Odyssey"). Gentner SM **Gary Crowder** will hold demonstrations at **Booth # 1528** (Harris), # **620** (BSW) and #1935 Broadcasters' General Store.



See SiteShell's BlueDot Network websites

SiteShell Corp. will be exhibiting its turnkey website content packages at the show via three venues—at its booth, at its hospitality suite (#411) at the W Hotel (across the street from Moscone Convention center), and at the Radio Show's "Sound Off" area for new product demonstrations (Thursday 9/21 12:30-12:50PM PT).

SiteShell is also holding a press conference to announce a new way for stations to reach audiences through the net at its W Hotel suite 9/21 at 8:00AM PT. SiteShell creates and maintains locally branded, format-specific e-commerce-infused websites through its "BlueDot Network."

Booth #2006.

Harris debuts ENCO webcasting products; "DX Destiny"

Radio show attendees will first be greeted in the lobby of the SF Moscone Convention Center with Harris' "Radio Station of the Future," a high-tech design-based studio.

At the booth, visitors will see ENCO's new webcasting products: "ENCORE!," "ENCOMPASS!" and "ENCORE!" ENCORE! is a package of webcasting utilities DADPRO32 users can add to their existing system; ENCOMPASS! is a set webcasting tools and manual for working with DADPro32; ENCODE! is a streaming web encoder for streaming directly off of the DADPro32.

Harris' (N:HRS) Pacific Research & Engineering division will show its new "Impulse Automation" function for Impulse consoles. The interface enables the console to be controlled by a digital delivery system for automated operation.

The "DX Destiny" is a new digital AM transmitter that features patent pending features such as "Direct Digital Drive™" 3D technology, "Digital Serial Adaptive Modulation™" "Parallel/Serial Intelligent Control™" and what Harris calls the next level of hot-pluggability, "Hot Serviceability™."

Booth #1528



Dataworld showing newly revised map books, software

Signal mapping company Dataworld will be showing and demonstrating its DataXPert™ software for US AM, FM, TV, LPTV stations, along with other database functions including translator records, contact & audience information, mapping & reporting capabilities, full-color Broadcast Mapbooks, a Worldwide terrain database, current year & five-year projected ethnic/demographic information; custom full-color mapping; GIS-ready coverage data and engineering studies.

Booth #2119

BE displaying full line of transmitters, new streaming solutions

Broadcast Electronics will be showing samples of three FM and two AM transmitters: The FM-20T 20kW high power FM; FM-10S 10kW solid state FM; FM-1C1 1kW solid state FM; AM-1A 1kW solid state AM and AM-5E 5kW solid state. BE's full line of MARTI remote and LPFM equipment will also be included at the booth.

BE is featuring its three audio management solutions for different-sized radio operations: AudioVault, Vault2 and VaultExpress. For streaming stations or those thinking of adding streaming, BE has four Internet streaming tools: WebVault, AVWeb, eStream Studio and eStream.

Booth #1028

MusicBooth to debut AdAcoustics technology

MusicBooth plans to demonstrate its patented AdAcoustics technology that enables webcasters to target audio ads directly to individuals or groups of listeners. Using Zip code, gender, age, purchasing and web preferences, AdAcoustics allows advertisers to efficiently target messages to listeners about products or services that they would be most likely interested in. A recent alliance with Interep sells radio station website audio inventory

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under the AdAcoustics network banner on a national basis.

Booth #938

Prophet unveiling "StreamCAST"

Along with featuring its NextGEN digital broadcast system, Prophet Systems will unveil new targeted ad substitution software, "StreamCAST." Stations using NextGEN automation systems can install StreamCAST for both streaming and ad insertion. The technology employs multiple streams that target by age, gender or location. In addition, "Pre-encoding ensures seamless integration with the broadcast stream, producing smooth cross fades, pitching, stretching/squeezing, guaranteeing your listeners will never realize they're listening to an insertion process," Prophet CEO **Kevin Lockhart** tells *RBR*.

Booth #428

Klotz showing new VADIS 880; VADIS DC II, more

Klotz Digital is showcasing five new product introductions at NAB. The new VADIS 880 audio/media platform, an upgrade from the original VADIS platform, offers a wide range of DSP functions and machine control. Multiple control locations can share sources, area wide logic control, signal routing, splitting and more. Applications for the VADIS 880 include television and radio studios, satellite TV networks and audio networks for public address systems. "One of the single most important issues to address in building a digital audio plant is the distribution and redundancy of digital audio sync. Both the standard Vadis and the Vadis 880 share optional digital audio sync. The 880 also offers the added advantage of dual controllers, which is one of the powerful attributes found in using Vadis platform technology versus typical stand alone hardware items," **Ray Esparolini**, Managing Director, Klotz Digital tells *RBR*.

Klotz will also be showing its VADIS DC II mixing surface in both production and on-air versions. VADIS DC II's open architecture allows any requested surface for modern broadcast applications, including a split console.

Klotz's new PC-based X4P provides a secure private network over the Internet to distribute audio signals

as well as graphics or video images. Both eight- and 16-fader versions of Klotz's Paradigm Producer digital audio mixing console for webcasting will also be shown. With a built-in Klotz X4P Network module, users can access a secure private network to exchange audio/media content directly through the Internet.

Booth #2138



TrafficStation showing off content offering to station sites

TrafficStation.com will be demonstrating its personalized traffic service to individuals as a "sticky" content link for radio station websites. TrafficStation is a leading provider of personalized traffic and traveler information via the Internet and mobile wireless devices. Its services are currently offered in 28 major metropolitan areas in the US and Canada. It is working with Palm Computing to deliver its traffic solutions to the popular Palm Pilot devices.

Booth #2432

eFusion launches "Push to Talk" service for radio

Do you want to call into Talk show hosts while online? eFusion.com has unveiled its "Push to Talk" service that allows listeners to make phone calls to radio stations via their websites. KXL-AM Portland is the first radio affiliate, two or three more radio affiliates will be announced at the show. eFusion is also talking to six syndicators for linking the service to their hosts.

By visiting KXL.com, visitors with only one phone line no longer have to disconnect from the Internet if they prefer to call the talk line. The company has been in business four years providing similar customer service functions on consumer-based websites. Like free phone services such as Phonefree.com and Dialpad.com, the system uses a microphone attached to user's computer. Another way is the "Call Me Now" function that uses two phone lines.

To achieve adequate sound quality, eFusion uses a private network, according to Marketing VP **Jeff Gaus**: "We use Microsoft's NetMeeting 3.1 and a privately managed IP network, so the voice-over-IP traffic does not traverse the public Internet. That gives us better control over the voice quality."

eFusion has a slot Thursday 9/21 at 5PM at NAB's "Sound Off" demonstration section at the Radio Show with KXL's **Rich Carr** describing the service and how the station uses it.

Booth #1142

RCS team for e-commerce offering

RCS is featuring its RadioShow WebShow ad insertion technology in a briefing at the NAB's "Sound Off" staging area Friday, 9/22, 10:05-10:20 AM. It will announce major strategic partnerships and late breaking news on new ad insertion technology.

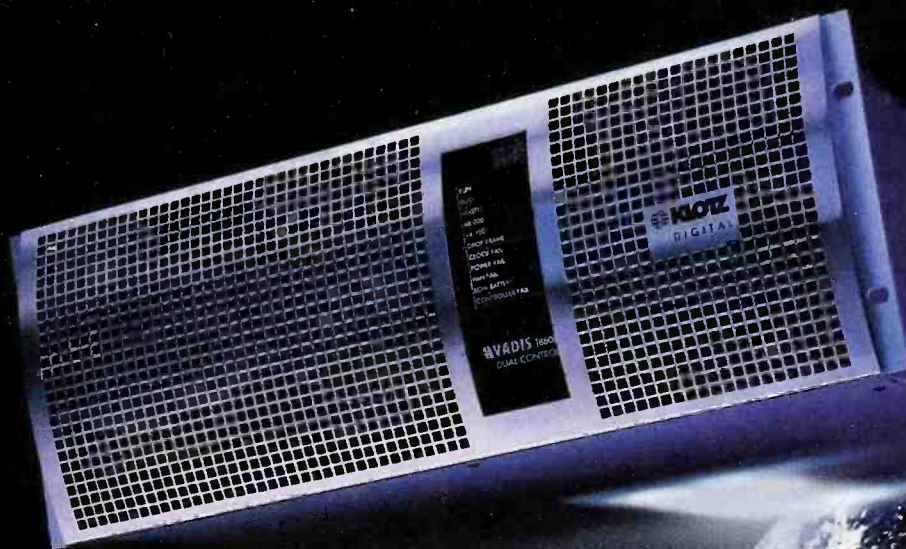
RCS will also discuss its recent alliance with nTunes.com, an online fulfillment house offering private-label CD stores. nTunes recently allied with RCS for its Radio WebShow technology to provide a real-time e-commerce solution to radio station websites. Based on technology used in RCS' Selector programming, RadioShow allows station's website to follow the station's on-air broadcast in real time, displaying continuously changing images, song info, artist notes, music news, weather, etc. When web listeners click RCS's "Buy Me" button on the station site, they are transported to the station's customized nTunes online CD store, with an instant purchase option of the CD playing at the time.

Booth #927

Wicks Broadcast Solutions introduces four

Wicks Broadcast Solutions, parent of Datacount and CBSI, will feature four new product upgrades/announcements. "Datacount 32" is a new easy to use, graphical interface 32-bit traffic and billing system based on the Windows NT and 2000 operating systems. "RateMinder" is positioned as powerful sales proposal software that integrates a full suite of sales and management functions to create attractive packages while maximizing yield. A sales information system and data warehousing product will be unveiled at the show.

Booth #1728



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by Jack Messmer

Radio stocks take a dive

Yet another outbreak of investor panic over declining dot-com advertising sent radio stocks plunging in the sessions surrounding the Labor Day weekend. While most radio stocks fell sharply, Clear Channel (N:CCU) got hit with a double-whammy. Just before the dot-com-inspired sell-off hit, Clear Channel shares dropped in heavy trading immediately after closing its AMFM acquisition. According to Dow Jones News Service, hedge funds had loaded up on some 30M shares which they had expected to sell for a quick profit as mutual funds based on the S&P 500 index rebalanced their portfolios to reflect Clear Channel's larger size. That easy money play backfired, as too many players tried to play the game and drove the price down, rather than up.

Meanwhile, renewed fears over a fall-off in dot-com ad spending sent most radio stocks lower, with investors apparently ignoring the RAB's monthly report (see page 3) which showed the "soft" month of July still 11% above last year. "The drop in dot-com is huge—as fast as it came in, it is going away," RAB CEO **Gary Fries** told RBR. But local sales are rapidly filling that gap in national spot and Fries remains confident that radio ad revenues will break the \$20B mark this year. "My prediction is that we're going to continue to see growth in the 11-12% range throughout the rest of the year and into the year 2001. We'll end up this year with a 14-15% year, which anybody who's watched radio for any period of time—or any media—would say that's excellent."

Larger markets were affected more by the dot-com decline than medium and small markets, and certain tech-heavy markets were particularly impacted. "For the first time in about three years there was inventory available in August and now September," said **Marc Kaye**, VP/GM of Sandusky Radio's five Seattle stations.

At Katz Media Group, President **Stu Olds** acknowledged that national sales were soft for Q3, but he sees pacing picking up for Q4: "All categories are up except for dot-com."

Analysts who follow radio closely have generally kept their "buy" recommendations in place, since radio stocks had already been beaten down by previous dot-com panics. Prudential Securities analyst **James Marsh** noted that radio stocks fell in February on the basis of a dot-com ad slowdown that didn't materialize until July. "They're being held accountable for the same crime twice," he said of the market's latest punishment of radio stocks. "These companies aren't going to be missing their numbers for the second half of the year."

RBR observation: Hasn't dot-com been completely factored out of radio stock prices about five times this year? The only way current stock prices could be justified would be for radio groups to start paying dot-com companies for the privilege of carrying their spots.

Sioux City latest CCU market

Arbitron market #249, Sioux City, IA, is the latest new market for acquisition-active Clear Channel Communications (N:CCU). It's buying KMNS-AM, KWSL-AM, KSFT-FM, KSEZ-FM & KGLI-FM from Radioworks Inc., a company owned by long time GM **Ted Mahn** and the **Cy Chesterman** family. The superduopoly is the market's ratings and revenue leader and RBR estimates the price, as-yet-undisclosed, at a bit north of \$10M. Mahn says he's not had talks with Clear Channel about whether or not he'll stay on. Broker: R.E. Meador & Associates

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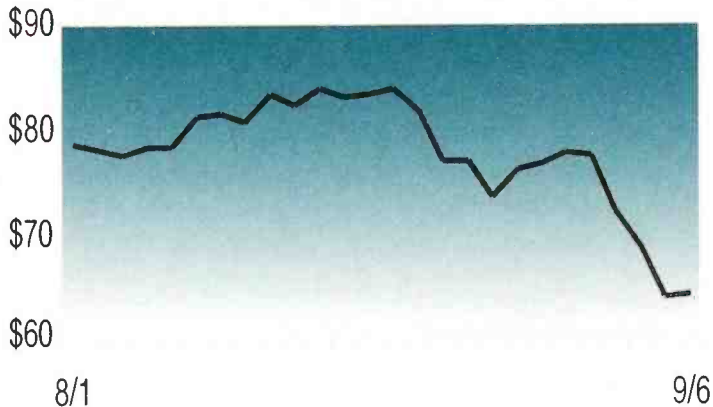
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Clear Channel shares take a plunge

Since hitting a recent high of \$83.8125 on 8/18, Clear Channel (N:CCU) has seen its stock price head nowhere but down. When hedge funds started dumping shares after the AMFM merger, the stock fell 7% 8/31 and another 5% 9/1. After the three-day Labor Day weekend, the shares fell another 7% to close at a recent low of \$63.938 on 9/5, before a slight rebound to \$64.25 on 9/6.



Clear Channel deal updates

FCC filings reveal new details about a couple of recent Clear Channel (N:CCU) deals.

- The exact price for CCU's purchase of 12 stations in the Bakersfield, San Luis Obispo and Santa Maria-Lompoc, CA markets from Mondosphere Radio (RBR 8/28, p. 12) is \$45M.

- Cumulus Media's (O:CMLS) latest swap for four Harrisburg, PA stations and \$55.4M cash (RBR 9/4, p. 12) will send Clear Channel 45 stations in eight markets—Jonesboro AR, Muskegon MI, Augusta GA, Augusta-Waterville ME, Florence-Muscle Shoals AL, Tupelo MS, Marion-Carbondale IL and Laurel-Hattiesburg MS. That \$109.8M deal does not include WJWF-AM, WKOR-AM & FM, WMXU-FM, WSMS-FM, WSSO-FM & WMBC-FM Columbus-Starkville-Artesia MS, although Clear Channel may receive an option to buy them for an additional \$6M.

Renter becomes owner in DC

Alejandro Carrasco has been programming WACA-AM Washington, DC since April 1997 under an LMA. Now he's going to be the owner, with a deal to buy the Spanish News/Talk station from Entravision (N:EVC) for \$2.5M. Carrasco's new company, which is making its first station acquisition, is AC Acquisitions LLC. Broker: **Bruce Houston**, Blackburn & Co.

East Tennessee covers Cleveland

Paul Fink now has three stations covering Cleveland (Tennessee, that is) with a deal to have his East Tennessee Radio Group buy WCLE-AM & FM. The Cleveland combo will have an FM duopoly with WOCE-FM Benton, TN, which Fink recently contracted to buy for \$2.4M. All three are now in LMAs. Broker: (WCLE) Miller-Isbell Media Services

The Radio Index™

The sell-off of radio stocks sent The Radio Index™ to a year-to-date low of 147.94 on 9/6, off 14.39 from a week earlier.

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by Jack Messmer & Dave Seyler

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

\$33,000,000 KVEN-AM, KHAY-FM & KBBY-FM Oxnard-Ventura CA (Ventura CA) and **KKSB-FM & KMGQ-FM** Santa Barbara CA (Santa Barbara-Goleta CA) from Citation LP, controlled by McDonald Media Group and Engles Enterprises Inc., via an option held by McDonald Media Group, to Cumulus Licensing Corp. (Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). \$8M escrow, balance in cash at closing. Existing **duopoly** in Oxnard-Ventura, **superduopoly** with KRUZ-FM in Santa Barbara. Broker: Sailors & Associates

\$7,300,000 KMON-AM & FM Great Falls MT, **KCAP-AM, KZMT-FM & KHKR-FM** Helena-East Helena MT and **KEYZ-AM, KYYZ-FM & KTHC-FM** Williston ND-Sidney MT from STARadio Corp. (Jack Whitley) to Commonwealth License Subsidiary LLC, a subsidiary of Commonwealth Communications (Dex Allen, Alta Communications). \$375K escrow, balance in cash at closing. Existing **duopolies**. Broker: Media Venture Partners

\$6,000,001 WVLD-AM, WQPW-FM, WWRQ-FM & WVGA-FM Valdosta-Lake-land GA from Brooks Broadcasting Corp. (Al Brooks) to Southern Broadcast Group LLC (Michael Oesterle, G. Woodward Stover II, R. Charles McLavy). \$250K escrow,

balance in cash at closing. Existing **superduopoly** Broker: Media Services Group

\$3,600,000 KPTL-AM & KZZF-FM Reno NV (Carson City NV-South Lake Tahoe CA) from Moon Broadcasting Reno LLC (Abel de Luna et al) to Silverado Broadcasting Co. (Ronald Miller). The buyer has loaned the seller \$3.15M and will pay an additional \$450K in cash at closing. LMA since 6/12. Broker: The Exline Co.

\$2,050,000 WCLE-AM & FM Cleveland-Calhoun TN from Randall Sliger to East Tennessee Radio Group II LP (Paul Fink, Clifford & Gilbert Watts et al). \$100K escrow, \$1.2M (less escrow) in cash at closing, \$330K note, \$520K under consulting agreement. **Duopoly** with WOCE-FM Benton TN. Broker: Miller-Isbell Media Services

\$1,530,000 KYKN-FM Salt Lake City UT (Nephi UT) from Cruise LC (Robert Davis, Charles Hall) to Mill Creek Broadcasting LLC (Bruce Buzil, Robert Neiman, Aaron Shainis, Andrew Barrett & Judson Revocable Trust, Diana Evans Devine, Trustee). \$75K escrow, balance in cash at closing.

\$1,000,000 WSTI-FM Quitman GA from ORB Communications Inc. (Robert Harrison) to Magnum Broadcasting Inc. (Michael Stapleford, Karen Egger). \$50K escrow, \$500K (less escrow) in cash at closing, \$500K note. **Duopoly** with WXHT-FM Madison FL. Broker: Hadden & Associates

\$875,000 KLDI-AM & KRQU-FM Laramie WY from Chaparral Broadcasting Inc. (Jerry Lundquist) to Laramie Mountain Broadcasting LLC (Victor Michael Jr.). \$50K escrow, balance in cash at closing. Broker: Jody McCoy, McCoy Broadcast Brokerage

\$864,800 KJEF-AM & FM Lake Charles LA (Jennings LA) from Cajun Country Broadcasting Inc. (Gregory Marcantel) to Apex Broadcasting Inc. (Houston, Voncille & G. Dean Pearce), part of the Radio South group. \$864,000 cash. **Superduopoly** with KLCL-AM, KHLA-FM & KRAW-FM. LMA since 8/1. Note: This deal also includes a low-power TV station, K13VG Jennings LA.



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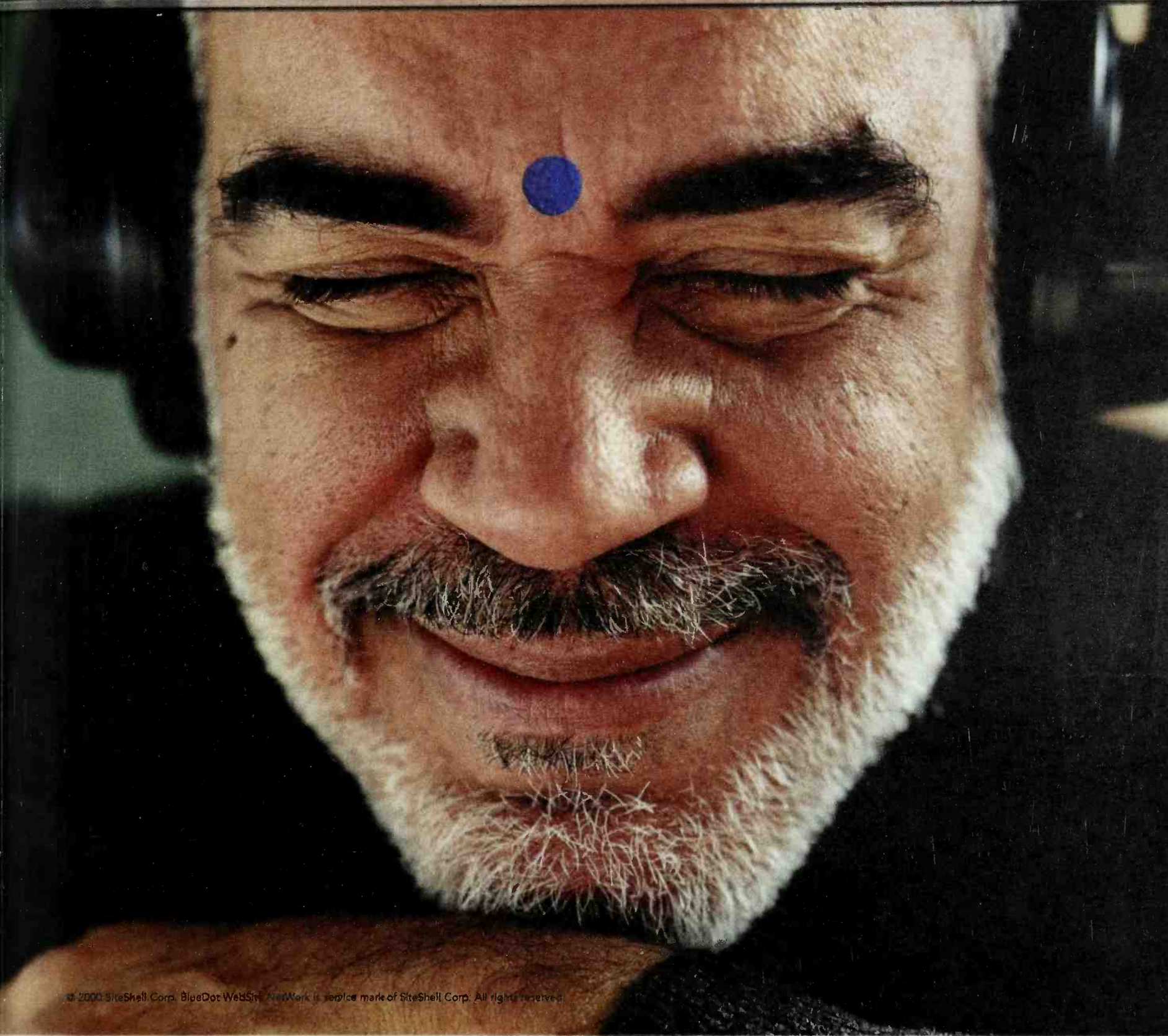
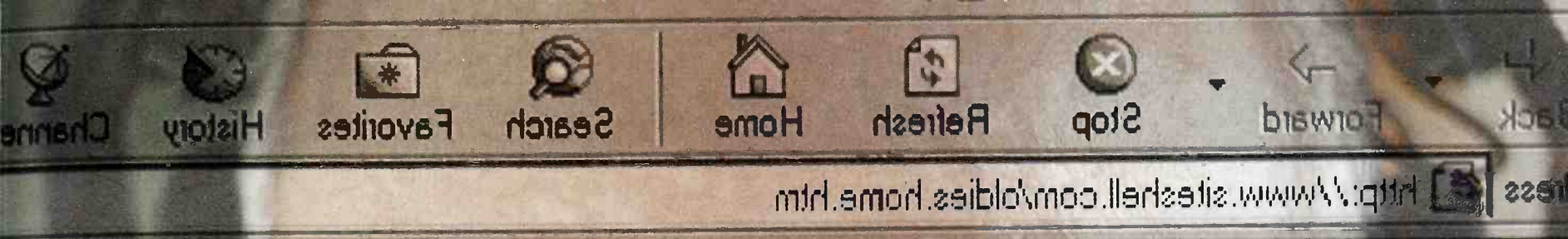
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Air Studio Production Bonus: AXS 3 also gives you *another* stereo production output and record input. You can record and edit phone calls or spots and auto-delay news *and* audition them in a cue speaker while playing triple overlap on the air!

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

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

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

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

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



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

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

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

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

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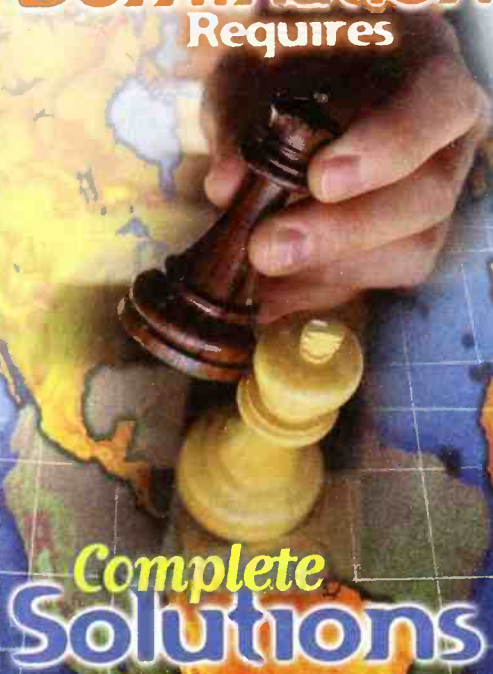
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Nuptials complete: Clear Channel and AMFM are one

Five days short of 11 months after the biggest radio deal of all time was announced (*RBR* 10/11/99, p. 2), AMFM Inc. was merged into Clear Channel Communications (N:CCU) last Wednesday (8/30). Based on the stock price of AMFM, which had moved up, then down with other radio stocks (see page 13), the deal was valued at \$23.8B—only a slight increase from the \$23.5B value when the deal was announced 10/4/99.

The exchange value of the stock-swap had been fixed, so AMFM shareholders received 94% of a Clear Channel share for each share of AMFM stock. Former AMFM CEO **Tom Hicks**, who is now a director of Clear Channel, and his Hicks, Muse, Tate & Furst investment group now own approximately 10% of Clear Channel's equity. In a joint statement with Clear Channel CEO **Lowry Mays**, Hicks hailed the mega-merger for creating "the world's preeminent pure play out-of-home media company."

For his part, Mays welcomed the addition of AMFM's major market stations, which filled a gap at the top of Clear Channel's radio group, which had previously lacked half of the top 20 markets. Having ballooned Clear Channel's radio group to over 1,000 stations, along with adding AMFM Radio Networks, Prophet Systems software and the Katz Media Group rep firms, Mays said "we will not only be the undisputed leader, but will have the financial, programming, management and distribution resources to best serve the needs of this

exciting, growing, global marketplace."

Also included in the AMFM acquisition was a 29% equity stake in Lamar Advertising (O:LAMR). However, under a stipulation and order filed by the DOJ's Antitrust Division in a Washington, DC federal court, Clear Channel has agreed to divest that stake no later than 1/1/2003. That's due to Clear Channel's ownership of a competing billboard company, Eller Media.

In the days prior to the 8/30 closing, Clear Channel and AMFM completed spin-offs of 108 radio stations in 35 markets. **Randy Michaels** and his team at Clear Channel Radio also added 36 new stations in eight markets—stations that jumped to Clear

Channel in swaps for some of the divested stations.

That 108 figure doesn't include the AMFM's \$550M swap of 13 stations in five markets to Cox Radio (N:CXR) for an L.A. combo, which was also completed during the week of rapid-fire closings. The 108 figure does, however, include 14 stations in five markets which were placed in trust with **Charles Giddens**, pending eventual divestiture.

Meanwhile, Clear Channel's quest for additional acquisitions continued unabated (see page 12), as the company sought to mitigate as much as possible the tax bite from \$4.3B in spin-off sales with deferred tax-free exchanges.—JM

AP's new software crashes; 4,000 stations affected

8/29 was a scramble for AP Broadcast Audio staffers. At 5:00 AM, new software was uploaded to satellite receivers and abruptly crashed minutes later. 4,000 radio and TV affiliates were affected. AP quickly went to backup delivery via email text, Internet audio delivery and faxes. AP Broadcast Audio is back up on alternate satellite channels until the snafu is fixed. The service delivers audio actualities, quotes, cuts and interviews to affiliates for their own news production.

AP expected full service to be restored by the time *RBR* readers receive this issue. A memo to AP department heads from **John Reid**, Chief of Communications, said: "It will be several days before full service ku-band satellite service is restored. Until then, we will continue to use the various backup methods that are in place...Each ku-band receiver will have to be individually reprogrammed to turn it back on. To do that takes a special card that is being built now and will be at major bureaus Thursday (8/31) and all bureaus Friday (9/1)."

The card will be inserted into the receivers to reprogram them. 200 cards are being built, enough for the entire field technical staff.—CM

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Covering both ends of the youth market spectrum

Following up on its initial foray into measuring radio ratings for the heretofore ignored 6-11 demo (*RBR* 7/31, p.4), Arbitron has released results of telephone interviews to shed more light on the topic. It turns out that kids are involved listeners who respond to commercials, contests and events.

Particularly in a car with adults (which we hope is 100% of the demo), kids' influence is felt. 85% of them listen to the radio there, and 75% the radio is tuned to a station which will please both parents and their children. 34% of the time the child selected the station, and 38% get to pick at least some of the time. This is good news for purveyors of the various shadings of the CHR format.

As to responding to commercials, anyone with a child understands how this works. Children have a definite impact on purchasing decisions.

On the other end of the spectrum, college students control all of their listening, and they do so at a greater rate than the general population, according to a study released by Interep. Magazines are not as popular but use is still above average. Cable, television and newspapers have a much more difficult time reaching this demo.

Leading formats which tap into this demo are Modern Rock, CHR, Urban, Hot AC and Rock. They are tapping into a demo which makes \$100B in discretionary purchases annually. The group includes almost 70% of those graduating from high school within the prior 12 months, up from only 49% in 1980.—DS

How now, dot-com?

Much has been said about the impact of advertising from Internet start-ups on revenues for radio, TV and other media. Wall Street traders worry that any time a dot-com encounters financial difficulties, the effects will ripple through the stocks of companies who are no longer getting that dot-com's ad dollars. But broadcasters insist that demand is so strong that even the complete elimination of dot-com business would hardly be noticed—particularly not by radio companies who are primarily in medium and small markets and aren't getting much dot-com advertising anyway.

In an attempt to quantify the issue, analyst **Bill Meyers**, who recently moved to Lehman Bros. from Banc Boston Robertson Stevens, has calculated the importance of dot-com advertising to the six radio companies he follows. Meyers notes that while dot-com advertising increased fivefold in 1999 to \$500M, most of the buys are at the national level, with only 25-30% being placed locally. Here's his take on the dot-com exposure of each company.—JM

Dot-com exposure by company

% of total revenues

Company	Radio	Outdoor	TV	Total
Infinity (N:INF)	8%	4%	—	6.5%
Clear Channel (N:CCU)	5-6%	4%	N/A	3.5-4%
Cox Radio (N:CXR)	3-4%	—	—	3.5%
Emmis (O:EMMS)	7%	—	<1%	3.5%
Citadel (O:CITC)	1-2%	—	—	1.5%
SBS (O:SBSA)	1-2%	—	—	1.5%

Source: Lehman Bros.

Ness speaks to women

In a speech given at the American Women in Radio and Television meeting, FCC Commissioner **Susan Ness** gave suggestions and ideas on how to get more women into the top ranks of media companies. Reacting to a *Broadcasting and Cable* profile of the top 25 media conglomerates in the US which noted that not one is headed by a woman, she said that building a support network was one important way to combat the predominantly male CEO world. She also said getting the statistics out could bring about desired change. One of the most striking numbers is that even though women make up 46% of the workforce, only 5% are top executives and 9% are on the board of media companies. Ness ended her speech saying, "We are in an era of remarkable change. This is a golden opportunity for women to make a difference and to take their long overdue place in the executive suites."—ED

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Survivor winner does morning drive stint

Richard Hatch, the \$1M winner of CBS's "Survivor" competition debuted his week-long morning drive stint (9A-10A) on News/Talk WPRO-AM Providence 8/25. Hatch, who lives in nearby Newport, RI, was solicited to do the show before he left for the island by WPRO PD/Ops Mgr. **Ron St. Pierre**. "Ron called him before all the hype actually began, just because of the fact that it was a local angle. We didn't realize that the show would do what it was going to do," **Christopher Gardner**, WPRO Marketing Director, tells *RBR*. Is there a chance for a permanent slot? "Obviously, we'll see what happens next week and I think go from there," says Gardner.—CM

Saga Communications signs with StreamAudio for webcasting

StreamAudio.com announced an exclusive 48-station group-wide deal with Saga Communications (A:SGA) to supply audio streaming, ad insertion and real-time "now playing" and "click to buy" functionality to all of its websites. Saga's Des Moines four-station cluster and five-station cluster in Bellingham, WA are the first to implement the service.—CM

Falling Star confirmed, but staffer made error

While we reported on our website (rbr.com) 8/30 that acting Talk America President **Paul Lyle** has been appointed president by the board (we got the "confirmation" from a part-time staffer at KRLV-AM Las Vegas where Lyle is the GM), Lyle told *RBR* 8/31 that in fact no decision has been officially made. Lyle did confirm that **Tom Star** is officially the former president of the company. We regret any inconvenience caused from the report.—CM

Radio One harvests Harvey for LA mornings

Nationally-known comedian and star of both the big and small screens **Steve Harvey** has inked by Radio One (O:ROIA) to headline its morning show on just-acquired KBBT-FM Los Angeles. Said Radio One honcho **Alfred Liggins**, "Steve has performed successfully in radio in the past and should provide a fresh and exciting radio experience for Los Angeles radio listeners." He debuts Monday, 9/11.—DS

LPFM update: Churches weigh in

On August 25th, church groups, collectively referred to as the UCC (for the long-time broadcast activist United Church of Christ), filed their briefs in the NAB's court case against the FCC's LPFM initiative.

The UCC bases most of its arguments on the first line of the brief: "As long as Americans have radio service, we will always have interference. The question has always been, not whether one station interferes with another, but how much and under what circumstances." They go on to attack the NAB's technical data used to support the existence of interference saying that it is "rife with overstatements, omissions and misrepresentations."

In support of the claim that LPFM is indeed serving the public interest, UCC says that since 98.6% of listeners who experience interference will also receive a LPFM station; therefore there is "no net loss of service results." (Editor's note: Are you kidding me?)

Addressing the issue of second and third adjacent protection, the UCC cites the FCC Grandfathered Stations Order—stations that are permitted to operate without second and third adjacent protection because they were licensed before the protection requirement was passed—to show that these stations create very few complaints about interference. They use this as precedent to show that LPFM will not cause great interference without third adjacent protection.

The brief ends with the conclusion that "tiny, non-commercial radio stations will not harm the radio industry, which has now become more profitable than ever."

RBR observation: UCC's statement of the real issue in the LPFM debate is, quite surprisingly, right on the mark. That makes it all the more amazing that the church groups then proceed to advocate unbridled interference.—ED

Black Rock on the block?

Dow Jones—Viacom Inc. (N:VIA) is considering putting the landmark CBS building on the block to cash in on Manhattan's hot real-estate market, people familiar with the matter say.

CBS had explored the sale of the 38-story building known as "Black Rock" last year, prior to its deal to be acquired by Viacom. But the company took it off the market after it was unable to attract its target price of over \$350M.

The market has improved since then as office rents have soared to record numbers. In a recent Manhattan deal, Equity Office Properties Trust acquired a 45% stake in nearby 1301 Sixth Ave. in a deal that valued that tower at \$715M.

CBS now occupies less than half of Black Rock. Much of CBS's operations have moved to the West Coast and its cable holdings have been consolidated with Viacom's cable networks.

A Viacom spokesman declined to comment on the possible sale. He said the bulk of the CBS staff is expected to stay in Black Rock.

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Sirius stock drops from damage report

Shares of Sirius Satellite Radio (O:SIRI) dropped over \$3 8/29 amidst reports its "Sirius-4" spare bird was significantly damaged while under construction at Loral Space and Communications, its manufacturer. Sirius will use three satellites for its service. One was launched in June, the other two will launch in September and October of this year. The fourth satellite was due to be completed in December, but will now be delayed because of the damage. Reuters reports a satellite analyst saying the chances for a successful deployment (without the spare ready) have dropped from 93.9% to 72.3%.—CM

RBR grows again

June Barnes has joined *Radio Business Report* as an Account Executive. She had previously been VP of Marketing at M Street Corp. after a career that included positions at ABC Radio Networks, The Bloom Agency and three TV stations.

check into FCC Approval

Meet equipment vendor at NAB

NOTES

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Scottish DAB a one-bid wonder

Clear Channel (N:CCU) and its partners have applied for a second UK DAB license. This time the Switchdigital partnership has applied for an eight-channel DAB license in Central Scotland (a ninth channel is reserved for the BBC's Gaelic service). If you wanted to bet, this looks like a pretty sure thing. Britain's Radio Authority says Switchdigital was the only applicant. Comments on the application are due 9/21 and the Radio Authority expects to rule on awarding the license sometime in the Fall.

Switchdigital already has a DAB operation on the air in London. It is owned 55% by The Wireless Group, 20% by Clear Channel International, 20% by Capital Radio and 5% by The Carphone Warehouse.—JM

New Northwest signs with SiteShell

New Northwest Broadcasters announced it has signed a group-wide deal with SiteShell Corp. to supply turnkey website management and functionality. New Northwest's 42 stations will allow SiteShell to create and maintain locally branded, format-specific e-commerce-infused websites through its "BlueDot WebSite NetWork" and "PointSales" merchandising system. The full rollout for all 42 stations is expected within 90 days.

New Northwest said it will maintain an internal Internet group, but the arrangement with SiteShell will permit it to focus resources on developing local and group-wide revenue-producing website advertising and promotional programs.—CM

PlanetJam Media launches Ready4Radio.com

PlanetJam Media, which provides online media measurement, research and promotional services for the entertainment industry, has launched a new service for labels called "Ready4Radio.com." With the system, labels will use the Internet to send new music samples to PDs to listen and reply with a survey and comments. Responses are tabulated in real-time and sent back to the labels. Ready4Radio says it will get high PD participation by offering awards (including a \$1M annual prize). Right now, the service is offered to CHR stations, with more formats coming.—CM

"Florida Emergency Missing Child Alert Program" unveiled

Here's a story for the politicians who complain radio doesn't do enough for community service: When a child is abducted, every minute counts in the recovery effort—minutes mean lives. To aid in law enforcement recovery efforts, Florida has become the first state in the nation to utilize the EAS alert system. On 8/30, The Florida Association of Broadcasters (FAB), The Florida Department of Law Enforcement (FDLE) and other state agencies unveiled the "Florida Emergency Missing Child Alert Program."

Using the existing EAS alert system, a local-market or regional alert will now be sent to all radio, TV and cable outlets giving all details of the abduction and numbers to call with information. While there are hundreds of abductions every year in Florida, "EAS will only be activated if we know this is a true unknown abductor and the child's life is in danger," FAB President **Pat Roberts** told RBR. "Unfortunately, there are thousands of kids a year that are technically missing. But in that large body of missing children, the two largest groups are known abductors—parent, friend or grandparent—and runaways. Unknown abductors strike less than 20 times a year in Florida. We don't anticipate it being used—even in an area as big as Tampa or Miami-Ft. Lauderdale—more than once or twice a year."

The way the whole process works is after a child is reported abducted, the local police or sheriff fill out a report. As soon as they have a feel that it's a real stranger abduction, they contact the FDLE which has a dedicated missing children division. The FDLE then kicks it into high gear, getting the description of the child, what the child was wearing, the location of the abduction and hopefully a visual description of the abductor and what vehicle they were in. The info is then faxed into the state warning point in Tallahassee where the EAS hub is located. It's only activated in the market where the child was abducted, unless there is an adjoining market.

The FDLE's Missing Children Information Clearinghouse has worked jointly with the Department of Community Affairs, the Emergency Operations Center, FAB and FCC over the last six months to create the program, which is modeled after the State of Texas' "Amber Plan" in Dallas-Ft. Worth, credited for successful recoveries in seven out of 30 child abduction cases since its activation 7/97.

WDBO-AM (a primary EAS station) Orlando Promotions/Marketing Director **Deanna Brown** was the instrumental force in getting all of the above parties together to make this happen. "My friend, Deputy **Scott McLeod** (now a school resource officer) and I used to work together at the sheriff's office. Prior to that, I was a reporter here in the newsroom of WDBO. He brought the Amber Plan idea to me. I brought the idea up to WDBO to see if we could get it here in Central Florida. We started working through all of the area sheriffs and chiefs and had meetings. There was all resounding 'Yeahs.' I came back to work for WDBO and became the Marketing Director and continued to push it through. My hope and dream was just to get it in the Central Florida area. I had no idea we would be able to get this to go statewide. I got approval from all of the management here and I had to go through the EAS board and then the FAB. I kept on it and have been working on it for the past 15 months."

There are a number of big local markets that have already or are in the process of working a similar plan, but so far Florida is the only place to institute this service statewide.

Note: A story detailing abduction alert efforts in other states, plus more on Florida's effort, will appear in the October issue of Manager's Business Report.—CM

By Jack Messmer

\$1.3B tower mega-deal

SpectraSite Communications (O:SITE) has announced what it says is the largest tower transaction ever. It's paying SBC Communications (N:SBC) \$1.308B for the exclusive rights to lease 3,900 towers, plus a build-to-suit agreement to construct an estimated 800 new towers over the next five years. SpectraSite will also have the option to purchase the towers at the end of their respective leases (averaging 27 years), with the current value stated at \$251M. As payment for the leasing rights, SpectraSite will pay SBC \$983M in cash and \$325M in SpectraSite stock. SBC Wireless will then lease space from SpectraSite, beginning from an annual base rent of \$65.5M. The SBC deal will take SpectraSite's portfolio to approximately 9,000 wireless communications towers. Most are the relatively short towers used by cellular and PCS operators, but a few are tall broadcast towers.

In conjunction with the SBC deal, SpectraSite announced that the

Timaran Fund II LLC had agreed to buy approximately 3.4M shares of SpectraSite stock at \$22 per share, along with warrants to buy an additional 1.5M shares at \$28 each. In all, Timaran (formerly CIBC Merchant Funds) is investing \$75M into SpectraSite.

Q2 revenues rose 440% to \$77.8M. EBITDA shot up 318% to \$11.7M. Obviously, that included lots of recent acquisitions.

RBR observation: Bidding for the SBC deal had been intense. Early speculation had been that the price tag might go as high as \$1.5B. While all wireless communications companies routinely lease space to each other, SBC had been more conservative than most about letting competitors onto its cellular towers. That leaves lots of upside for SpectraSite. Also, the deal with the SBC, one of the consolidated Baby Bells, puts SpectraSite firmly into the tower big leagues with Crown Castle (O:TWRS) and American Tower (N:AMT).

Crown Castle posts record

It is axiomatic that revenues and cash flow will set records each quarter as tower companies, much like radio companies, continue to buy up properties. Crown Castle International (O:TWRS) reported a 91% rise in Q2 revenues to \$148.4M. Tower cash flow rose 58% to \$52.2M.

Crown Castle can continue acquiring more towers, to go with the 11,000 it already has. The company sold over \$750M in new common (at \$29.50 per share) and convertible preferred stock. The preferred issue is convertible at \$36.88.

Triple digits for Dodge

Steve Dodge's American Tower (N:AMT) saw Q2 revenues rise 182% to \$167M. EBITDA gained 88% to \$43.3M. American Tower owns and/or manages approximately 9,900 sites, including some 300 broadcast towers.

Pinnacle diversifies, then backs down

An attempt to diversify beyond the tower management business sent Pinnacle Holdings' (O:BIGT) stock price plunging, forcing management to rethink the idea and get back to Pinnacle's core business.

In truth, the deal announced 8/2 to acquire a Dallas telecommunications co-location facility for \$154M didn't move Pinnacle all that far from the tower business. Both businesses are about providing space for the operations of telecommunications companies—towers to link to wireless phone customers and co-location sites to connect to the local loops of ground-based telephone companies. Both tend to have a stable base of cash flow from long-term customers.

Wall Street, though, did not like the move. From a recent peak of \$55.75 on 7/19 (see chart, right), Pinnacle's stock price slid to as low as \$35.375 on 8/16. CEO **Bob Wolsey** finally stopped the decline by announcing 8/17 that Pinnacle would stick to the tower business exclusively. That forced the company to explore options for getting out of some acquisitions already closed or in the works, including the big Dallas deal.

Pinnacle also (on 8/10) withdrew plans to sell 8M new shares to help pay for acquisitions. Pinnacle had also planned to sell 1.2M shares for some of its early-

stage financial backers.

The company's stock price may also have been affected by an unrelated matter. Pinnacle reported 8/7 that the SEC was conducting an "informal inquiry" into its relationship with its independent accountants, PricewaterhouseCoopers LLP. That related to non-audit work that PricewaterhouseCoopers was paid for in Pinnacle's acquisition of Motorola's (N:MOT) antenna site business. Because of the SEC probe, Pinnacle hired another auditor to go over the financial records of the former Motorola subsidiary.

Pinnacle Holdings reported Q2 revenues of \$44.4M, up 22.6% from the previous year. Tower cash flow increased 162.5% to \$29.4M



The *RBR* superduopoly shopper's guide

by Dave Seyler

It is not too early to start thinking about the upcoming holiday gift-giving season. If you have a radio group head like **Lowry Mays** or **Mel Karmazin** on your list, a nice superduopoly cluster in a major market would look great under the tree, and a smaller market cluster could make an excellent stocking stuffer for a **Low Dickey** or **Michael O'Shea** (or Lowry Mays, for that matter).

The problem is finding a market which still has enough stations on the shelf to form a superduopoly. Out of the 5,353 stations which, according to *RBR's* working definition, are part of an Arbitron-rated market, 3,096 (57.8%) are already part of a superduopoly combination.

The following catalogue is designed to find a suitable market. We looked at markets in the top 200 where superduopoly consolidation is under 50%, skipping over most markets which lose significant ratings to larger, neighboring markets. Data is from the *RBR Source Guide* Market Profile database, with occasional general reference to ratings data from Arbitron.

New York (1) 38 stns
Superduopoly 47.4%
Total consolidation 71.1%

Everybody has room in their basket for more Big Apples. Clear Channel is maxed out on the FM side with five, but has no AMs. Infinity has a 3AM-3FM cluster, Emmis has 3 FMs. SBS, ABC, Inner City, HBC, Buckley and NY Times all have viable operations, but none are superduops and none have more than three stations. But nobody seems predisposed to sell.

Baltimore (20) 22 stns
Superduopoly 31.8%
Total consolidation 72.7%

Infinity has the only superduop. Radio One and Clear Channel each have duops, and both may have trouble growing because of signal overlap with Washington stations, where both have a strong presence. Speculation on a possible buyer for Hearst's AM-FM combo has been a popular parlor game for years now.

Pittsburgh (22) 36 stns
Superduopoly 27.8%
Total consolidation 80.6%

Two superduops are up and running, Infinity's 1AM-3FM powerhouse and Clear Channel's strong 1AM-5FM cluster. Renda, WPNT and Sheridan all have duops which could be part of a mix-and-match or any one of which could be sold to Infinity. Rugged terrain has market loaded with small stations which lack full coverage. Forever recently began assembling some of these into a regional cluster.

Kansas City (30) 31 stns
Superduopoly 38.7%
Total consolidation 80.6%

Entercom has a 3AM-5FM max-out, and Infinity has four FMs. After that, it's wide open. The strongest remaining players are Susquehanna and Syncom with duops and Carter with an old-fashioned AM-FM combo. Underneath them are a variety of low-rated stations. Plenty of room and material for further dealing. One of the very few Clear Channel-free zones in the top 50 markets.

Milwaukee (31) 32 stns
Superduopoly 34.4%
Total consolidation 71.9%

Clear Channel (2AM-4FM) and Saga (1AM-4FM) have the two lone superduopolies. Journal has an AMFM combo which they probably cannot add to due to crossownership concerns, and which it probably will not sell since Milwaukee is its home market. Entercom has a duop, and another is formed by a JSA between All Pro and Shamrock. Bliss has built a 2AM-2FM cluster of suburban stations.

Columbus OH (34) 29 stns
Superduopoly 37.9%
Total consolidation 65.5%

Extremely ripe for further consolidation. 10 owners get significant ratings, but only three (Clear Channel, Infinity and Blue Chip) have as many as three FMs. Saga is in the market with an AM-FM combo. The other owners are local or regional operations.

Indianapolis (38) 29 stns
Superduopoly 37.9%
Total consolidation 69.0%

Like Columbus, three owners have three FMs (this time they are Emmis, Susquehanna and Radio One). Others in the market include Clear Channel (of course) and several local operators. Plenty of room for further dealing, and everyone is a potential participant.

Nashville (43) 32 stns
Superduopoly 40.6%
Total consolidation 87.5%

Clear Channel (1AM-4FM) and Dickey (3FM) have the most important superduops, both with room to grow, and Tuned-In has a low-impact 1AM-4FM cluster. Between them are South Central, Gaylord, Citadel, Salem and some local operations, none of which has more than a three-station duop.

Tucson (61) 27 stns
Superduopoly 33.3%
Total consolidation 70.4%

Of the five main players, only Rex and Journal have as many as three FMs. Clear Channel, Lotus and Broadcast Arizona all have duops. There are seven other smaller operations. Possible combinations abound.

McAllen (63) 24 stns
Superduopoly 16.7%
Total consolidation 70.8%

The sum total of superduopoly here is the 4FM cluster which Entravision just bought from Sunburst. Clear Channel and HBC each have a duop. This is one of the least-super-consolidated markets in the top 100.

Bakersfield (86) 33 stns
Superduopoly 33.3%
Total consolidation 90.9%

American General has a 3AM-3FM superduop, and Clear Channel just announced the purchase of the Mondosphere 1AM-4FM cluster. Underneath them are no less than seven duopoly operations, including owners such as Buck Owens, Buckley and Lotus. We wouldn't be surprised if HBC or Entravision tries to enter this heavily-Hispanic market.

Gainesville-Ocala (90) 22 stns
Superduopoly 40.9%
Total consolidation 59.1%

This is really two markets jammed together—many of the FMs are Class As which serve one town or the other. Asterisk

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has been able to stockpile six FMs, Dix has three and Entercom two. Pamal, which until recently has confined its operations to up-state New York, has just entered the area with three deals, one for an AM, another for an FM, each of which pull ratings in the local Arbitron, and a third for an AM-FM combo on the fringe of the market.

Colorado Springs (94) 18 stns
Superduopoly 44.4%
Total consolidation 83.3%

Citadel has a market-dominant 2AM-3FM cluster, Clear Channel has a much weaker 3FM cluster. Only five other owners have rated stations, and two of them—Salem and Crawford—are national-scope Religious operators.

Huntsville (109) 21 stns
Superduopoly 28.6%
Total consolidation 73.9%

Clear Channel is the only national group in the market, and has the only superduop, a 2AM-4FM cluster. There is plenty of opportunity for local owners to combine or for a group to move in with two or three deals.

Appleton-Oshkosh (134) 16stns
Superduopoly 37.5%
Total consolidation 75.0%

The two leading groups are Cumulus (2AM-2FM duop) and Midwest Communications (3FM). Both also have stations in the nearby and overlapping Green Bay (183) market (Cumulus 1AM-4FM, Midwest 2AM-2FM), making it highly unlikely that either has room to grow. Woodward, also in both markets but with only an AM-FM combo in Appleton and a 2FM duop in Green Bay, does have room. But there ain't much left on the shelf for any prospective shoppers, to choose from.

Eugene (143) 15 stns
Superduopoly 40.0%
Total consolidation 80.0%

Cumulus has a 2AM-4FM superduop, the only one in the market. McKenzie River and McCoy each operate very strong 1AM-2FM duops which conceivably could be combined into a second superduop, but the FCC probably wouldn't like it. Farmer's KCST AM-FM combined for just over a 2-share 12+ in Sp00, and that's about it for acquisition targets.

Huntington WV (144) 24 stns
Superduopoly 41.7%
Total consolidation 58.3%

With many of the signals in the market hampered by mountainous terrain, Clear

Channel is able to operate a monster 5AM-5FM cluster which is ratings dominant. Local Kindred is far behind in second place with a 2AM-2FM full-bore duopoly, followed by national group Mortenson with a strong Christian FM standalone. Either could be helped out with a deal for one of the four ratings-producing AM-FM combos operating in the market.

Palm Springs (153) 20 stns
Superduopoly 35.0%
Total consolidation 65.0%

This market features the crown jewel cluster of small-market operator Morris Communications (4AM-3FM) and a muscular 2AM-2FM duop belonging to KPSI. Six other operators draw significant ratings, none with more than two stations. Among them are Infinity (this is its smallest market by far) and Entravision, each with a standalone FM.

Hagerstown (161) 18 stns
Superduopoly 0.0%
Total consolidation 55.6%

Two regionally-oriented groups and one former group which has settled here exclusively operate duops. Four other owners (including regional group Allegheny) have AM-FM combos. Mix-and-match possibilities are endless, and we're surprised that there are no superduops already.

South Bend (163) 24 stns
Superduopoly 45.8%
Total consolidation 75.0%

Three regional groups top the ownership chart, but only Artistic Media has a superduop, and it has a rare 3AM-1FM configuration. Schurz and Federated (also known as Pathfinder) operate duops, while Progressive Broadcasting and Religious broadcaster Sumrall operate low-grade 3FM clusters (Sumrall's is via an LMA). A while back, Federated had some troubles with the FCC over an alleged premature transfer of control for Hicks' WRBR-FM (of all call letters!), and has made no moves since then. Six viable operations underneath the big three offer many opportunities for expansion.

Johnstown PA (170) 16 stns
Superduopoly 31.3%
Total consolidation 43.8%

Of three tightly-packed groups at the top of the charts, Forever has the only superduop, with a 2AM-3FM cluster. Dame has 2FM and Clear Channel an AM-FM combo. Five viable smaller operations are acquisition targets.

Fort Smith (171) 22 stns
Superduopoly 36.4%
Total consolidation 63.6%

Clear Channel and Cumulus each have a little wiggle room with 1AM-3FM clusters (Clear Channel's is market-dominant). Locals Big Chief and Baker are strong competitors with a combo and duop respectively. There are a lot of stations which show in the book, and every in-market owner has room to grow.

Tupelo (178) 22 stns
Superduopoly 45.5%
Total consolidation 72.7%

Cumulus and San-Dow control the lion's share of ratings, and each has at least a little room for growth with 2AM-3FM clusters. There are a great number of stations struggling to divide the remaining listeners in the market.

Topeka (181) 13 stns
Superduopoly 46.2%
Total consolidation 69.2%

Cumulus leads the way with a 2AM-4FM cluster, but Morris provides serious competition with just an AM-FM combo. Three other owners have an AM and four FMs between them, some of which Morris may have an interest in.

Dothan (184) 21 stns
Superduopoly 14.3%
Total consolidation 28.6%

A stunningly consolidation-free market. Regional group New South leads with the only superduop, a 3FM cluster. Local owner Wilson has a 1AM-2FM duop. Ten other mostly local owners are operating either combos or standalones, making the market rife with possibilities.

Terre Haute (192) 21 stns
Superduopoly 0.0%
Total consolidation 57.1%

Emmis, which usually confines its radio operations to the largest markets, wound up with a duop here as a side effect of a deal in which it was stockpiling TV stations, and leads a group of nine other local or regional owners which draw at least some ratings in this superduop-free market. Far from expanding, Emmis actually spun off an AM late last year. Nevertheless, we have to think that at some point the three standalone and three AM-FM combo operations will begin filtering into the four standing duopolies, or someone like AAA will move into the market with multiple deals.

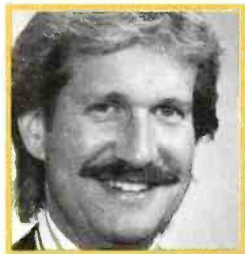
State of the states

Get your atlas ready because *RBR* is heading out to find out what makes state associations tick. In our new section, "State of the States," we will discuss the hot topics and concerns of each state association. *RBR* associate editor **Elisabeth Derewitz** spoke with:

- **Bob Rosenthal** VP/GM of Journal Broadcasting group, Boise, and Secretary/Treasurer on Board of ISBA about their convention which was held July 27-29
- **Karole White**, president/CEO of the Michigan Association of Broadcasters about their convention which was held August 10-12
- **Scott Poese**, president of the Nebraska Broadcasters Association about their convention which was held August 16-18
- **Bob Cohen**, VP/GM of Clear Channel San Antonio and Board member of the Texas Association of Broadcasters about their convention which was held August 15-18
- **Ben McKinnon**, executive director of the Alabama Broadcasters Association about their convention which was held August 18-20

What concerns did the broadcasters have both locally and as an industry?

Rosenthal (ID): The hot topics for us continue to focus on taxation issues that involve our state legislature. We have a lot of concerns about them not over-taxing our industry on services that are offered. That is something that we monitor a lot. We do a nice job keeping in touch with our state legislators so we can stay on top of those issues. Nationally, speaking for radio broadcasters, we're deeply concerned with low-power FM's. I think we've done a very good job of educating and enlisting our two Senators and our two Congressmen. They are all with us as broadcasters and not in favor of seeing LPFM's be signed on, but as we all know that thing is moving forward. I am also concerned with having our broadcasters stay active in our industry because with consolidation there are just less of us. So we owe it to ourselves to stay active in the things that concern us.



White (MI): The local broadcasters were still greatly concerned with LPFM. Next month, the window opens for Michigan. We are part of the second round of states. [The broadcasters] spoke to the FCC and to our Sen. **Spencer Abraham** to voice their concerns. The main concern is that LPFM will cut holes in the listening patterns [of existing broadcasters] where there could be areas

surrounding the LPFM stations that cannot receive the full power FM station. With the FCC doing away with the third-adjacency rule to get these stations in, it could be on the fringe of the LPFM stations where people would like to get the LPFM stations but won't be able to because we would interfere with them. The new and interesting thing was that the FCC said that where there was interference, they would make the LPFM station owner make technical changes or even stop broadcasting. The transition for television to digital continues to be a great concern and the deadline that the broadcasters are facing in 2002 where they will have to give back the analog channel when there are as many high definition televisions in Michigan as you can count on one hand.



Poese (NE): The big thing is EEO right now. We discussed ways that we can be in compliance with the FCC because everyone had a lot of questions about it. Since it is going to require a lot of paperwork and time and effort, we are trying to figure out a way to make it easier to understand for our broadcasters. If the Broadcasters Executive Directors As-



sociation wins their court case, then we'll be doing all of this for nothing, but since it was ruled by the FCC that we have to comply, it has become a big headache for the broadcasters in Nebraska.

Nebraska won't be able to apply for licenses for about a year, but LPFM is still a big issue. We are all concerned about the interference that the NAB found. We've got a lot of support from our representatives, except for Sen. **Bob Kerrey** who we are not very happy with right now.

Cohen (TX): There was a lot of discussion about LPFM. We are concerned with the amount of interference that we could be facing. LPFM stations can be very damaging to broadcasters who are established and serving their communities. There could be a lot of problems if we aren't able to put out a clean signal because we are being interfered with by small LPFM stations. We talked a lot about the challenges facing us as a group and as radio stations.



McKinnon (AL): The major concern we have at the moment is LPFM, both locally and also as an industry. We have supported NAB's brief that they filed opposing the introduction of LPFM. The reason we supported it is because we feel that it will seriously degrade the FM band and cause tremendous interference and regulatory problems that will never end. We are also concerned that the FCC has overstepped their bounds in their new policies regarding recruiting paperwork for affirmative action. The local radio stations are concerned about direct broadcast satellites and what affect that will have with them, as well as when the FCC will allow them to go digital.



The TV stations are very concerned about digital television and the fact that they have to purchase this very expensive equipment. They are also concerned about must-carry, in regard to having to choose whether it be analog or digital.

by Jack Messmer

Cumulus and Clear Channel swap again

Cash-hungry Cumulus Media (O:CMLS) has cut another deal with Clear Channel (N:CCU) to swap into an once-pending, now reborn acquisition and wind up with more cash in Cumulus' coffers. In exchange for WTCY-AM, WNCE-FM, WNNK-FM & WTPA-FM Harrisburg, PA—four AMFM spin-offs from the Clear Channel merger which had been dropped from the original Cumulus swap deal (RBR 7/31, p. 12)—Cumulus will give Clear Channel its stations in Augusta, ME, Augusta, GA, Laurel-Hattiesburg, MS, Tupelo, MS, Florence-Muscle Shoals, AL, Marion-Carbondale, IL, Muskegon, MI and Jonesboro, AR. Cumulus will also receive \$55.5M in cash from Clear Channel.

When the Harrisburg stations were dropped from the original deal, the

cash boot to Cumulus rose by \$54.4M, so that would make this cash/swap deal worth \$109.9M on each side.

Sconnix powerhouse cluster to CCU

Once a multi-market group, Sconnix Broadcasting pared back to a single Arbitron market following the 1996 Telecommunications Act. Within that market, though, **Randy Odeneal**, **Scott McQueen** and **Ted Nixon** built a superduopoly which claims the lion's share of Quad Cities radio revenues...and then some. Clear Channel (N:CCU) is now paying \$85M for Sconnix's six Quad Cities stations, WOC-AM, WLLR-AM & FM, KUUL-FM, WMXG-FM & KCQQ-FM. No word yet on whether CCU will also be able to

assume Sconnix's LMA of **Bill Dudley's** combo, WKBF-AM & WHTS-FM.

Although the Quad Cities market is the only remaining Arbitron market for Sconnix, it still owns two FMs in the unrated market where the company began: Laconia, NH.

Historic duo reunited

With its purchase of WOC-AM Davenport, IA as part of the Sconnix deal, Clear Channel will own both radio stations which once employed a young radio sportscaster who went on to greater fame in other fields. He began his radio career at the **Palmer** family's WOC, then moved up to co-owned WHO-AM in the larger market of Des Moines, IA. From there, he left radio to find success in Hollywood and then moved on to politics. The former sportscaster is, of course, former President **Ronald Reagan**. Clear Channel acquired WHO in 1998 with the Jacor group, who had purchased it from the Palmers in 1996. Sconnix bought WOC from the Palmers in 1995.

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Eight more CCU markets

Here's what Clear Channel is getting from Cumulus in their latest deal:

Augusta, GA (#114):

WLOV-AM, WGUS-AM, WBBQ-AM & FM, WEKL-FM, WRXR-FM, WUUS-FM, WXKT-FM & WZNY-FM

Tupelo, MS (#178):

WNRX-AM, WTUP-AM, WESE-FM, WWZD-FM & WWKZ-FM

Laurel-Hattiesburg, MS (#208):

WFOR-AM, WEEZ-AM, WHER-FM, WUSW-FM, WMFM-FM, WNSL-FM & WJKX-FM

Marion-Carbondale, IL (#213):

WFRX-AM, WDDD-AM & FM, WTAO-FM, WVZA-FM & WQUL-FM

Muskegon, MI (#217):

WMHG-AM, WMUS-AM & FM, WMMR-FM & WSHZ-FM

Florence-Muscle Shoals, AL (#240):

WLAY-AM & FM, WVNA-AM & FM & WKGL-FM

Augusta, ME (#250):

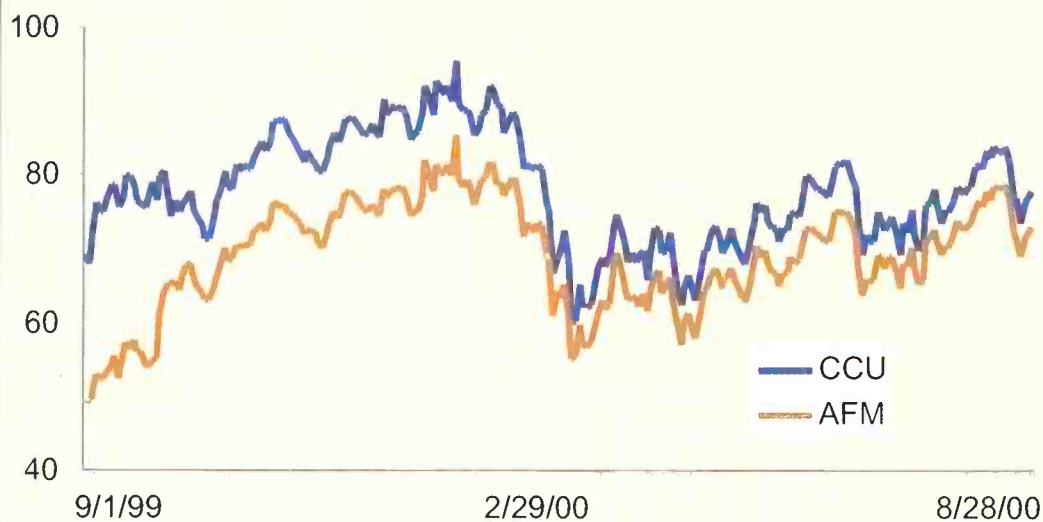
WFAU-AM, WSKW-AM, WABK-FM, WKCG-FM, WIGY-FM, WCME-FM, WTOS-FM & WCTB-FM

Jonesboro, AR (#271):

KBTM-AM, KFIN-FM & KIYS-FM

Come together...

AMFM Inc. no longer exists, having been merged into Clear Channel Communications (N:CCU) in a \$23.8B stock-swap merger that had been pending since last October. In the last trading session before the merger was announced 10/4/99, Clear Channel's stock had closed at \$80.375 and AMFM's at \$63.875. In the merger, AMFM shareholders were to receive 94% of a Clear Channel share for each share of AMFM stock. As the chart below shows, the two stocks have been trading in virtual lock-step since the merger was announced, with the price gap narrowing as the closing date drew nearer. AMFM closed forever 8/30 at \$72.313.



Big swap in Big D

It wasn't hard to see this one coming. Shortly after closing on its acquisition of Alternative KDGE-FM Dallas as part of a \$185.6M, seven-station deal, Salem Communications (O:SALM) is swapping for a station that fits a bit better with its portfolio as the nation's largest Religious broadcaster. Salem is swapping straight-up for Sunburst Media's KLTU-FM, the nation's highest rated and highest billing Contemporary Christian station. Salem already owns Religious KSKY-AM and Conservative Talk KWRD-FM in the Dallas-Ft. Worth market. Mutual LMAs kick in 10/1.

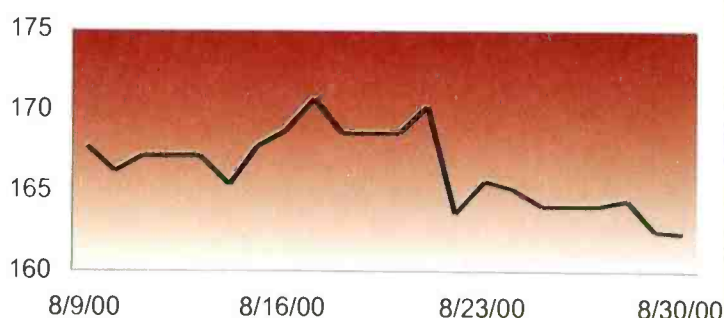
RBR observation: What's this swap worth? It's always hard to put a value on stations when no cash is changing hands. Of course, we may get a real dollar figure in a few months if **John Borders** gets a bid high enough to make him let go of Sunburst's biggest radio holding. Both KLTU (100.7 MHz) and KDGE (94.5 MHz) are 100kw full Class C's located on the same tower north of the Dallas-Ft. Worth metro, just outside Collinsville, TX. We'll call this \$80M on each side until we hear otherwise.

The Radio Index™

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Radio stocks continued to slump for no particular reason. The Radio Index™ dropped 3.26 for the week to close 8/30 at 162.33.



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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.

\$17,000,000 WJNA-AM & WRLX-FM West Palm Beach FL from James Crystal Licenses LLC (James Hilliard) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). Exercise of 1998 option to buy WJNA for \$2M and WRLX for \$15M. Clear Channel is also exercising its option to buy WRMF-FM for \$60M, but will assign that purchase to another party. **Superduopoly** with WJNO-AM, WLDI-FM, WWLV-FM, WOLL-FM & WKGR-FM, plus contour overlaps with WINZ-AM & WIOD-AM from the adjacent Miami market. Note: Clear Channel will divest WBZT-AM prior to closing.

\$7,500,000 WPEK-FM Greenville SC (Seneca SC) from Alpeak Broadcasting Corp. (Norman & David Alpert) to Radio One Licenses Inc. (Catherine Hughes, Alfred Liggins), a subsidiary of Radio One Inc. (O:ROIA). \$750K escrow, balance in cash at closing. **Duopoly** with WJMZ-FM. Broker: Charles Giddens, Media Venture Partners

\$4,625,000 WBPM-FM Poughkeepsie NY (Kingston NY) from WGHQ/WPBM LLC, a subsidiary of Roberts Radio (Bob Sherman, Bob Pittman), via Clear Channel Communications (N:CCU), to Concord Media Group Inc. (Mark Jorgenson). \$4.625M cash. **Duopoly** with WCTW-FM. Note: Spin-off from Clear Channel's purchase of entire Roberts group.

\$3,300,000 WSGC-FM Chattanooga TN (Ringgold GA) from Battlefield Radio Inc. (Marshall Bandy) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$250K escrow, \$2.5M (less escrow) in cash at closing, \$800K under non-compete agreement. **Superduopoly** with WLMX-AM & FM, WUSY-FM, WKXJ-FM & WLOV-FM. Broker: C. Alfred Dick, Business Broker Associates

\$2,150,000 KAHA-FM CP (105.9 MHz) Honolulu HI, 100% stock transfer of Kasa Moku Ka Pawa Broadcasting Inc. from C.V.C.G. Partners LP (75%), Edward Tilton Jr. (12.5%) and Jacqueline Rossetti (12.5%) to Broomstick Broadcasting LLC (Paul Robinson et al), part of the Emerald City group. \$150K escrow, additional \$1.6M in cash at closing, \$400K note. **Duopoly** with KUMU-AM & FM.

\$1,900,000 WLKX-FM Forest Lake MN. 100% of the stock of Lakes Broadcasting Co. Inc. from Eddie S., Joanne M., Gregory E. & Cathleen M. Cary to Polaris Communications LLC (Daniel Peters et al). \$50K escrow, \$1.45M cash at closing, \$400K note.

\$1,750,000 WGTK-AM (formerly WLKY) Louisville KY from Truth Broadcasting Corp. (Stuart & Nancy Epperson) to Salem Media of Kentucky Inc. (Ed Atsinger, Stuart Epperson), a subsidiary of Salem Communications (O:SALM). \$100K escrow, balance in cash at closing. **Duopoly** with WLSY-AM & WRVI-FM. LMA in place.

\$1,600,000 KCLK-AM & FM & KVAB-FM Asotin-Clarkston WA, 100% stock sale of Clarkston Broadcasters Inc. from Julie Benedictson to Pacific Empire Holdings Corp. (Mark & Mary Bolland, John & Connie Taylor, Randolph Lamberjack). \$25K escrow, balance in cash at closing. **Superduopoly** with KATW-FM Lewiston ID. LMA since 6/1.

\$1,300,000 FM CP Bloomington IL (Lexington IL) from Outlook Communications Inc. (Thomas M. Gilligan) to AAA Entertainment LLC (Peter H. Ottmar et al). \$65K deposit, balance in cash at closing. CP is for Class A at 99.5 MHz. **Superduopoly** with WIHN-FM & WSNI-FM, for which AAA is replacing Bloomington Radio Partners as the buyer (*RBR* 6/12, p.8). Brokers: Questcom Media Brokerage (seller), Kempff Communications Co. (buyer)

\$1,300,000 WSFT-FM Williamsport PA from Bald Eagle Broadcast Associates Inc. (N. Clifford Smith Jr.) to South Williamsport SabreCom Inc., a subsidiary of Sabre Communications Inc. (Joel M. Hartstone, Paul H. Rothfuss, Daniel J. Farr et al). \$55K esc, \$150K non-compete, balance in cash at closing. **Superduopoly** with WILQ-FM, WZXR-FM, WBZD-FM, WWPA-AM. LMA since 7/18.

more transactions @ rbr.com

AAA has Peoria triple play

In addition to buying a CP for 99.5 mHz (RBR 7/17, p. 13), **Peter Ottmar's** AAA Entertainment is buying some already-operating stations in the Bloomington, IL market. Look for Ottmar's company to replace **Mike Schwartz's** Bloomington Radio Partners as the buyer of WIHN-FM & WSNI-FM for \$3.125M. Seller **Bob Kelly** just recently (RBR 8/28, p. 15) sold AAA two of his Peoria stations, taking AAA to five stations there.

RBR observation: Will FCC Commissioner **Gloria Tristani** be happy, now that Citadel Communications is going to have a three-FM competitor in Bloomington?

Religious triple play in Memphis

Educational Media Foundation is adding three more stations in and around the Memphis market, after entering the market with last month's closing of a \$1.4M buy of WYLT-FM. EMF, which is a Sacramento-based Religious broadcaster, is now paying **William Pollack** \$2.6M for KPLX-AM & KSUD-AM & FM. An LMA began 9/1. **Broker: John W. Saunders**

HHH adds Albuquerque and Seattle

Howard Goldsmith's HHH Broadcasting had nearly sold out of radio a few months ago, but is now on a buying spree. After assembling a three-AM cluster in the adjacent Miami and West Palm Beach, FL markets, Goldsmith jumped up to Rochester, NY to buy AGM's WWVG-AM for \$1M (RBR 8/21, p. 13). Now Goldsmith has a deal to buy another stations from the **Brandon** brothers' AGM, KARS-AM Albuquerque, NM, for \$900K. He's also heading to the West Coast to buy KBLE-AM Seattle, WA from **George Wilson** for \$2.85M. **Broker:** (AGM & Wilson deals) **Bruce Houston**, Blackburn & Co.

Hilliard adds LMA in Phoenix

Jim Hilliard's James Crystal Radio closed its \$4.5M buy of KXEG-AM and promptly LMA'd a second Phoenix station. The new LMA partner is Mortenson Broadcasting's Talk KTKP-AM. KXEG is Religious. **Broker: John Pierce**, John Pierce & Co.

FTM revenues up by Infinity

To put a percentage on the fiscal Q1 revenue gain for FTM Media (O:FTMM), you would find the number stretching to infinity. That's appropriate, since FTM's largest client is Infinity Broadcasting (N:INF), which is also a major shareholder. For FTM's fiscal Q1, which ended 6/30, revenues were \$178K, compared to zero a year earlier. The company's net loss more than tripled to nearly \$3M. FTM ("Feed the Monster") creates, manages and hosts Web sites for radio stations.

Shall we call it CSFBDLJ?

Two of the investment bankers most active in the radio industry are becoming one. Zurich-based Credit Suisse Group, which already owns CS First Boston, is buying Donaldson, Lufkin & Jenrette (N:DLJ) for \$11.5B. The combined company will have more than 26,500 employees worldwide, equity capital of almost \$24B and total assets in excess of \$600B, the two said in a joint announcement.

Morris adds Alaska newspaper

The Alaska Star is a weekly, so no FCC crossownership waiver is needed for Morris Communications to buy this 5,000-circulation newspaper in Eagle River, AK. That's just outside Anchorage, where Morris has six radio stations. Terms of the purchase were not revealed. Privately-held Morris, based in Augusta, GA, owns several publications in Alaska, including the state's weekly business newspaper, *The Alaska Journal of Commerce*.

Two more for Radio South

Houston Pearce's Radio South group is expanding to match Cumulus Media's (O:CMLS) three FMs in the Lake Charles, LA market. Pearce is paying \$864.8K for Cajun Country Broadcasting's KJEF-AM & FM. The seller is headed by **Greg Marcantel**. This deal also includes a low-power (but VHF) TV station, K13VG, licensed to Jennings, LA.

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