Radio Business Report™

Voice Of The Radio Broadcasting Industry®

March 25, 2002

Volume 19, Issue 11

XM satellites to last two more years

XM Satellite radio says in its annual report that its satellites have 2.5 more years of life expectancy than previously thought. The initial design life of the birds was 15 years.

O'Reilly clears "The Ticket" in SF

Westwood One talent **Bill O'Reilly** has been cleared at "The Ticket," Susquehanna's KTCT-AM San Francisco.

WarpRadio files Chapter 11

Radio streaming provider WarpRadio (O:WRPR) has filed for Chapter 11 bankruptcy protection from creditors with the federal bankruptcy court in Denver. Court filings indicate that WarpRadio has debts of slightly over $1M, but assets of only $715K, mostly illiquid.

Streamers included in PPM

Two participating stations, WDEL-AM and WSTW-FM (both out of nearby Wilmington, DE) are putting a separate Arbitron encoder on their Internet-streamed broadcast.

Media Audit achieves a benchmark

Qualitative data supplier Media Audit inked its 600th station client. KSTE-FM Portland took the plunge, and will use its data to support the station's recent format change. Media Audit is now in 85 markets.

WOR names John Mainelli new PD

John Mainelli, who has reported on radio for The Post since '98, officially joins WOR 3/20. Mainelli was PD at WABC-AM from '88 to '95, where he launched **Rush Limbaugh** and **Ed Koch**.

Gordon Bridge has left Surfer Network

Streaming/ad insertion provider SurferNetwork President **Gordon Bridge** quietly left the company at the beginning of the year. Geode Principal Bill Grywalski is now the new President.

Vandals caused tower collapse

Clear Channel's KKEZ-FM Fort Dodge, IA was forced off the air early 3/19 after the station's 640-foot tower came down. Reportedly, two guy wires were cut on the tower, causing the collapse.

Mancow fined by FCC again

Fined for three counts of indency $7,000 per count on station WKQX Chicago. Emmis has 30 days to pay up or appeal.

New Mid East broadcast service

The Broadcasting Board of Governors (BBG) has signed agreements in Bahrain and Qatar for FM radio transmission of the Middle East Radio Network (MERN), Governor Norman Pattiz announced this week.

Agencies react to NBC liquor ad reversal

We talked to two agencies that handle distilled spirits clients: Zenith Media, which handles Allied Domecq brands (Ballantines, Beefeater, Kahlua, Maker's Mark, Courvoisier, Sauza, Tia Maria, Canadian Club, Teacher's, Harvey's Bristol Cream, more); and Carat USA, which handles Diageo brands (Jose Cuervo, J&B, Smirnoff, Johnny Walker, Tanqueray, Bailey's and Captain Morgan).

Andy Donchin

What were the initial reactions to NBC-TV's announcement (3/20) that it has decided against airing distilled spirits ads? It was a complete reversal of its decision made last December (RBR.com 12/14/01, 12/15/01), which would have included one in five ads to be responsible drinking spots.

"Legally available products should be permitted to advertise. And we certainly agree that there ought to be careful restrictions on the advertising of distilled spirits in order to minimize the exposure to people who are under age," **Rich Hamilton**, Zenith Media CEO, tells *RBR*. "But, having said that, I think it's unfortunate that NBC was compelled to withdraw this. And certainly, it inhibits the industry's ability to reach people who are of legal age with advertising that is carefully crafted and constructive. We've advertised our Allied Domecq brands on television and on radio. There are many local stations and certain cable networks that will accept our advertising. We would like to see our advertising accepted as broadly as possible."

Did it affect any campaigns for Carat and Diageo? "No, not at all, says Carat USA SVP/Director of National Broadcast **Andy Donchin**. "I think it's so early in the game that no plans have significantly changed to include NBC. I'm sure it could have down the road, or other networks if they went along with NBC. I just think they took a responsible position and surveyed what was out there and decided to stick to what it was previously on the network. I applaud them that they thought this was a better course of action."

Does NBC withdrawal open anything up for radio?

Says Donchin: "You know, they were able to survive without the ad dollars in TV, I'm sure it would just be a benefit to the ad dollars in radio. It opens up another category, but the question is how much money is going to flow there? I still don't know if it's going to be such a huge impact. Print is still the major avenue for hard liquor advertisers."

"I was wondering about why they reversed their decision. Probably because they figured the pressure is so great. Obviously, maybe they feel that there are some signs there that the economy is coming back. They figure that it's probably not worth it to them in the long run," adds Zenith VP/Manager of Radio, National Broadcast **Matt Feinberg**. "I think ultimately, radio will follow suit. I think if NBC is doing this, and none of the broadcast TV nets will take liquor ads...I mean CBS is not doing it, and therefore Viacom's stations and Westwood One won't do it. It think it might happen on a station-by station basis, but corporately, most everybody will follow suit."—CM

Wilson out at Citadel

Citadel Communications President **Bob Profitt** informed employees 3/15 in an email that company founder and Chairman **Larry Wilson** had departed due to"personal considerations."

Wilson launched Citadel as a small Western group in the 1980s, thendid an IPO in the '90s and took Citadel nationwide. But after seeing his stock punished by Wall Street in 2000, Wilson found a buyout partner in Forstmann Little, which paid $2B last year to take Citadel private.

Although Wilson retained a personal stake in the company, **Ted Forstmann** had control and recently hired **Farid Suleman** away from Viacom (N:VIA) to build up Citadel for what's expected to be another IPO (*RBR* 2/25, p. 1).

***RBR* observation**: With Suleman brought in by Forstmann Little to run Citadel, Wilson had no day-to-day role in the company hefounded—and now he is gone.—JM

Adelstein FCC nomination in a Lott of trouble

Senator **Trent Lott** (R-MS) has threatened to block Senate confirmation of **Jonathon Adelstein** as the fifth and final Commissioner at the FCC. This is in apparent retaliation for the demise of the effort to place **Charles W. Pickering** in an appeals court judgeship. Pickering is a friend of Lott's, and a fellow Mississippian. Adelstein has been an aide to Senate Majority Leader **Tom Daschle** (D-SD) since 1995.

Lott denied that Pickering's and Adelstein's fates were tied together, noting the relative youth and inexperience of Adelstein. However, other sources reportedly said the two events were related.

Jonathon Adelstein

Saying that President **George W. Bush**'s selection for the open seat on the Federal Communications Commission is too young and inexperienced, Lott has thrown his support behind **Andrew Levin**, an aide to Congressman **John Dingell** (D-MI). Dingell and his staff have extensive experience dealing with telecommunications issues.

Adelstein, who turns 40 late this summer, is several months older than current FCC Chairman **Michael Powell**.—DS

FCC moves on four ancient pending deals

The FCC approved four long-pending deals and designated another for a hearing under an interim radio ownership policy while its Notice of Proposed Rulemaking on Local Radio Ownership is in the works.

Deals in and around Cheyenne WY, Columbus-Starkville MS, Trenton NJ and Columbus GA got the go-ahead. However, a proposed Clear Channel acquisition of WUMX-FM in the Charlottesville VA market was designated for a hearing. Clear Channel is currently running WUMX in an LMA.

The Charlottesville decision may signal the direction in which ownership policy is headed. "The FCC found that the proposed transaction raised competitive concerns by reducing the number of effective competitors in the Charlottesville radio market from three to two," wrote the Commission. "The FCC was unable to find sufficient public interest benefits on the record to outweigh the potential for competitive harm."

Clear Channel (N:CCU) does not intend to take the decision lying down. CCU Radio President **Randy Michaels** needed only one word for his answer when asked by *RBR* whether it his company would stand and fight or withdraw the WUMX applications. "Fight!"

The interim policy was put in place by the FCC 11/8/01. When looking at deals, FCC staff was told it could look at "product market definition; geographic definition; market participants; market shares and concentration; barriers to entry; potential adverse competitive effects; and efficiencies and other public interest benefits."—DS

Radio Business Report
Voice Of The Radio Broadcasting Industry ®

March 25, 2002
Volume 19, Issue 11

Executive Editor	Jack Messmer
Managing Editor	Dave Seyler
Senior Editor	Carl Marcucci
Production	Michael Whalen
VP Administration	Cathy Carnegie
FCC Research Consultant	Mona Wargo
Administrative Assistant	April Olson
Publisher	**Jim Carnegie**
VP/GM, Associate Publisher	Ken Lee
Senior Account Executive	John Neff
Account Executive	June Barnes

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

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

Email Addresses

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

Bradenton, FL Office
Jack Messmer

Phone:	941/792-1631
Fax:	253/541-0070
Email:	JMessmer@rbr.com

Nashville, TN Sales Office
June Barnes

Phone:	615/360-7875
Fax:	615/361-6075
Email:	JBarnes@rbr.com

Radio Business Report is published weekly by Radio Business Report, Inc. Publishers of Radio Business Report, The RBR Source Guide, RBR Daily Email, RBR Radio, www.rbr.com and the Information Services Group database.

Subscription rate: One year $220.

RADIO NEWS®

MTV vet now heading Infinity Radio

Mel Karmazin has moved to fill the void from **Farid Suleman**'s departure as CEO of Viacom's (N:VIA) Infinity Broadcasting. He's named **John Sykes** Chairman and CEO of Infinity Radio. That's not the same job that Suleman left, since Sykes will head only radio, not outdoor as well. Sykes is not a name you're likely to recognize. He comes from Viacom's cable operation, where he was President of VH1 and CMT, the AC and Country operations within the MTV Networks Group.

Dan Mason will continue as President of Infinity Radio and report to Sykes, who will in turn report to Karmazin, President and COO of Viacom. **Wally Kelly**, President and CEO of Viacom Outdoor, will continue to report directly to Karmazin.

***RBR* observation**: Despite his lack of radio experience, Sykes certainly knows something about music programming and media in general—and he's said to be a rising star in the view of Viacom CEO Sumner Redstone.—JM

Rep. Anthony Weiner (D-NY) asks DOJ for CCU antitrust investigation

Add another congressman to the list of people asking for investigations into Clear Channel Entertainment: Rep. **Anthony D. Weiner** (D-Brooklyn & Queens, NY), a member of the House Judiciary Committee, sent a letter to DOJ (3/20) asking that they investigate recent actions by Clear Channel "which appear aimed at undercutting their primary competition in New York City's concert promotion industry."

Weiner is concerned about the Montage Mountain Amphitheater in Scranton, PA. He says CCU upped the annual fee to the owners for booking rights $458K to $833K per annum, causing the venue to break contract with The Metropolitan Entertainment Co. "Clear Channel's actions have threatened the pending sale of Metropolitan to **Mitchell Slater**, a respected name in the concert promotion industry and a former Clear Channel executive," wrote Weiner. "Under these terms it appears that Clear Channel would almost certainly lose money. Hence, it appears that Clear Channel's motivation behind its contract with the owner of Montage Mountain was to block the sale of Metropolitan to Mr. Slater."

Weiner writes in his letter: "These allegations, if proven true, are consistent with a pattern of behavior by Clear Channel that is anti-competitive and harmful to consumers, venue owners and artists. I urge you to investigate and fully prosecute any violations of antitrust law that have occurred in the aforementioned circumstances."

Responds CC Entertainment SVP/PR **Howard Schacter**: "We believe Mitch Slater was the winning bidder for MEG. We believed we submitted the highest bid to MEG's parent company, the publicly held Covanta. Nonetheless, Covanta chose Mr. Slater. In terms of managing Montage Mountain, the County [Lackawanna, PA] has made it very clear they reached out to us based on our track record as the nation's preeminent venue operator and programmer and their lack of confidence in the financial viability of MEG and Mr. Slater. To suggest we've done something wrong here is absurd." More at RBR.COM—CM

PPM work in progress

Arbitron (N:ARB) is moving ahead rapidly with work on the Portable People Meter, with ongoing tests taking place in Philadelphia. The good news is that the radio industry is being well-represented as decisions are being made as to its ultimate shape once it becomes a fully operational system. So says Infinity Radio (N:VIA) Senior VP **David Pearlman**. He and other members of the Arbitron Advisory Council spent three days cloistered with Arbitron's **Steve Morris**, **Owen Charlebois** and others. Without being able to go into any details, Pearlman told *RBR* that Arbitron was very receptive to the thoughts and ideas of the Council.

Pearlman pointed out that the level of cooperation was even more laudable given the backdrop—as has been well-reported, Pearlman's company is currently locked in tough no-holds-barred negotiations with Arbitron over a new contract. The potential for animosity to seep into the PPM talks was never allowed to take place.

Bernie Shimkus, Director of Research, Philadelphia-based Harmelin Media has attended all three Arbitron Portable People Meter (PPM) seminars in Philadelphia, Baltimore and NYC. Being a member of the advertising research community, *RBR* asked Shimkus what his impression is so far on PPM.

"Generally speaking, we're excited about the possibilities that the PPM brings to improving audience measurement for radio. It's long overdue that electronic measurement has come to this medium."

Do you think that will help score multi-platform buys? "I don't know that it's the biggest advantage that it brings. It's a possibility, but I think it's more in the way of helping advertisers and agencies develop media usage from a planning perspective...the Optimi$er—how does a person really use different media?"—DS, CM

***RBR* observation**: We remember that a new era of good will seemed to have been ushered in when Morris took over the top slot at Arbitron, reversing what had often been a contentious relationship between the ratings giant and those it measures. It would appear that this was more than just a honeymoon.—DS

RBR Stats

A look at liquor advertising

Taylor Sofres' CMR has given *RBR/TVBR* a look into video/aural advertising expenditures for distilled beverages for 2001. According to their figures, national radio is far outpacing all forms of television in this category. However, in all cases, the numbers make up only the tiniest of percentages of advertising income.

100% of the network television cash was spent by Smirnoff Corp. NBC did not announce its new policy of accepting distilled spirit advertising on its network until December. (see stories, *RBR* cover and *TVBR* cover in this issue).

Five companies spent over $1M in national spot radio in 2001. They are listed in the second chart.—DS

Medium	2001 Volume
Network TV—national	$426,600
Cable TV	$51,080
Spot TV	$2,062,070
Total TV	$2,539,740
National Spot Radio	$15,582,280

Company	2001 Natl Radio
Crown Royal Canadian	$3,389,360
Captain Morgan Parrot Rum	$2,460,490
Chivas Regal Whiskey	$1,775,630
Jim Beam Bourbon	$1,715,450
Margaritaville Tequila	$1,080,420

Source: CMR, a Taylor Nelson Sofres Company

Washington Beat

Hollings lashes out at FTC

Still upset over an inter-agency agreement to put all media mergers under the Antitrust Division of the Department of Justice (DOJ), Sen. **Ernest Hollings** (D-SC) is using every tool at his disposal to attack DOJ and the Federal Trade Commission (FTC).

When FTC Chairman **Timothy Muris** appeared on Capitol Hill last week (3/20) to talk about his agency's budget, Hollings used the occasion to browbeat Muris for the agreement with DOJ and threatened to cut FTC funding in retaliation. Charging that the Bush Administration has "run amok," Hollings claimed that the inter-agency antitrust deal was "not allowed by law" and said that if he can, he might start cutting paychecks at the FTC to get the attention of its top officials.—JM

WWDC fined for airing answering machine

Clear Channel's (N:CCU) WWDC-FM Washington, DC has been fined $6K by the FCC for airing a phone call without the permission of the person being called. In this case, the voice on the other end wasn't actually a person, but rather an answering machine. The owner of the answering machine complained to the FCC and WWDC acknowledged that the recorded phone message was broadcast last 11/30. However, the station argued that the message was "generic in content" and not like a previous case where another Clear Channel station was fined for airing an actual conversation purloined from an answering machine. The FCC didn't buy that argument. It's given WWDC 30 days to pay up or appeal.—JM

XM, Sirius get extension on special temporary authority

The special temporary authority for XM Satellite Radio's and Sirius Satellite Radio's terrestrial repeaters was set to expire 3/8, but reportedly, the FCC will allow the satcasters to use the repeaters until it has permanent rules in place. The NAB has been lobbying the FCC not to grant permanent licenses for the terrestrial repeaters without including rules that prevent them from being used to deliver local programming.—CM

RAB survey finds NTR growing

First results of the RAB's recent survey of radio stations shows that an overwhelming number are increasing efforts this year to bring in NTR—non-traditional revenues. In light of the economic downturn, RAB was expecting a strong response to that question, and indeed found that 84% of respondents are increasing NTR efforts this year, with 14% holding steady and 3% saying they are actually decreasing NTR efforts. The top category for focus by those increasing NTR efforts was event marketing, 72%, followed by cause marketing, 54%, Internet, 47%, and manufacturer direct, 40%.

RAB VP of Co-op/NTR Services **Bill Barr** said RAB was actually surprised that the percentage of stations targeting cause marketing NTR wasn't higher, following the events of 9/11.70% of all respondents said they were pursuing cause marketing, but that was still a distant second to event marketing at 92%. As noted above, cause marketing was also second to event marketing as an NTR area for increased effort this year.

***RBR* observation**: Who are those 3% of stations who have so much money rolling in that they're cutting NTR efforts? Perhaps they're Cumulus stations, where an edict has gone out from headquarters to stop doing low-payback NTR events. However, CEO **Lew Dickey** has been careful to note that the company isn't abandoning NTR—only NTR that isn't profitable.—JM

RIAA's Rosen wants meetings on indies

RIAA President/CEO **Hilary Rosen** announced 3/14 that new rules need to be constructed for independent promotion, and she plans on talking to the FCC and broadcasters about doing just that. The music industry is currently a severe slump and the labels are no longer willing to shell big dollars to the indies to get songs played on the radio. Rosen is hoping the FCC will come up with new, tougher payola rules for radio. She compared independent promotion companies ("indies") to political contributions: "It sucks, but it's not illegal. It isn't really pay-for-play, but it's like political money. It doesn't buy you votes, but you just hope you don't get kicked out of the table."

Meanwhile, Salon.com columnist **Eric Boehlert** says labels are considering their own organized offensive against being squeezed out of radio independent promoters and others. In his "Record companies: Save us from ourselves!" story, labels are wondering if paying some $100M yearly to the indies, who in turn pass along money to radio stations whenever they add new songs to their playlists ("pay for play") is worth it. "The labels are going to ask the government to draw up strict guidelines that would wipe out the current pay-for-play system—one they helped create to get around charges of payola—that pours millions of dollars into station coffers," Boehlert writes.—CM

Union attacks Cumulus director

Cumulus Media's (O:CMLS) $307M in deals to acquire Aurora Communications and DBBC LLC are expected to close this week, once shareholder votes are tabulated on Wednesday (3/28). That's despite efforts by the New England Health Care Employees Union/SEIU to get the SEC to block the vote, charging that **Holcombe Green** has undisclosed conflicts of interest in his role as a director of Cumulus. The union has been locked in a bitter labor battle with Yale University, where Green is a trustee, and that's expanded to an attack on Green personally, as detailed on a union website, www.holcombegreenhouseofcards.org, which "examines the business activities" of Green and the various companies he has run or been affiliated with.

"Green is not a direct investor in the two entities to be acquired. However, Green has connections to the investors in these companies which are likely to affect his judgment: in the case of the **Dickeys** and **Weenings**, because he is a co-investor with them; in the case of Bank of America, because it is his principal creditor. Shareholders should be permitted to take these facts into account when evaluating whether to approve either transaction," the union said in its letter to the SEC.

Cumulus CEO Lew Dickey said Green's investment in CML Holdings, whose Cumulus stock is voted by former Executive Chairman Richard Weening, is very small and dates from an earlier investment in Weening's Quaestus venture partnerships. And Dickey notes that CML is not an investor in DBBC, which is 96% owned by the Dickey family and 4% by Weening. Green was one of two outside directors who evaluated Cumulus' deal, with Gardner, Carton & Douglas as outside legal counsel, to acquire DBBC's three Nashville stations.

"So Holcombe had no interest in DBBC, so he was not conflicted, and Holcombe's interest in CML was disclosed to Gardner, Carton and Gardner, Carton dismissed it as immaterial. Certainly everything was above board," Dickey told *RBR*.

As for the suggestion that Green had a conflict because he owes money to Bank of America, whose affiliates are investors in both Aurora and Cumulus, Dickey noted that he also has a checking account at BofA.—JM

RBR News Briefs

Smyth promoted at Greater Media

Peter Smyth

Peter Smyth needs to have new business cards printed again—this time to change just one letter, from COO to CEO. Smyth has been at Greater Media for nearly 16 years, rising from station GM to being named President and COO 16 months ago. Now he's President and CEO. "We've worked with Peter Smyth in his current position and President/COO for 16 months and we're very pleased with the experience, hard work and management skill he has brought to the position and his forward-looking vision for the company," said Chairman **John Bordes**.—JM

The Hill comes to Las Vegas

The 107th Congress is sending a ten-member delegation to NAB2002 in Las Vegas. They will serve as panelist at the Congressional Breakfast at the Hilton 4/8. Senator include **Conrad Burns** (R-MT) and **Michael Crapo** (R-ID). Coming from the House of Representatives will be **John Dingell** (D-MI, who is also receiving the NAB's **Grover Cobb** award), **Richard Burr** (R-NC), **Gene Green** (D-TX), **Darrell Issa** (R-CA), **George Radanovich** (R-CA), **Jim Sensenbrenner** (R-WI), **Terry Lee** (R-NE) and **Greg Walden** (R-OR).—DS

Joan Rivers quits WOR radio show

...Probably really due to being bounced from her time slot from WOR-AM NY/WOR Radio Networks' adding **Bill O'Reilly** in May (**Bob Grant** moves to 5-7P, pushing her show forward). The *New York Post*'s Page Six reports Rivers is giving up her WOR radio show after four years: "'It's the first job I ever left,' Rivers told Page Six. 'It's sad, but it's time.'—CM

400 "dis"-honor Olds in NYC

Unintended humor is often best, so RAB President **Gary Fries** got one of the biggest laughs at the Bayliss Foundation Radio Roast when he introduced ABC Radio News correspondent **Steffan Tubbs** as "**Ernest Tubbs**." Tubbs, Steffan that is, was the first former Bayliss scholarship recipient to be honored for his professional achievement.

Some 400 people turned out for the black tie event, with Katz Media Group CEO **Stu Olds** in the hot seat as the "dis"-honoree. There were lots of golf stories and fake photos that purported to show Olds' Wisconsin boyhood. Each attendee received a button which featured a real photo of Stu, circa age 10, inscribed "Needa rep?"—JM

By Carl Marcucci

Two years later: Traug Keller's ABCRN

Traug Keller, ABC Radio Networks (ABCRN) President, took the reins there in June of 2000, replacing **Lyn Andrews**. Since we interviewed him a month later (*RBR* AdBiz 7/00), he's pretty much accomplished all he set out to do—and a good deal more as well. Launching **Sean Hannity** and the Urban Advantage Network come to mind, as well as upgrading ABC Radio News and expanding ESPN Radio's presence in the marketplace. ABCRN's record-setting revenue growth is also a feather in his cap.

Keller joined ABC Radio Networks as VP/Eastern Sales in '94 and was upped to EVP/Ad Sales and Marketing in '97. Prior to his work at ABC, Traug was the Sales Manager for CBS Radio Networks in New York and held marketing and sales titles with the New York Times Company (N:NYT).

Here, almost two years later...

What has been your main modus operandi since taking the reins at ABCRN?
Focusing on growth, solidifying our distribution base, innovating in the new product and revenue stream models, building and strengthening my management team and people.

How have you changed the management style and structure of the network since taking those reins?
I now have a broader perspective of the whole power and potential of network radio and the quality of proprietary audio content. It allows me to see our operations and business model from this new perspective and it's allowed me to align the company to take advantage of the opportunities that exist out there.

I'm much more of a bottom-up than top-down kind of manager. I don't pretend to have all of the answers, but I rely on listening to people down the line who are close to the street, know what's going on and let that bubble to the top. I see that as an important way to drive business.

How has coming from the sales side helped in your running the network?
Well, revenue is the fuel that drives the engine. And I really don't have to worry that I don't know what's going on in the sales department or the media marketplace—because I came from there, I know it. I stay involved with it on a daily basis. Having that knowledge and not having to learn it frees me up to spend the majority of my time in other ways, to grow the business and to drive profitability at the networks.

How many salespeople have you added since your tenure? What changes have you made to better get the attention of the buying community?
We've added people in focused areas—in Urban, on the ESPN side, Radio Disney. A focused sales effort yields results, and you need more people dedicated to those particular disciplines. And we've seen it pay off.

Obviously, Westwood One got Bill O'Reilly. You wanted him too. What was the problem?
We had a home for Bill 10AM-Noon. We work in conjunction with our own stations, and as you know, most of our own stations take **Rush Limbaugh**. We felt that going up against Rush is a tough putt. I think O'Reilly will be successful, but I don't think he will be as successful, as compared to if he had gone 10A-Noon.

How has ABC Radio News increased its business since the 9/11 tragedies?
We have been investment spending in news for a number of years. We've been growing it, to try and superserve our different tiers of stations. And I think what happened with 9/11 is it made a lot of stations around the country realize that it does matter where you get your news. Radio is first and foremost a server of the community of people. There was never a time like there was in those middle weeks of September when the communities of America became one and radio was serving it. We estimate there were over 6,000 stations in the first few days taking our news.

The follow-up to all of that is I think a realization on the part of news directors and GMs and operators is that they've got to be associated with news. Because you never want to be without it, when, God forbid, those times occur when you do need it.

Post 9/11, how many additional affiliates do you think ABC Radio News has signed?
I would say certainly in excess of 100, for FM and AM—from crisis coverage to 24/7.

Why did you take the gamble to hold back on inventory in the 2002 upfront buying season (*RBR* 3/4, p.2)?
Well, we knew our product is quality product, and we felt that the upfront was shallow. There had been kind of a strong scatter marketplace occurring, and we felt that instead of dropping rate completely to take share in the upfront, we wanted, obviously, to try and maintain share—but not grow it significantly.

How is that gamble paying off now?
We have inventory that advertisers want, and we're able to sell it for what it's worth and that is good for the short and long term health of our business.

Are you finding that you're able to raise the rates, now that it's gotten so tight?
Yes, because of the supply and demand equation.

What other trends are you seeing in the network radio business?
As I think I stated when I started, content is king, to use an over-used phrase. Look at major TV talent like **Dan Patrick**, Sean Hannity, **Keith Olbermann**, **Sam Donaldson** and now **Bill O'Reilly**. They're entering the business and the advertisers and affiliates are eating them up. You know, satellite radio needs and wants branded content with established megabrands like ESPN, Disney and ABC News. New advertisers and categories are finding that network radio can really move their business.

What are your thoughts on XM and Sirius? Are they are a threat to network radio, especially now since we're getting the idea they might be going local?
I think if they go local, they are a threat. But I think as a national vehicle, it's like gravity—there's nothing you can do to change the fact that it exists. It's inevitable that DARS was going to happen. That's what happens with technology as technology moves forward. We found an opportunity to partner with them because I maintain we are in the audio distribution business. I'm still on the fence as to whether or not that it's really going to work, but if it does work, we've got a ticket in that horse race.

Tell us the story behind signing Hannity
Mitch Dolan, who runs the station side of the business, and I have been friends for a long time. And before we ever got our current jobs, we always said that if we do move along and get these jobs that we would work together to keep the good talent we have in-house, and capitalize on the strengths of our owned-and-operateds, being these powerful News-Talkers.

Hannity is a perfect example. Here's a guy that's talented and moving the needle. "Let's work together, let's launch this guy on our O&Os and watch it happen." Sean's got the talent, and we coupled that talent with the station lineup in the Top-10 markets that only we can provide. And I think once other groups saw us make that commitment on the kinds of stations that we have, it kind of spread like wildfire. And the rest is history—140 stations signed up to date, in four months. It's the real deal.

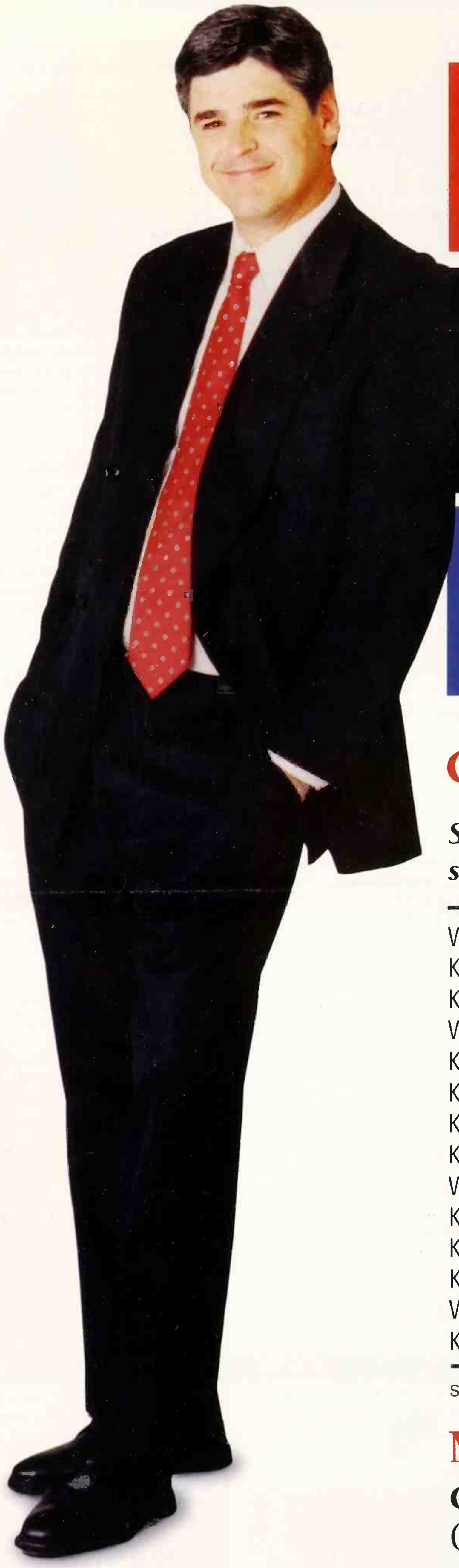
What was/is your vision behind Urban Advantage Network?
Urban offers tremendous growth opportunity for the network. We want to be the leaders in Urban radio programming and distribution for advertisers. The first couple of years have shown us the model works and provides a solid platform on which to build not only revenue and distribution, but also to be a major influencer of public opinion in the Urban marketplace. For example, we've formed a pioneering strategic alliance with the US Department of Health and Human Services and the Urban Advantage Network, called "Closing the Health Gap." It's impacting public policy at HHS and also getting the word out to the African American community that they have to take charge of their health. We're working directly with Sec. **Thompson** and the Surgeon General on this campaign. This has also provided a new avenue for strengthening and growing our business in the healthcare and pharmaceutical segments.

How did the deal come about with Radio One signing on with UAN? You seemed to be at the right place at the right time on that one.
Well, focusing on growth. We're both the leaders in Urban programming. They had terrific distribution in top markets, so it made perfect sense for us to get together. They've been terrific partners and are fantastic to do business with.

What do you think Radio Disney's importance is to the radio medium?
Radio Disney is bringing kids into the medium—it is what the old WABC was when we were growing up: Top 40, but it's Top 40 for kids. It's amazing how the kids have gravitated to it. Even though despite all the technology that surrounds them, it speaks to radio's ability to endure. The kids of today are more tech-savvy than any of us adults. They have clearly found Radio Disney, they're listening to it and because of that, they've got the great pleasure of discovering the medium of radio. That serves all of us in this business well.

Explain how you've grown the ESPN brand on the radio so effectively.
We're now at over 200 stations, 24/7; at over 400 affiliates in some way, shape or form, covering 99.7% of the country including New York, Los Angeles and Chicago. That's pretty good stuff. It's simple—ESPN is one of the most powerful brands on the planet. We just needed to make sure we didn't screw it up! We stayed close to the folks up in Bristol [CT] and the brand groups, to make sure what you hear on the radio delivers the brand promise of ESPN, the ultimate sports fan destination.

Are you involved in much cross-platform selling with your Disney counterparts?
Yes, we are involved with something called ABC Unlimited. We sell across all of the venues available to Walt Disney Company, but what dictates what goes into that is generally what can best help the client.



MEET SEAN HANNITY

Getting It Right Across America

Sean's audience continues to grow. Join these great stations and watch your 25-54 ratings soar!

WABC-AM	New York	+52%
KABC-AM	Los Angeles	+31%
KSFO-AM	San Francisco	+124%
WMAL-AM	Washington	+43%
KVI-AM	Seattle	+46%
KCMO-AM	Kansas City	+142%
KSL-AM	Salt Lake City	+16%
KXNT-AM	Las Vegas	+20%
WDBO-AM	Orlando	+32%
KNSS-AM	Wichita	+96%
KERN-AM	Bakersfield	+137%
KXLY-AM	Spokane	+168%
WVNN-AM	Huntsville	+52%
KBOI-AM	Boise	+71%

Source: Arbitron Fall 2001 versus Summer 2001, Metro, AQH Share, Adults 25-54.

Make the Right Choice

Call ABC Radio Networks
(212) 735-1700

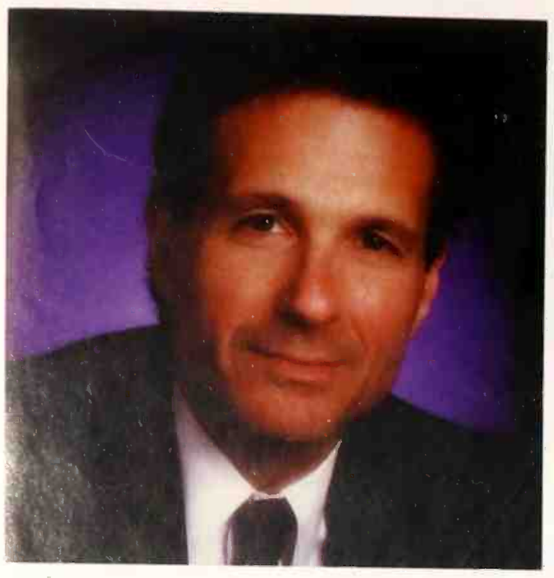
abc RADIO NETWORKS
america listens to abc

SEAN HANNITY
THE SEAN HANNITY SHOW
www.hannity.com

By Jack Messmer

Triad: Seven markets and growing

RBR wraps up our four-part in-depth look at Triad Broadcasting with a look at the privately-held company's finances and growth strategy. Although it is less than four years old, Triad is endeavoring to grow in an atmosphere where small companies are being gobbled up by industry giants. We spoke with the company's top executives about how Triad plans to expand by being more nimble than its giant competitors.



David Benjamin

Triad's acquisition strategy

"Quality is a lot more important to Triad than quantity," CEO **David Benjamin** said in explaining Triad Broadcasting's acquisition strategy. "We're never going to have a thousand stations, nor is that our aspiration."

But Triad does want to grow beyond its current 42 stations.

"In house, there are things we refer to—'this is a Triad kind of deal.' And some are not," Benjamin explained. "We're very cognizant of trying to have our portfolio be coherent internally."

In general terms, Triad is looking for clusters in markets 50-200. However, three of the company's seven current markets are smaller than market 200. "Our small market clusters pack a lot of wallop in terms of cash flow," Benjamin said proudly.

As he went on to explain the idea of a "Triad kind of deal," Benjamin said he's looking for "quality clusters in terms of market position and local management."

And they have to be growing markets. "Not every market's going to be Tallahassee, FL or Savannah, GA—they're not all going to be growing at that pace—but they ought to be solid, local economies, because in this business you really are the prisoner of your local market," he said. "The other criteria we have is that we don't buy anything unless it has at least a million dollars in demonstrated cash flow. It's not cost-effective for us to manage it if doesn't have at least that amount." Although Triad has made a few add-on acquisitions along the way, it has generally bought already-assembled clusters.

But while Triad is focused on certain attributes for its markets, it is not limited by geography. "We are spread out. We're operating in every time zone, except Hawaii," noted Benjamin. In fact, his company doesn't have a single station in the same time zone with corporate headquarters, which is in Monterey, CA.

While Triad doesn't currently have any acquisitions pending, Benjamin told *RBR* that he is working on some new deals in the Midwest and South, although nothing is yet to the letter of intent stage.

"I would say prices are down from the really frothy period of the last couple of years, but they're by no means cheap. That's good news and bad news," Benjamin explained. "On the one hand, we don't want what we have to be worth seven times cash flow, but on the other hand we're certainly not going to pay 17 times cash flow. Even in this environment, and what the industry's been through in 2001, there are no screaming bargains, but clearly the crazy days are over—and I suspect they will be for some time."

In at least one way, though, he sees the current station trading environment as making more sense than what was sometimes seen in recent years.

"One of the major changes has been that there's a focus on demonstrated cash flow, rather than projected cash flow. So many transactions in the past have been done on projected numbers," said Benjamin. "I think that part of it is over for sure."

Public vs. private: Is there really much difference?

For CFO **Tom Douglas**, joining Triad Broadcasting in 1999 marked a return to the radio industry after a stint with an electronics manufacturer. Douglas had been CFO of Osborn Communications Corp. when it was a public radio company, until it was sold to Capstar in 1996.

Although he's now with a private radio company, Douglas says the fiscal discipline is much the same as being a public company. "We don't have public shareholders, obviously, so we do not have to deal with public filings and the SEC and a broad shareholders group, including shareholder analysts," Douglas noted, "But basically everything else is the same. Our directors are our major institutional equity financing groups, so our shareholders are very visible and we communicate directly with them on a regular basis. Instead of hundreds of them, it's just a few."

While public companies are sometimes criticized for operating quarter to quarter, Douglas says the common perception that public companies think short term and private ones long term is an oversimplification. "You always want to be thinking short-term and long-term. So I think you have the ability to plan out a little bit in the future and not have to be a slave to quarterly comparisons, but I think you want to run your business to the maximum both in the short term and the long term."

As CFO, Douglas spends much of his time dealing with Triad's lenders and equity backers, letting them know how the stations are doing and lining up financing for additional acquisitions. Triad's principal investors are NorWest Equity Partners, Bank of America Capital, Shamrock Capital Advisors and **George Couch**, a major Anheuser-Busch distributor who's been a long time friend and business associate to CEO David Benjamin. Triad's banking syndicate is led by Key Bank.

So while it might seem strange at first glance to have the CFO in Connecticut while the rest of corporate headquarters is in California, there are actually advantages since many of those financial contacts are also in the Eastern Time Zone, as is the company's corporate law firm and its FCC counsel. So the CFO spends a week or two each month on the West Coast, but the bulk of his time at his East Coast office.

Of course, Douglas is also in constant contact with Triad's market managers to compare actual results to budgeting and to prepare budgets for the next year. "To the extent that the performance year over year would be better or worse, or we think there are things that need to be worked on, we would share that with the managers, but the first cut of the budget certainly is built at the station level," he said of the annual budget process. Each market's budget then goes through several stages of back and forth development until CEO David Benjamin, Douglas and the local market manager agree on what targets to set for the next year—both for revenues and expenses.

To convention or not to convention?

As an active member of both the NAB and the RAB, David Benjamin is a supporter of the radio industry's organizations. But he told *RBR* that for a Triad manager to attend a convention, the expense has to be justified—there has to be a specific reason for that manager to attend an event.

"And I must say, as the industry has consolidated, the advantage of individual market people being at a lot of the events has diminished because there are so few that go," said Benjamin, noting that some of the large radio groups have taken all such events out of their managers' budgets.

"Although we have representation at most of the meetings, we don't have policies that we're going to have everybody there—or nobody there," he said.

Benjamin laughed at the suggestion that some groups have barred local managers from attending conventions because they're afraid of losing them to other companies. All of Triad's managers certainly know other people in the business and they have phones, he noted. "I don't think keeping people out of conventions is going to stop employee turnover," said Benjamin.

Triad: What's in a name?

The name of Triad Broadcasting goes back to the company's first deal, before it was actually a company, when David Benjamin and **Judy Peterson**, who'd been Vice President and Controller of his previous company, Community Pacific Broadcasting, were lining up the purchase of radio stations in the Biloxi-Gulfport, MS market.

"We had really three entities involved in that project—myself, NorWest, they were the principal backers of Community Pacific, and my friend George Couch, who's an Anheuser-Busch distributor. Hence, Triad," Benjamin explained.

Since then Benjamin has added Bank of American Capital and Shamrock Capital Advisors as financial backers, but he'd not about to amend the name.

"What is a Triad? It's really three different legs that all bring strength. George Couch is probably the biggest radio user in his market—a huge radio user. In NorWest, being a backer of young companies, and then myself, we all bring a different perspective—but a very cooperative and constructive perspective."

Triad Broadcasting Company, LLC

Benjamin: Business is stabilizing

Like other broadcasters, Triad had to revise revenue expectations last year as a nationwide advertising recession hit all markets. But now, David Benjamin says things seem to be looking up.

"It's certainly stabilized. We were running, for the first quarter, modestly ahead of last year's first quarter –and the first quarter for us, by the way, was a pretty good first quarter last year. The industry turned down in December [2000], but we actually had a pretty decent first quarter. Our first quarter of 2001 was up 5%," said Benjamin.

So is Benjamin happy not to be in large markets, which were hit hardest by the recession?

"Over time, if you really look at the large markets vs. small markets over decades, the revenue growth has been about the same," he said. "The large markets will bring more down [to cash flow] because of their margins, and there are periods where national is just booming—and we don't get as much of it. It's only about 11% of our business, whereas it could be 20% or more sometimes in large markets. So there are times when our markets look as though they're lagging and then there are times like this when national performs poorly and it looks as though mid and small markets are the place to be. The fact is, if you have good properties in quality mid or large markets, over time I think the revenue growth will be about the same."

As for margins, Benjamin freely admits that Triad isn't going to hit the 50% cash flow margins that Infinity has managed to hold onto with its large market group, even in the face of the 2001 recession. "I think they're outstanding operators," Benjamin said of **Mel Karmazin** and his team. "I would say in our size markets, 40% is what everybody who's reasonable aims for—and I think mid-30s is doing a pretty good job." He noted that Triad is, indeed, doing 40% margins in some of its markets—a level that Benjamin called "extraordinary" for mid-market radio operations.

By Jack Messmer

Edwards scores first radio buy

Eddie Edwards

TV veteran **Eddie Edwards** said his new company would buy both radio and TV *(RBR* 1/14, p. 14)—and he has indeed struck first with a radio deal. Edwards Broadcasting Inc. is paying $1.6M for WCSZ-AM San Souci, SC, in the Greenville-Spartanburg market. The price tag is considerably higher than the $350K that **Glenn** and **Charles Cherry**'s Tama Group LLC paid for the station in 1996.

Edward's first FCC filing for his new company shows that he owns 9% of the equity of Edwards Broadcasting, but has 100% voting control.

***RBR* observation:** Edwards will also be getting a somewhat improved signal for WCSZ. At the same time the sale was filed with the FCC, the licensee also filed an application to slightly modify the 50kw daytime signal and increase nighttime power from 1.5kw to 1.8kw. WCSZ, whose transmitter is just northwest of Greenville, is on 1070 kHz. Glenn Cherry told *RBR* that the upgrade will improve coverage of Spartanburg during the day and the entire market at night.

Business looking good in smaller markets

Medium and small market radio panelists told the Kagan Radio Summit in New York (3/14) that business is looking pretty solid. **Skip Weller**, President and COO/Radio at NextMedia Group, said January was up 12% for his group and NextMedia is targeting 6% growth for this year. **Charlie Banta**, CEO of Millennium Broadcasting, said his still-young company is looking for growth of 10-11%. Even so, the group owners say business is coming in late so they have no forward visibility, just the confidence of seeing sales success build month by month.

While many broadcasters have been saying that satellite radio poses no threat, Weller decided to check out the competition. He bought an XM receiver for his own car. "I'm not concerned about them," was his verdict.

"What we're interested in is local, local, local," said **Rolland Johnson**, CEO of Three Eagles Communications, of how his group defends its turf—both from satellite and remote voice-tracking by terrestrial competitors. Johnson condemned the practice of having DJs claim on the air to be in one town, when they're actually hundreds of miles away. "To me that's false and misleading. It borders on fraud," said Johnson.

ROLLAND JOHNSON

Regent files $250M shelf registration

Terry Jacobs already had this in the works when he heard investment bankers at the Kagan Radio Summit advising public companies to move on debt and equity offerings as soon as possible—since no one knows when the window will close. Regent Communications (O:RGCI) has filed with the SEC to offer up to $250M in new securities—stock, bonds, preferred stock or just about anything else you can think of. No underwriter is yet listed.

Interep Q4 revenues down

It's no secret that Q4— indeed all of 2001—was awful for national radio spot sales, and Interep reported the fallout last week (3/20). Q4 radio commission revenues fell 26% to $19.5M and operating EBITDA plunged 91% to $800K. For the full year 2001, commission revenues declined 19% to $80.4M and EBITDA dropped 77% to $5.6M. However, the company said, "If $3.4M in severance costs (due to an internal cost-savings program) and $1.2M in legal and other fees relating to acquisitions and the settlement of litigation are excluded, operating EBITDA was $10.2M for the full year 2001." That would have cut the decline to 59%.

In his conference call with analysts, CEO **Ralph Guild** stuck with a projection that 2002 revenues will be flat to up slightly, with the same for Q1. But due to cost controls, he expects to produce EBITDA of $17-18M even if revenues are flat.

"We do see several positive signs in the first quarter," Guild said. "Half of all radio ad categories are now pacing up, compared to the first quarter of 2001. Some of these include movies, fast food, restaurants, airlines, cable advertising, beer and wine and banking institutions. Automotive, which is radio's third-largest category, is up 20%. Telecommunications, our second-biggest category, is up 30%. And retail, which is one of the harbingers of radio advertising revenue—growth or decline—and our largest category, is now up in single digits." Guild also reported that Interep's Internet sales division will operate in the black for the first time this month and no longer serve as a drag on earnings.

Beasley gets new terms from its banks

Another broadcaster has gotten some breathing room from its bankers. Beasley Broadcast Group (O:BBGI) announced that its loan covenants have been revised to allow its debt-to-EBITDA leverage to go to a maximum of 7.25 times as of 3/31, declining to seven times on 6/30, 6.75 times on 9/30 and 6.25 times on 12/31.

After applying $19.65M in net cash proceeds from it sale of WRNO-FM & KMEZ-FM New Orleans to Wilks Broadcasting for $23M—a deal which closed 3/21— Beasley will have $206M in senior debt. Based on the company's 2001 EBITDA of $31.6M, that puts leverage at 6.52 times, Beasley noted.

"The New Orleans divestiture strengthens our balance sheet and enables us to focus on those stations we believe will offer the greatest return to shareholders," said CEO **George Beasley.** "Continuing to reduce leverage through operational improvements and returning to cash flow growth are our top priorities in 2002."

Beasley's bank group includes Fleet, Bank of America, Bank of New York and Bank of Montreal.

XM gets Wall Street whiplash

The stock price of XM Satellite Radio (O:XMSR) plunged $2, or 13%, on 3/19 to $13 after the Dow Jones Newswire ran a story noting that XM's auditor, KPMG, had included a caution in its audit that the company's need for future cash "raises substantial doubt about our ability to continue as a going concern."

The Dow Jones story spooked some investors, who apparently weren't aware that the warning was routine. The stock went into a slide and prompted XM to issue a statement. "XM wishes to reaffirm the company's confidence in its ability to raise sufficient capital to fund its operations on an ongoing basis," that statement said in part.

Sirius Satellite Radio (O:SIRI) has not yet filed its 2001 10-K. However, its auditor, Arthur Andersen, did not include a "going concern" caution in its audit statement for 2000.

***RBR* observation:** Shouldn't investors be paying more attention to where they're putting their money? If they didn't know that XM was an early stage company with high capital demands, and that such "going concern" statements were boilerplate for the audit statements on such companies, what were they doing buying the stock?

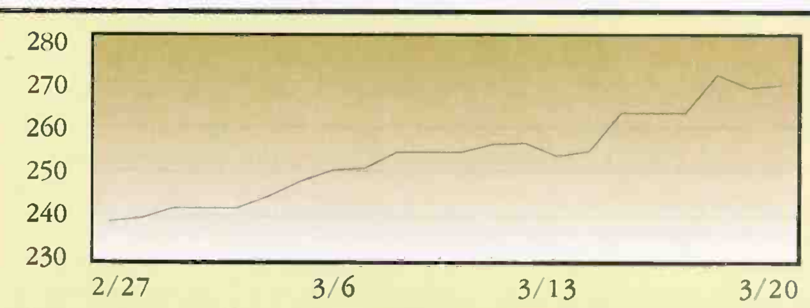
We know of plenty of reasons to avoid this stock, but the KPMG statement isn't one of them.

Radio Business Report

Voice Of The Radio Broadcasting Industry

The Radio Index™

The Radio Index™ pushed to an all-time high of 271.579 on 3/18. The Index closed 3/20 at 269.505, up 16.054 from a week earlier.



Television Business Report™

Voice Of The Television Broadcasting Industry®

March 25, 2002 Volume 19, Issue 11

NBC back on the wagon

"Recently, the bipartisan leadership of the House and Senate Commerce Committee asked NBC to reconsider our policy on distilled spirits advertising and to continue discussions with various public health and interest groups. We have agreed to do that. We've said from the beginning that we want to be responsible on this issue. We are therefore ending the first phase of branded social responsibility advertising on our network and will not proceed into the next phase of carrying product advertising for distilled spirits. We will, however, continue to produce our own 'The More You Know' PSAs on using alcohol responsibly."

With this statement, the NBC Television Network ended its flirtation with hard liquor advertising. The General Electric (N:GE) owned web had planned to accept such advertising (with a smorgasbord of time and content restrictions).

NBC in all likelihood is staving off at least some level of Congressional intervention with this move. House of Representative members **Frank Wolf** (R-VA) and **Edward Markey** (D-MA) were swift in their condemnation of the initial decision to run the ads, and both were quick with comments on the ads' demise. Both applauded the move.

Millie Webb, National President of Mothers Against Drunk Driving, said that the elimination of distilled spirit ads "...misses the big picture...NBC and every other network airing alcohol advertising is overlooking the larger issue of how to minimize the amount and irresponsible content of alcohol advertising to which our children are exposed," thus serving notice that the organization still had beer, wine and malt beverage ads in its crosshairs. "MADD is not against alcohol advertising; we simply want standards in place that will protect our children from constant exposure and messages that directly appeal to them."

The Television Burueau of Advertising remains on the fence on this issue—it is not picking one side over another, saying it's a decision for each group to make. TVB told *TVBR* that business is taking a turn for the better—noting, however, that this fact argues neither for nor against distilled spirits advertising.

The Distilled Spirits Council, on the other hand, was not pleased with the decision. The Council has long tried to end what it sees as the demonization of its products, particularly when compared to beer and wine.

DSC President **Peter Cressy** told *TVBR*, "The [NBC] decision fails to recognize the fundamental scientific fact that alcohol is alcohol. It doesn't matter what the source is. A standard serving of beer, wine or a mixed drink all have the same alcohol content. Clearly, beer, wine and spirits should all be held to the same standards for both TV advertising and market access." Noting what will be a dramatic decrease in public awareness messages, he continued, "One in five ads were going to be responsibility spots. I believe the present ratio on television is one in 70. This would have been an extraordinary advance. We are very grateful to NBC for having had the courage to reach out. Our criticism would be reserved for those misguided folks who are chasing the wrong problem."

None of the other over-the-air networks, including ABC, CBS and Fox, had followed NBC into distilled spirits advertising.—DS, CM

***TVBR* observation**: This must be great news for the magazine business. Print figured to take the biggest hit as advertising dollars moved into big time network TV. Some of this money which distillers are just dying to spend will go to cable TV, to local affiliates and to radio. See related story in this issue—agency reaction and the implications for the radio industry on the *RBR* cover.

On a different level, it can be seen as another sign that the advertising environment is improving. NBC may have felt that it was doing well enough without distilled spirits, particularly with the damage the ads were doing to the company's PR department.

Finally, this may be a signal that GE wishes to participate in the frenzy to purchase television stations in the event that regulatory restrictions on ownership levels are relaxed. The first step in that direction was taken by the US Court of Appeals. It is entirely possible that NBC wants its relationship with the government to be as squeaky clean as possible before embarking on the acquisition trail.—DS

Chris Rohrs

TVB conference a sell-out

The 2002 TVB Marketing Conference kicks off tomorrow morning (3/26) with a new location that's produced a sell-out. Some 700 TV professionals, advertisers and ad agency executives have pre-registered for the confab which is being held for the first time just before the opening of the New York International Auto Show at the Jacob Javits Convention Center.

In previous years, the TVB conference had been held in conjunction with the NAB Convention in Las Vegas. "That model ceased to be the most effective for us," TVB President **Chris Rohrs** told *TVBR*. "It became to much us talking to us—a conference of just broadcasters. Our concept is that a marketing conference ought to be built around customer interaction. We couldn't get customers to come to the Las Vegas location in significant numbers, unless they were on a panel or gave a speech."

Figuring that New York would be the best location to attract advertisers and agencies to the conference, TVB took that a step further by partnering with a show for the industry that is television's biggest ad category—automotive. Rohrs and other TVB staffers hung around last year's auto show to get an idea of what went on, then made the deal to hold the TVB Marketing Conference in conjunction with the auto show.

"It gives it a strong automotive flavor, although the conference is not exclusively about automotive," said Rohrs. "The response has been overwhelming. We closed down the conference—it's sold out—we cannot register anymore people."

Out of that crowd of 700, Rohrs said there is a strong representation from the advertising side, not just broadcasters. "I think we've found the right formula," he concluded.

Major speakers throughout the day include Viacom (N:VIA) President & COO **Mel Karmazin**, MindShare Worldwide Chairman & CEO **Irwin Gotlieb**, and General Motors (N:GM) advertising chief **Michael Browner**, with NBC news anchor **Tom Brokaw** as luncheon keynote speaker.

The NBC Affiliates Board will hold its annual meeting at the Javits Center in conjunction with the TVB conference. Seven major station groups are having management meetings next week in New York as well—ABC, Hearst-Argyle Television, LIN Television, NBC, Nexstar Broadcasting, Scripps Howard, and Tribune Broadcasting.

***TVBR* observation**: Congratulations to TVB for some creative thinking. If you missed the cut-off this year, be sure to sign up early for next year—and read our coverage of this year's event next week.—JM

TV operators place faith in duopoly

TV duopolies are currently allowed only in the top 20 or so (depending on the number of "voices") TV markets, but panelists at Kagan TV Station Investments & Finance Summit in New York (3/15) were convinced that will be changing soon.

"Regulators will gradually accommodate duopolies and even triopolies in those markets," Granite Broadcasting (O:GBTVK) President and COO **Stuart Beck** said of the smaller markets. When that day comes, he said, station values in those smaller markets will be greatly enhanced. Noting that his father was a long-time radio group owner (the old Beck-Ross group), Beck noted that the stations his father used to own have changed hands several times since deregulation began—each time at a higher multiple. "I view our business in exactly the same way. That's what will happen," Beck said.

"For us to be successful in the future, we have to follow our brethren in radio," agreed **Dan Sullivan**, President and CEO of Quorum Broadcasting. But Sullivan warned that a "purportedly deregulatory FCC" is facing oversight by legislators on Capitol Hill who don't share that deregulatory inclination. "That's going to be a harder battle than some people think it is," Sullivan said of the effort to move TV duopoly downmarket.

While outright ownership (or LMA) of a second TV station isn't yet legal in most small and mid-sized markets, Kagan panelists said many operators have already put in place the next best thing—a Joint Sales Agreement (JSA), often linked to some additional sharing of services and programming (mainly local news) and a purchase option once duopoly is allowed.

Broker **Larry Patrick**, President of Patrick Communications, said he's been amazed that some CEOs have turned down opportunities to do an in-market JSA with a purchase option—some telling him that they don't see the value of selling another station's inventory. "If you don't get that and understand that—which is the best step you can take toward full-blown duopoly—you don't have a future in this business," Patrick exclaimed.

The broker agreed with fellow panelists who are group owners that duopoly, when it comes to all markets, will be the biggest boost ever to the TV business. "But the smart guys are out there doing duopolies right now—quasi-duopolies within the limits of the law," Patrick said.

Nextstar Broadcasting Group CEO **Perry Sook** noted that his group currently has real duopolies in only two markets where there are enough "voices" to allow owners to have two stations under the current FCC rules. But he noted that Nexstar has other arrangements in four other markets, so that it is selling time on more than one station in six of its 13 markets.

***TVBR* observation**: The real problem now is timing. That duopoly is going to be the salvation of mid- and smaller-market television is obvious to people in the business, but many politicians in Washington see only the power of CBS, NBC, ABC and Fox, not the struggling little guy in rural Montana or Oklahoma. Further deregulation is not yet on the front burner for FCC Chairman **Michael Powell** and even if he does take up the cause, this won't be an easy concept to sell on Capitol Hill.—JM