

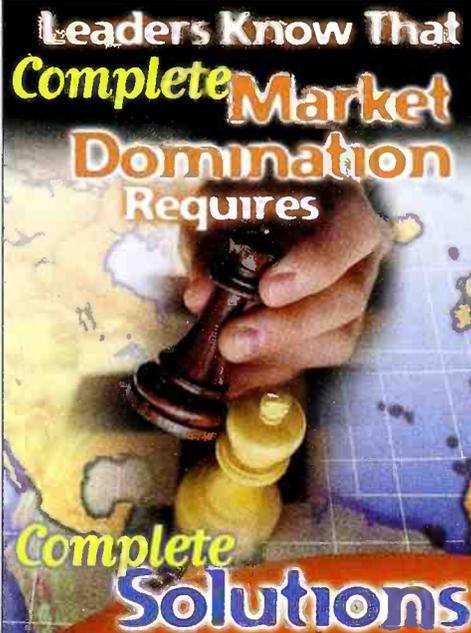
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October 2, 2000

Volume 17, Issue 40

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LPFM bill showdown

With Congress scheduled to adjourn this Friday (10/6), NAB is putting on a full-court press to squeeze through legislation to limit LPFM deployment. First, broadcasters across the country are being urged to pick up their phones and lobby their home state senators to sign on as co-sponsors of S. 3020, the bill recently introduced by Sen. **Rod Grams** (R-MN) which duplicates a House-passed bill that would allow LPFMs, but retain third adjacent channel protection from interference. NAB hopes to get 51 or more of the 100 senators to sign on (see list, p. 15), making it easier to do step number two. That's attaching the measure to a piece of must-pass legislation that Pres. **Bill Clinton** won't veto. The likely target is the appropriations bill for the Departments of State, Justice and Commerce, which also includes the FCC's money for the next fiscal year.

continued on page 2

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FCC aims to soap the mouth of San Jose FM

Clear Channel's (N:CCU) KSJO-FM San Jose, CA has been hit with two \$7K FCC fines for indecency. The first comes as a result of a joke aired on August 25, 1999, that had a little girl asking her parents questions in the shower. KSJO says that the only offensive content came from innuendos. The second fine was for a discussion of the proper ways to perform fellatio. Stating that the guest was a nationally recognized sex therapist, KSJO denies any indecency.—ED

Ownership NPRM advancing

The FCC could soon be bringing out a proposal to modify current ownership limits. The move is being driven by the three Democratic commissioners (*RBR* 9/11, p. 3), although the two Republicans and many broadcasters are likely to claim that any proposed change would violate the 1996 Telecommunications Act. Mass Media Bureau Chief **Roy Stewart** says his staff has finished drafting a Notice of Proposed Rulemaking and sent it to the five commissioners for consideration. Stewart insisted in a panel discussion at the NAB Radio Show that because of post-Telecommunications Act consolidation, he sees "a growing threat to the Commission's bedrock principles of diversity of ownership and competition."—JM

FCC preparing indecency guidelines

At long last, it appears the FCC is going to tell broadcasters just where the line is drawn on indecency.

As the chief of the FCC's new Enforcement Bureau, **David Solomon**, made his first appearance at an NAB Radio Show, *RBR* asked when, or if, the Commission was going to comply with a six-year-old federal court settlement that requires it to spell out in a public statement just what guidelines it uses to determine whether or not a broadcast is indecent (*RBR* 7/10, p. 3).

"Actually, very soon," was Solomon's surprising answer. Echoing past FCC claims, Solomon insisted that there's no problem continuing to fine stations for indecency before that statement is issued because "the courts have repeatedly said that the FCC's guidelines are clear."

In the NAB panel on FCC rule enforcement, Solomon noted that he's been surprised by some of the areas where his staff has been finding the most frequent violations of FCC rules—EAS, tower maintenance and broadcasting phone calls without prior permission. All of those, he noted, are basic, nuts-and-bolts rules that broadcasters should have no trouble understanding and complying with.

RBR observation: Note to Chief Solomon: We've read your recent indecency rulings (and those of your predecessors going back at least a decade). The only thing they make clear to us is that you have no idea what the limits are, since they keep changing from case to case. We don't know what your indecency guidelines are. Broadcasters don't know what they are. Commissioner **Gloria Tristani** is upset because of your bureau's inconsistency. Everyone is going to welcome your long-delayed statement setting the ground rules. That may lead to yet another court battle, but at least everyone will know what the fight is about.—JM

LPFM bill showdown continued from cover

Speaking at the NAB Radio Show in San Francisco (9/23), Sen. **Ron Wyden** (D-OR) dismissed claims that the only people opposing LPFM are corporate fat cats. "NPR in my state ain't no fat cat," he quipped.

Wyden criticized the FCC for not spending enough time collaborating with NPR and small broadcasters to resolve problems before rushing ahead with LPFM. He was particularly critical of the Commission for not dealing with the issue of LPFM interference to translators. "That's a big deal for a lot of us that represent large rural areas," Wyden said.

"A lot of the flack that the agency [FCC] gets from Congress should be an indication to the agency that they need to do a better job of listening," the senator suggested.—JM

FCC adjusts LPFM order

The FCC has amended its LPFM order to protect the reading services for the blind. The first amendment to the Order is to restore third adjacent protection, but only for stations carrying te reading services.

The amended order also puts in place standards to deal with interference complaints. The first step is cooperation between the full-power station and the LPFM station to find out what is causing the problems. If no solutions come about, the FCC will step in and resolve all complaints within 90 days. All of this can only come about when complaints are received from 1% of the listening audience in the areas of interference.

In a dissenting statement from FCC Commissioner **Harold Furchtgott-Roth** (R), he added that "A higher regard for Congress, and for those broadcasters who today serve their commu-

nities ably and well, would counsel a more serious reconsideration of this issue than that performed today." And Commissioner **Michael Powell** (R) adds, "the Commission once again fails to consider the economic consequences to small broadcast stations resulting from the introduction of LPFM."

RBR observation: Talk about doublespeak: We now find that third adjacency protection is necessary for some services and not for others. Apparently the FCC believes, as the pigs put it in **George Orwell's** *Animal Farm*, that some are more equal than others. We find it very interesting that the Commission is admitting that this is a problem at all, since they've spent so much time recently saying it isn't.

And secondly, it is beyond bizarre that resolution of the highly technical issue of signal interference is being left to the random complaints of the lay public. Beyond even that, just how does the FCC propose to accurately calculate when 1% of listeners in areas of interference have filed complaints? Congress—its time to shackle this agency-run-amok.—ED

Premiere unveiling traffic strategy in January

Premiere Radio Networks President/COO **Kraig Kitchin** tells *RBR* his company will unveil a company-wide traffic strategy in January that will initially sell commercial time for hundreds of Clear Channel (N:CCU) sta-

SpotTaxi.com helps RBR.com to spread out

Central Media's SpotTaxi.com has agreed to distribute the daily five-minute newscast of *Radio Business Report's* RBR.com streaming website to other, affiliated sites. RBR.com provides breaking news of interest to the radio industry, along with other features. Plans are in the works to include advertising messages as part of the newscast.

Affiliated websites include Impact Target Marketing (itmimpact.com), Broadcast Electronics (www.bdcast.com), Media Services Group (www.mediaservicesgroup.com) and Dataworld (www.dataworld.com). Each will have an RBR-branded button added to its website which, when clicked, will launch the newscast on demand.

"SpotTaxi.com's ability to deliver content within minutes of its creation enables our affiliates to instantly offer our timely newscasts while its still news," said *RBR* VP/GM/Associate Publisher **Ken Lee**.

tions. "We will be using the technology of the StarGuide system and our two new 10-second inventory networks, Pulse and Action, for live reads," he told *RBR* at NAB.

We reported that AMFM's relationship with Traffic.com was in jeopardy, post-merger with Clear Channel (*RBR* 8/28, p.2). While Kitchin wouldn't say the relationship was over, he did say the relationship would be "diminished, while continuing to honor the deals Traffic.com has struck with AMFM."

We certainly assume that diminishment would include Traffic.com's 10-second inventory networks, however, we're not sure if Traffic.com's technology and individual traffic reporting services will be a part of Premiere's new traffic strategy.

Kitchin says Clear Channel's AirWatch America traffic service, currently in San Diego, Tampa, Salt Lake City, Denver, LA and

Atlanta (Atlanta is actually a different CCU-owned traffic company), will be an increasing part of the overall service. Current relationships and contracts with Metro/Shadow will be upheld. "Many Clear Channel and former AMFM stations have had long and fulfilling relationships with Metro/Shadow, and we find their services to be adequate," he says.—CM

Emmis unveils LMIV structure

Ongoing Local Media Internet Venture (LMIV) partners Emmis Communications (O:EMMS), Bonneville International, Entercom Communications (N:ETM), Jefferson Pilot (N:JP) and Canadian radio broadcaster Corus Entertainment unveiled the latest details of the 16-month-old project 9/21 at an NAB press conference. The venture, open

to all radio broadcasters, will bring a "best of the best approach" in linking content and technology partners to participating radio station web sites. LMIV is structured as a Delaware "C" Corporation with the funding model based on the cume audience of each of the companies participating, \$1 per cume audience member.

Lead LMIV consultant (and now President/CEO) **Jack Swarbrick** described the venture as an "exploitation of relationship assets," citing the audience, advertisers, entertainment industry, existing station branding and programming skills as the prime resources. LMIV network (which will use existing rep firms for ad sales) should be beta testing by Q1 2001 with "rapid deployment" following throughout the year.

Swarbrick's content strategy is wide-ranging: "We intend to exploit all revenue streams with

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compelling content and will provide that by format. Where they can buy the music, who is playing where and where can they buy the concert ticket." So far, LMIV has partnered with consultant CMGI Solutions, software/technology licensers, ATG and Interwoven.

Emmis CEO/Chairman **Jeff Smulyan**, named LMIV Chairman, gave a call for unity to the broadcasters present: "We have 80 years of going against each other...this is an opportunity to work together. I think this is a major step."

While participating broadcasters will be able to choose between equity ownership or affiliation with LMIV, there will be no difference in the structure of offerings. LMIV will allow each broadcaster to maintain complete control of and privacy of its own database. Only statistics will be open to all partners, and of course, buyers and potential advertisers. Cumulative audience estimates are estimated at 37M, with 70M expected next year.—CM

Religious Broadcasters push Senate

The National Religious Broadcasters, along with 25 religious organizations, have sent a letter to Senate Majority Leader **Trent Lott** (R-MS), asking him to help pass the Noncommercial Broadcasting Freedom of Expression Act—HR 4201—which has already been passed in the House. (RBR 6/26 p.4) The bill is "designed to protect Christian broadcasters from future FCC decisions that would restrict religious speech." Concern stems from a now rescinded FCC decision where restrictions were placed on a Pittsburgh TV transfer. The FCC ruled that 50% of all programming on non-commercial channels with educational licenses must be in fact be educational. Although the Commission subsequently withdrew that ruling, the station sale fell apart.—ED

Protest arrests few at NAB

Friday's (9/22) protests at the NAB Radio Show, which included four young men chaining themselves together in the Moscone Convention Center lobby, resulted in nine arrests. According to local press reports, all were charged with misdemeanor offenses and released the same day. Events became stranger, though, when the protest moved to the San Francisco Hall of Justice. Three attorneys, who said they were only trying to get inside to see their clients (the demonstrators arrested earlier), were arrested as they tried to get past police blocking access to the building. They were also released the same day, but face charges of misdemeanor battery against a police officer.

Earlier Friday, two female protesters had infiltrated the FCC Policymaker's Breakfast. As NAB President **Eddie Fritts** introduced Commissioner **Harold Furtchgott-Roth** (R), one protestor ran to the podium, grabbed the microphone and declared, "The airwaves are for the people, not the corporations." She was quickly grabbed by a security guard and dragged from the room, as was another woman who began shouting pro-LPFM slogans. As he began addressing the broadcasters, Furtchgott-Roth noted that "the peaceful expression of ideas is what makes this country great."

Anti-NAB activists had planned their biggest demonstrations for Saturday and had hoped to disrupt access to the Marconi Awards at the Hilton Hotel. Internet sites affiliated with the protestors claimed that "thousands" of people turned out for the protest rally at United Nations Plaza, but by the time the group made the short march to the Hilton their ranks had thinned to about 50 and police easily rebuffed those who tried to enter the building.—JM

Rush wins Marconi

The man credited with rejuvenating the AM band has received his third Marconi Award. **Rush Limbaugh** was honored 9/23 as Network/Syndicated Personality of the Year at the gala ending the NAB Radio Show in San Francisco. Although he wasn't able to attend this year's ceremony, Limbaugh issued a statement saying that he would cherish the latest Marconi in a different way than the first two.

"It's one thing to win the Marconi Award after you've made your initial splash in radio and you're new, you're getting all of the attention. After 13 years of doing one show, it's harder to receive that kind of recognition—even if you've been #1 the whole time. You have to maintain a high level of performance after your initial achievement, and being noted for that means so much to me," he said.

WEBN-FM Cincinnati received the Marconi as Legendary Station of the Year.

WOMC-FM Detroit morning driver **Dick Purtan** hosted the awards dinner and show. Legendary rock band Lynyrd Skynyrd had the broadcasters dancing in the aisles and there was a special guest appearance by comic collaborators **Gary Owens** and **Jonathan Winters**.

Here's the list of all other winners:

- Major Market Station of the Year: WOMC, Detroit, MI
- Large Market Station of the Year: KESZ, Phoenix, AZ
- Medium Market Station of the Year: WOOD-AM, Grand Rapids, MI
- Small Market Station of the Year: WAXX, Eau Claire, WI
- Major Market Personality of the Year: Mike Francesa & Chris Russo, WFAN, New York, NY
- Large Market Personality of the Year: Jay Gilbert, WEBN, Cincinnati, OH
- Medium Market Personality of the Year: Jimmy Matis, WFBQ, Indianapolis, IN
- Small Market Personality of the Year: Tim Wilson, WAXX, Eau Claire, WI
- AC Station of the Year: KSTP-FM, Minneapolis, MN
- Adult Standards Station of the Year: KVFD, Fort Dodge, IA
- CHR Station of the Year: KDWB, Minneapolis, MN
- Classical Station of the Year: WBQQ, Kennebunk, ME
- Country Station of the Year: WTQR, Winston-Salem, NC
- NAC/Jazz Station of the Year: WJJZ, Philadelphia, PA
- News/Talk/Sports Station of the Year: WTMJ, Milwaukee, WI
- Oldies Station of the Year: WOMC, Detroit, MI
- Religious Station of the Year: WMBI, Chicago, IL
- Rock Station of the Year: WFBQ, Indianapolis, IN
- Spanish Station of the Year: KLAT, Houston, TX
- Urban Station of the Year (tie): WUSL, Philadelphia, PA & WVEE, Atlanta, GA

check into FCC Approval

OPERATION ISSUES

Meet equipment vendor at NAB

NOTES

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Worldwide ad growth forecast reduced to 6%-7% range

Dow Jones—Earlier this year, investors poured money into advertising stocks as if the industry were immune to economic downturns. Now, amid concerns about slowing growth in the U.S. and reduced ad spending by Internet and technology companies, ad executives and analysts are cutting their projections for the industry's global billings growth this year to about 6-7%, from earlier expectations of 8-9%. In 1999, billings grew about 9% globally from the previous year.

On top of that, two big investment banks, UBS Warburg and Merrill Lynch, recently said ad industry growth has peaked for now. Yahoo! Inc. (O:YHOO), which operates Internet portals, and Clear Channel Communications (N:CCU), which sells advertising on billboards and radio stations, recently announced that ad revenues would be weaker than expected this year.

It turns out that the ad business is cyclical, after all.

After a flurry of acquisitions in recent years, such companies as Omnicom Group (N:OMC), Interpublic Group of Cos. (N:IPG), Havas Advertising SA (O:HADV) and WPP Group PLC (O:WPPGY) now derive more than half their revenues from nontraditional advertising businesses, such as public relations, event management and sales promotion. The rationale was that diversified ad firms are more stable

than traditional ad business, and make for a better investment.

But investors are losing faith in that story. Even diversified ad firms will suffer when corporate profits are squeezed and marketing budgets are cut, investors reason.

"American agencies are going to be hit by dollar strength and a weak euro, so big American exporters will find it hard to export to Europe," says **Lorna Tilbian**, analyst at WestLB Panmure in London. "It doesn't make for a buoyant earnings outlook for ad groups on either side of the Atlantic."

Some analysts are more posi-

tive for the remainder of the year and say that big listed ad companies are benefiting not necessarily from growth in overall ad expenditure, but from large companies consolidating their ad accounts with global agencies. The major agencies, therefore, gain business even as companies cut back on overall expenditure. The losers are the small ad shops that are cut out as consolidation and cost-cutting become more important to clients. "If you are small, you're doomed," says **Thomas Deitz**, ad analyst at Merrill Lynch in London.

Some ad agencies are more susceptible than others, at least

in the short term, analysts say. Publicis (N:PUB) Chief Executive **Maurice Levy** told reporters in New York that the French group, with the majority of its business in Europe, would be relatively unaffected by the weak Euro and a potential slowdown in the U.S. economy.

Overall, European ad companies have a temporary advantage, if only because they report numbers in weak Euros, not strong dollars or pounds. The dollars or pounds they earn overseas translate into more Euros than they did a year ago. ©2000, Dow Jones & Co.

Non-Traditional Revenue Track

Summer vacations a highlight

Take a cruise. Buy an RV. July promotions are fun time. After all, who can pass up the "WXXX Boat and RV Expo," this weekend at the county fair grounds? Thus, the Leisure sector was hot for radio NTR in July as much of the country was also hot-baking in a drought that made many people yearn for cooler and wetter respites.—JM

Non-Traditional Revenue Track

% of Vendor/New Business by Category

(July 2000)

	Jan	Feb	Mar	Apr	May	June	July	YTD
Automotive	11.15	7.72	11.02	15.69	11.37	18.91	12.50	12.26
Food/Grocery	23.69	25.55	27.69	22.44	26.65	34.59	14.57	23.60
Leisure	26.59	32.30	31.67	34.61	29.21	13.14	33.73	29.58
Health & BC	5.65	10.86	9.80	1.57	6.85	0.91	3.59	5.64
Home Improv.	2.66	3.90	5.64	0.86	17.63	19.12	7.64	8.46
Office	0.43	4.59	0.77	8.19	0.95	1.04	15.89	5.45
Clothing	5.46	4.87	5.11	5.72	5.24	2.44	8.07	5.70
Recruiting	24.36	10.21	8.30	10.93	2.11	9.85	4.01	9.31

Source: Revenue Development Systems, based on revenues from 76 stations in 32 markets.

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The Urban Sound of America with John Monds

"THE BEV SMITH SHOW"
National Nightly Talk Show

"COMING SOON"
Movie Review with Lorraine Turner

"BLACK COLLEGE FOOTBALL WEEKLY"
NABJ Award Winner

SPM URBAN NETWORK
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Steady but slower growth predicted for this year's network radio upfront

Radio AdBiz

Radio puts 25 in big bucks league

by Reyn Leutz

In late May, I received a call from a reporter who covers the Network Radio beat. She informed me that some buyers were already surfacing long-term budgets, five months in advance of the traditional October radio upfront buying season. The strategy is simple: get in early and secure a better deal.

Yet anyone who has already concluded a long-term negotiation at this point can only have regrets—the market has softened significantly.

Why? First, of course, is the disappearance of the dot-coms that flooded the market a year ago.

Second, even without the dot-coms, television and radio marketplaces, on both a national and local level, are showing signs of a slowdown. Q3 network TV and cable scatter markets were very soft. Q4 pricing for both these mediums appears no different. In network radio, Q3 was also soft and there are still plenty of avails through December. This fact alone is amazing when you consider that in Q4 1999, network radio was almost completely sold out by July 4th. And yet, why should a softening marketplace be any surprise? Olympic and election years are typically followed by a slowdown.

So I believe that upfront pricing for this year's network radio commercial inventory will be favorable with single digit increases. Television upfront markets have been extraordinarily strong in the past few years, but it looks like a correction year is on the way here as well. Network radio pricing is far more predictable than television. This can only ensure a more even overall growth rate within the industry.

KXL-AM & FM Portland, OR owner **Paul Allen** is far and away the richest broadcaster on the *Forbes Magazine* annual listing of the 400 wealthiest Americans. Allen checked in as the nation's second-richest person, with a net worth of \$40B, just behind his senior partner in co-founding Microsoft (O:MSFT), **Bill Gates**, at \$85B. Here are the 25 radio folks who made the *Forbes* list.

Rank	Name	Billions	Radio company
2	Paul Allen	\$40.00	Rose City Radio
14	Sumner Redstone	\$14.00	Viacom/Infinity/WW1
16	Rupert Murdoch	\$11.00	Fox Radio Network
18	Barbara Cox Anthony	\$10.00	Cox Radio
18	Anne Cox Chambers	\$10.00	Cox Radio
25	Ted Turner	\$9.10	CNN Radio Network
61	Michael Bloomberg	\$4.00	Bloomberg Radio
108	Rob Glaser	\$2.40	RealNetworks
113	Lowry Mays	\$2.30	Clear Channel
121	Norman Waitt	\$2.20	Waitt Radio
150	Randolph A. Hearst	\$1.80	Hearst-Argyle
167	B.J. "Red" McCombs	\$1.70	Clear Channel
189	Stanley S. Hubbard	\$1.50	Hubbard Broadcasting
207	William Levine	\$1.40	Infinity Broadcasting
236	Edward L. Gaylord	\$1.20	Gaylord Entertainment
236	Richard Marriott	\$1.20	New Northwest
260	Roy E. Disney	\$1.10	Disney/ABC
274	W.R. Hearst III	\$1.00	Hearst-Argyle
302	J.W. Marriott Jr.	\$0.98	New Northwest
313	Austin Hearst	\$0.90	Hearst-Argyle
313	G.R. Hearst Jr.	\$0.90	Hearst-Argyle
313	D.W. Hearst Jr.	\$0.90	Hearst-Argyle
354	Michael Eisner	\$0.80	Disney/ABC
384	Tom Hicks	\$0.65	Clear Channel
398	Stuart Subotnick	\$0.63	Big City Radio

Also worth noting: Five people who formerly had radio ties also made the *Forbes* list. Metromedia founder **John Kluge** was 15th with \$13B, Broadcast.com co-founders **Mark Cuban** (143rd, \$1.9B) and **Todd Wagner** (236th, \$1.2B) were both on the list and former radio group owners (Colfax Communications) **Mitchell & Steven Rales** tied for 218th with \$1.3B each.

The cutoff to make the list this year was \$625M.—JM

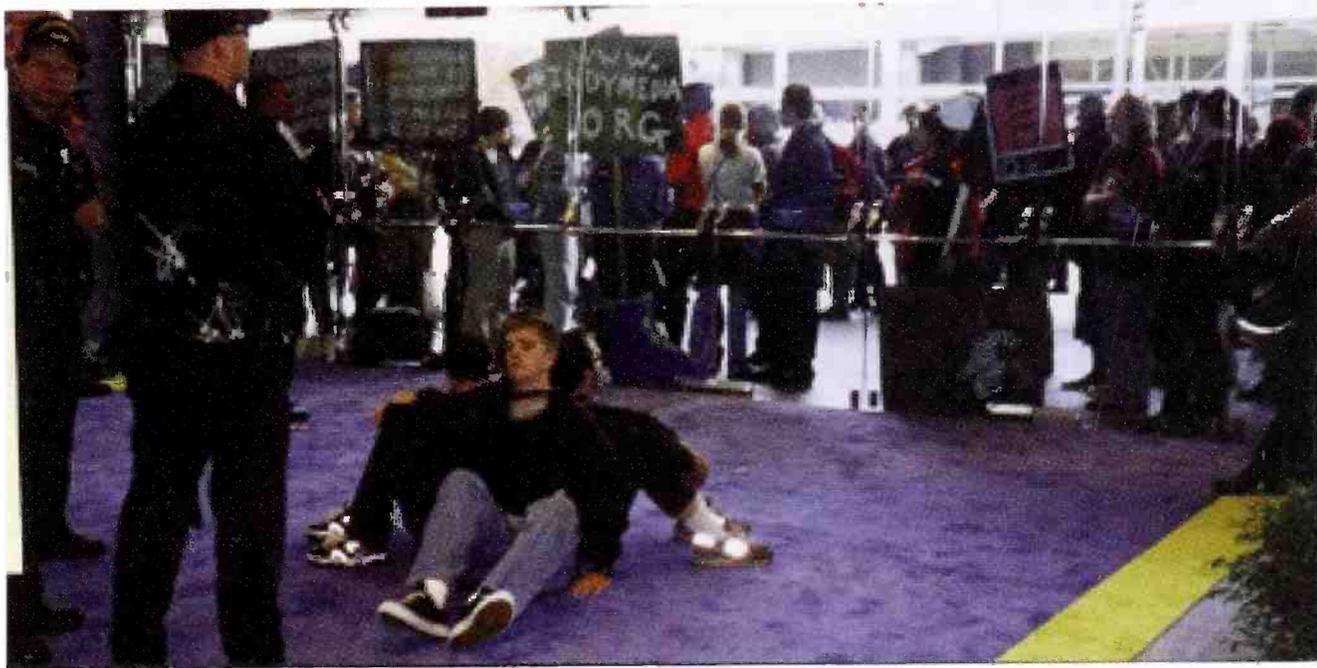
View from the floor

It wasn't your ordinary NAB Radio Show. The Chairman of the FCC wasn't there, but a famous general was. A record 7,200 registered attendees came, but so did dozens of anti-NAB, pro-LPFM protesters (and lots of police officers as well).

It wasn't unusual to have *RBR* on the scene, but it was new to have *RBR.com* streaming audio interviews from the exhibit floor. Broadcasters, vendors and other industry leaders stepped up to the *RBR.com* microphones to be interviewed by *RBR* Executive Editor **Jack "Oprah" Messmer**, Senior Editor **Carl "Springer" Marcucci** and occasionally even Associate Publisher **Ken "Regis" Lee**.

Here's a scrapbook of the view from the floor (and elsewhere) at the NAB Radio Show 2000 in San Francisco.

NAB Radio Show 2000



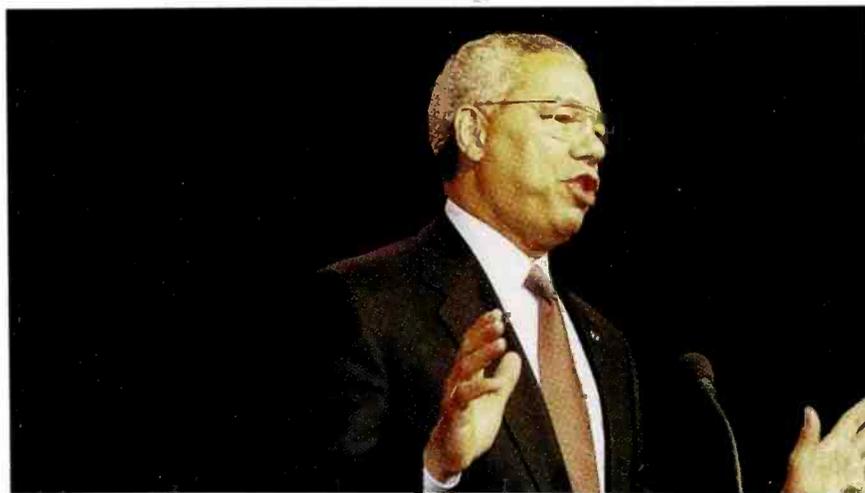
Four protesters who chained their necks together with bicycle locks were among nine arrested on misdemeanor charges Friday, 9/22. All were released the same day.



As Gen. Powell spoke, demonstrators gathered behind police barricades to protest both the US war with Iraq, which Powell oversaw a decade ago, and NAB's efforts to curtail LPFM.



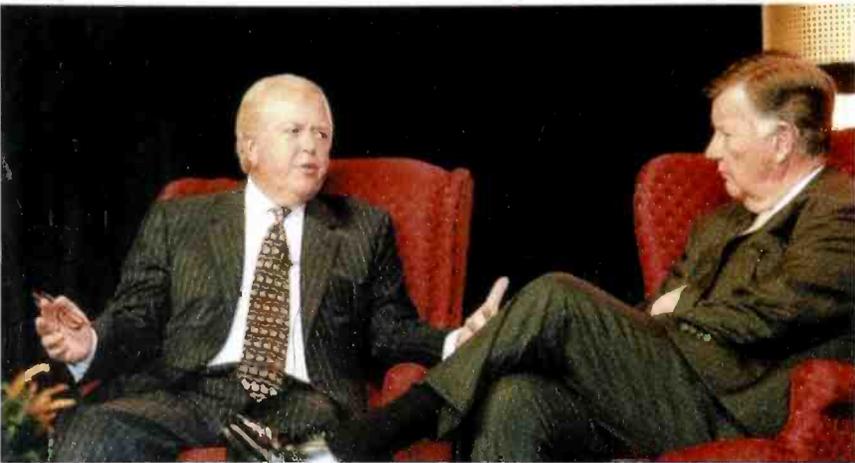
Live, from the exhibit floor, ZBS Radio Network CEO Michael Zwerling talks about Talk radio with Carl Marcucci.



Retired General Colin Powell wowed the crowd with tales of his long military career, then urged them to help encourage and motivate America's young people.



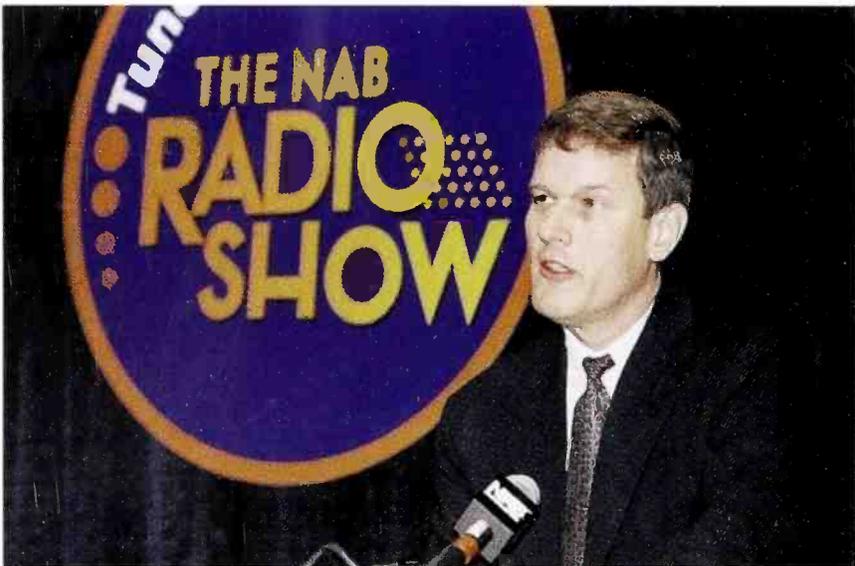
Emmis Communications Chairman/CEO Jeff Smulyan holds his National Radio Award and receives congratulations from, l-r, NAB President/CEO Eddie Fritts, Susquehanna Radio President/COO and NAB Radio Board Chairman David Kennedy and Benedek Broadcasting President/COO and NAB Joint Board Chairman K. James Yager.



One of the convention's biggest draws was a one-on-one discussion between former CNN anchor Lou Dobbs, who returned to financial broadcasting 9/25 with a new radio show, and Clear Channel Communications (N:CCU) Chairman/CEO Lowry Mays.



Veteran broadcaster and investment banker Joel Hartstone was wearing a new hat as Chairman of SiteShell.com. He was interviewed by Jack Messmer.



Commissioner Harold Furchtgott-Roth was the only one of the five FCC commissioners to formally address this year's NAB Radio Show.



Kraig Kitchin, President/COO of Premiere Radio Networks, talks about his much larger post-merger company with Carl Marcucci.



RAB President/CEO Gary Fries told RBR.com that things are looking up for Q4.



Interep Chairman Ralph Guild gave RBR.com listeners the low-down on the rep business.

Chattanooga: Brewer sitting on the dock of Rhythmic Oldies

Back in July, *RBR* reported on the upsurge of the Rhythmic Oldies format within small and large radio markets alike (*RBR* 7/17, p.11). Well, you can add another to the bunch. WMPZ-FM is the new Rhythmic Oldies kid on the block in Chattanooga, TN. Let us first reflect on this station's recent history of format-flipping. Just last year, the station programmed Smooth Jazz. By the time the new year was brought in, WMPZ officially labeled itself AC. Apparently, official isn't synonymous with permanent because this format had a lifespan of six or seven months. Enter Rhythmic Oldies—WMPZ's current format.

According to WMPZ GM **Jim**

Brewer II, the Urban Oldies library was bought to defend flagship station, WJTT-FM, which plays Urban Contemporary and boasted a 7.8 rating in the Spring 2000 Arbitron books. Brewer noted that early on, WMPZ had developed an extremely loyal listenership when Smooth Jazz ran. With all of the switching though, we were curious as to how that base has shifted, especially since the station took a ratings hit during its AC growing pains. Brewer responds, "With the feedback I'm getting from the announcers, they feel like a lot of the previous listeners are staying with us. On our feedback website, [listeners say] that they've been

listening for a long time and they really enjoy the change [to Rhythmic Oldies]...and we're doing a very aggressive marketing campaign."

Brewer is approaching the format with a broad brush, pointing out that WMPZ currently has six to seven hundred selections in rotation and that "it's not all the perfect number one hits of all time over and over because the burnout factor is strong." Of all the Oldies' selections, 20% are songs released in the late 60's; 60% from the 70's and 20% from the early 80's. Brewer chimes, "It's 'Sittin' on the Dock of the Bay' to 'I'm So Excited' to Motown."—KR

Harrisburg: Clear Channel picks a fight

Clear Channel's WWKL-FM Harrisburg is becoming WHKF (Kiss FM) and flipping formats from Oldies to CHR. WWKL-AM will continue the Oldies format, hoping to get the transfer audience from the former FM version of the station. Although WWKL-FM was doing well in the books (5.7 Sp 00), they intend to go ahead with the switch anyway. Its new head-to-head competitor will be WNNK-FM, which is making numbers around 11.0 on average. WNNK was one of the many AMFM stations which Clear Channel was unable to keep when it bought the entire group last year—it is being swapped to Cumulus along with three other stations in the market (*RBR* 9/4, p.12).—ED

Detroit teen tiger unfazed by challenger

AMFM took its Hot AC WKQI-FM straight into a head-to-head confrontation with ABC's WDRQ-FM by flipping it to CHR under PD **Tim Richards**. While the station, now owned by Clear Channel, has improved over the year since the flip, so has WDRQ. Starting with Fall 1999, WKQI's 12+ numbers are 2.8-2.7-3.6 while WDRQ pulled 4.3-4.8-4.6.

What is odd is that the differences in audience makeup between the two is just about what you'd expect to find had WKQI stuck with Hot AC. WDRQ is one of the dominant teen stations in the market, and also beats WKQI across the board in the 18-34 demos. However, WKQI wins the battle across the board in the 25-54 and 35-64 demos. Both stations rely heavily on women to turn the knob their way.—DS

Chattanooga CHR Rocked by WRXR

At least, that's what we think happened. Cumulus Media's WLMX-FM (which is being sold to Clear Channel) flipped from Soft AC to Rock with new calls WRXR-FM last Fall, and it appears to have used CHR WKXJ-FM as the source for much of its audience. From Spring to Spring WRXR improved 2.6-3.4, hitting a high of 4.2 in the Summer book. Meanwhile, WKXJ slipped from 9.9-7.5.

The changes in audience mainly involved men. In particular, young men in the 18-34 cell have flocked to the WRXR—enough to rank the station first in the demo for the entire market in the Winter survey, and second in Spring book. This demo is precisely where WKXJ suffered its most significant loss.

But the shift in audience is ultimately of little consequence. Both stations are part of the same cluster.—DS

AAA uncorks a Champaign Country newcomer

WZNF-FM was doing okay spinning Rock tunes in the small downstate market of Champaign IL; its sister WEBX-FM was not doing so well with Adult Alternative. Community Service Radio, which has since sold the stations to AAA Entertainment, moved the Rock format over to WEBX as "Extreme Radio", then flipped WZNF's calls to WBNB and took on Saga's Country kingpin WIXY-FM. We would have to call the strategy a success. Champaign's young men did follow the Rock format over to its new home on WEBX. WBNB, while far from unhorsing WIXY, is slowly building a new audience, and managed to play WIXY to a dead heat in the M18-34 demo Sp00.

Bottom line: Spring to Spring WBNB went 3.6-2.6; WEBX went 0.5-3.7; as a pair, that's 4.1-6.3. AAA is getting much more bang per stick with this formatic configuration.—DS

Rhythmic Oldies more than a fad at KFAD-FM

Cenla Broadcasting, which runs FM Broadcasting Co.'s KFAD-FM in an LMA, flipped it from AC to Rhythmic Oldies about a year ago. The result: A station which was wheezing is now jogging along nicely. From Spring to Spring the station went from 1.2-3.3 12+. Typical of the format, the bulk of its newfound audience is in the 25-54 and 35-64 cells (men under the age of 34 are ignoring it completely). Women make up the vast bulk of listeners.—DS

Source: Arbitron Spring 2000 survey

Buy now or be sorry later?

"We believe current valuations are overstating the potential impact of a slowing economy on radio stocks. Therefore, current valuations may not remain at these levels for long"—

Tim Wallace, broadcasting analyst, Banc of America Securities.

In his latest "Broadcasting Monthly" (dated 9/13), Wallace notes that radio stocks are selling near the lows they reached in October 1998 when the market was expecting a massive global recession in 1999. (Remember the Asian financial crisis?) For long-term investors, Wallace says radio stock valuations "represent a compelling buying opportunity."

The radio stocks he gives a "strong buy" rating to are Beasley (O:BBGI), Clear Channel (N:CCU), Citadel (O:CITC), Emmis (O:EMMS) and Entercom (N:ETM).

Media Markets & Money™

by Jack Messmer & Dave Seyler

Emmis Q2 beats estimates... and then some

Leading off quarterly reports after the recent sell-off of radio stocks, Emmis Communications (O:EMMS) easily beat analysts' diminished expectations for its fiscal Q2, which ended 8/31. Net revenues grew 34% to \$109.1M. Broadcast cash flow gained 40% to \$47.4M and after-tax cash flow rose 77% to \$27.6M (57 cents per share, beating the Thompson First Call analysts' consensus by three cents).

On a same station basis, Emmis said net revenues rose 14% for its

radio stations and cash flow 20%. "We think that's characteristic of a very strong business," said CEO **Jeff Smulyan**.

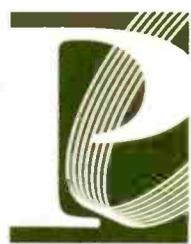
Looking at the company's sales paces through December, then seeing what's been happening on Wall Street, Emmis Radio President **Doyle Rose** said, "That reaction is totally unwarranted." Although dot-com advertising has dropped off, Rose said it had the benefit of pushing up radio rates, which remain at much higher lev-

els. He noted that over the past two years CPMs in the largest markets have moved from \$300 to around \$450. Some particularly aggressive dot-coms, he noted, had paid as much as \$800 or \$900 to insure that they got on the air.

Having downgraded a number of radio stocks the previous week, and sending the entire sector lower still, DB Alex. Brown analyst **Drew Marcus** was digging for information in Emmis' 9/27 conference call after noting that the fiscal Q2 results "beat our estimates nicely." Against the extremely strong gains of last year, Emmis officials said they're looking at revenue growth of about 8% for the September-November fiscal Q3 and acceleration after that. For the next two years, Emmis told the analysts to expect 9-12% revenue growth.

Due to tough new SEC regulations against selective disclosure, Wall Street analysts have been hampered in recent weeks from getting up-to-date information from public companies. Starved for information, they grilled Smulyan, Rose and Emmis CFO **Walter Berger** to try to gain insight into not only what's happening at Emmis, but the entire radio industry. In answer to a question from PaineWebber's **Lee Westerfield**, Berger said that the company's expected 9-12% revenue growth will "translate into a high teens BCF growth." He added that broadcast cash flow margins could also move up from that level due to improvements resulting from clustering.

Emmis is still working on a tracking stock to separate the value of its mature radio properties from its turnaround TV group (RBR 7/31, p. 15). You can expect its Lee Enterprises TV purchase to close in a few days, with the SEC filing to create the tracking stock in a few weeks, Emmis officials told the analysts.



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Trust reducing portfolio

Trustee **Charles Giddens** has filed with the FCC to sell some of the remaining spin-offs from the merger of AMFM into Clear Channel (N:CCU).

• **James Morrell's** Albany Broadcasting is expanding its new Southern subsidiary, Pamal Broadcasting, with a deal to buy WXBM-FM & WMEZ-FM Pensacola-Milton, FL for \$43.95M. An earlier deal to sell the duo to URBan Radio (RBR 3/13, p. 7) fell apart.

• KVOD-AM Denver is going to Latino Communications LLC, headed by **Zee Ferrufino**, for \$3.3M.

We Guaranty growth in Louisiana

George Foster Jr. is expanding his Baton Rouge superduopoly to four FMs. Foster's Guaranty Broadcasting will pay **Michael Star's** New Radco LLC \$1.044M for WBJJ-FM Jackson, LA. **Broker: George Reed**, Media Services Group

No Styles in Folsom

Styles Broadcasting is selling one of its three FMs in the New Orleans area. **Wayne Dowdy's** Southwest Broadcasting is paying \$975K for WJSH-FM Folsom, LA, which is north of 'Nawlins across Lake Pontchartrain. Styles is headed by **Kim Styles** and her husband, **Tom Dibacco**. **Broker: Mike Bergner**, Bergner & Co.

Chickasaw Nation cashing out

Four years after paying \$637.5K for KADA-AM & FM Ada, OK, The Chickasaw Nation is getting out of ownership. **Richard Witkovski's** Tres Broadcasting LLC will pay \$550K for the FM and provide \$25K in advertising time and weekly half-hour programs to the Native American tribe for three years on all three Tres FMs in Ada and Ardmore, OK. The AM, now KTLS, will be sold separately.

Dynamite exits radio

Anthony Neri's Dynamite Radio Inc. is leaving radio with the sale of its only station, WRRO-FM Addison, VT. Northeast Broadcast-

ing Co., owned by **Steven Silberberg** and headed by **Jane Cole**, is buying the station for \$434K "plus additional consideration." Northeast owns nine other stations in Vermont, New Hampshire and Massachusetts. **Broker: Dick Kozacko**, Kozacko Media Services

Saga buys back 144K shares

Saga Communications (A:SGA) has been taking advantage of depressed radio stock prices to buy radio stock—its own. Saga says it has repurchased 144K shares of its own stock under its existing stock buyback plan. "This purchase reflects management's belief that Saga's stock is currently undervalued and has been caught up in the overall devaluation of the stocks in the radio sector," Saga said in announcing the latest buyback.

Cumulus a penny stock

Cumulus Media (O:CMLS) became a penny stock last week, dropping below the \$5 mark to trade as low as \$4. It closed 9/27 at \$4.813. Also battered (even more than most other radio stocks) was Radio One, which had warned of softer Q3 financials. Its Class A stock (O:ROIA) closed 9/27 at \$8.125 and its Class D (O:ROIAK) at \$6.688.

Up on the roof

What's a Buffalo rooftop worth? Well, Pinnacle Towers (O:BIGT) has purchased the marketing and management rights to 17 upstate New York building tops for just under \$1M, exactly \$983,705. The rooftops are located in Albany, Syracuse, Buffalo, Poughkeepsie, Utica and other cities. The seller, Empire Site Company, will also sell Pinnacle the rights to eight additional rooftops in Q1 of 2001. **Broker: Joe Rapchak**, Blackburn & Co.

For the record

Don Sailors of Sailors & Associates was the broker on Cumulus Media's (O:CMLS) \$10M purchase of three Montgomery, AL stations (RBR 9/25, p. 18).

CLOSED!

Cox Radio
Bob Neil, President
has exchanged
WALR(FM)
Atlanta, Georgia
WSUN(AM)
Tampa, Florida
and
KLUP(AM)
San Antonio, Texas
for

Salem Communication's
KKHT(FM)
Houston, Texas
in a transaction valued
at approximately
\$90,000,000.

MVP initiated the
exchange and
assisted Cox in its
negotiations.

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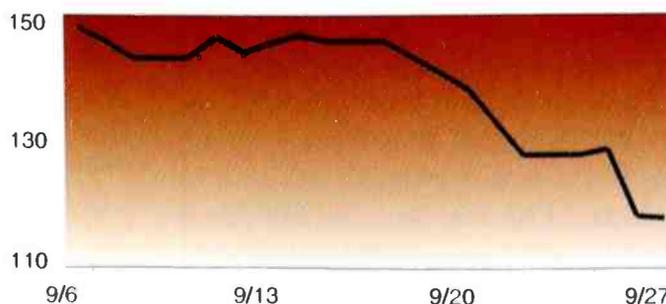
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The Radio Index™

Insanity continues. The Radio Index™ tumbled another 20.58 for the week to close 9/27 at 117.74, another year-to-date low.

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The deals listed below were taken from recent FCC filings.

Transaction Digest

by Dave Seyler & Jack Messmer

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

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HOLT
Media Group

\$2,300,000 WBGE-FM Peoria IL. 100% of the stock of B&G Broadcasting Inc. from Joyce Banks to AAA Entertainment LLC (Peter H. Ottmar et al). \$150K escrow, balance in cash at closing. **Superduopoly** with WWCT-FM, WJPL-FM. LMA in place.

\$1,044,000 WBJJ-FM Baton Rouge (Jackson LA) from New Radco LLC (Michael F. Star) to Guaranty Broadcasting Co. of Baton Rouge LLC, a subsidiary of Guaranty Broadcasting Corp. (George A. Foster Jr., Marjorie F. Malone, Claudia F. Balfour et al). \$94K escrow, balance in cash at closing. **Superduopoly** with WDGL-FM, WXCT-FM, WTGE-FM. LMA since 7/31. **Broker:** George Reed, Media Services Group (seller)

\$900,000 KFLO-AM Shreveport from A.T. Moore d/b/a Nor-Max Broadcasting Co. to Amistad Communications Inc. (Fred A. Caldwell Sr., Geneva Williams, Marilyn J. Anderson). \$45K escrow, \$300K cash at closing, \$600K note. Also, Caldwell will take out a life insurance policy with Moore named as beneficiary. **Duopoly** with KASO-AM Minden LA & KBEF-FM Gibsland LA. Buyer is a non-profit corporation.

\$585,000 WWEZ-FM & WTNE-AM Trenton TN from RadioCorp of Jackson Inc./Wireless Group Inc. (Carlton Viers) to Milan Broad-

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Broadcasting Broker
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Fax 805-541-1906



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casting Inc. (Michael F. Jinkins, pres et al) \$25K escrow, balance in cash at closing. **Duopoly** with WTKB-FM Atwood TN and **superduopoly** with WCMT AM & FM Martin TN & WCDZ-FM Dresden TN. **Broker:** Media USA/The Woods Group (seller)

\$434,000 WRRO-FM Addison VT from Dynamite Radio Inc. (Anthony A. Neri) to Addison Broadcasting Co. Inc., a subsidiary of Northeast Broadcasting Co. Inc. (Jane N. Cole, Steven A. Silberberg, Edward F. Flanagan). \$10K escrow, \$334K cash at closing, \$90K five-year consulting agreement and unspecified stock. **Superduopoly** with WNCS-FM Montpelier VT & WLKC-FM Waterbury VT. **Broker:** Kozacko Media Services (seller)

\$400,000 KNDK AM & FM Langdon ND and **KRWB-AM** Roseau MN. 100% of the stock of KNDK Inc. from Bert & Lyle Johnson to Robert & Diane Simmons. \$20K earnest money, balance in cash at closing. Sale of KRWB to Border Broadcasting for \$62.5K is pending.

\$400,000 WLLW-FM & WSWF-AM Seneca Falls NY from Family Life Ministries Inc. (Richard M. Snavely, Charles Alsheimer et al) to Auburn Broadcasting Inc. (George W. Kimble, Katharine Ingersoll). \$100K cash for WSWF-AM, swap of WCOV-FM Clyde NY for WLLW-FM. Total value of deal is an RBR estimate (Family Life recently purchased WSWF/WLLW for \$400K, RBR 4/3, p. 10). LMA since 7/7.

\$300,000 WCOV-FM Clyde NY from Auburn Broadcasting Inc. (George W. Kimble, Katharine Ingersoll) to Family Life Ministries Inc. (Richard M. Snavely, Charles Alsheimer et al). Swap of WLLW-FM Seneca Falls NY for WCOV-FM. Total value of deal is an RBR estimate (Family Life recently purchased WSWF/WLLW for \$400K, RBR 4/3, p. 10 and is selling WSWF to Auburn as part of this deal—see above). LMA since 7/7.

more transactions @ rbr.com

Senators hold fate of LPFM

With Congress scheduled to adjourn Friday 10/6, NAB is putting on a full-court press to squeeze through legislation to limit LPFM deployment. (See page 3.) Broadcasters are being urged to call their home state Senators and urge them to become co-sponsors of S.3020 which would allow LPFM, but retain third adjacent channel protection from interference.—JM, ED

Republicans	Democrats
Abraham (MI)	Baucus (MT)
Allard (CO)	Bryan* (NV)
Ashcroft (MO)	Conrad (ND)
Bennett* (UT)	Kerry (MA)
Bond (MO)	Lincoln* (AR)
Bunning* (KY)	Reid (NV)
Burns (MT)	Robb (VA)
Chafee (RI)	Wyden (OR)
Cochran (MS)	
Craig (ID)	
Crapo* (ID)	
Domenici (NM)	
Enzi (WY)	
Fitzgerald (IL)	
Frist (TN)	
Gramm (TX)	
Grams* (MN)	
Grassley (IA)	
Gregg* (NH)	
Hagel (NE)	
Hatch (UT)	
Helms (NC)	
Hutchinson (AR)	
Hutchison (TX)	
Inhofe (OK)	
Kyl (AZ)	
Lott (MS)	
Mack (FL)	
McConnell (KY)	
Murkowski (AK)	
Nickles (OK)	
Santorum (PA)	
Smith, G. (OR)	
Smith, R. (NH)	
Snowe (ME)	
Specter (PA)	
Stevens (AK)	
Thomas* (WY)	
Thurmond (SC)	
Warner (VA)	

48 Total co-sponsors

*indicates co-sponsoring of both Grams and Gregg bill (only count as one vote)—the Gregg bill would have banned all LPFM

Radio News®

iBiquity Digital announces three alliances at NAB

In a series of conferences and press announcements, sole IBOC proponent iBiquity Digital announced alliances with the Associated Press, Alpine Electronics and AccuWeather. The Associated Press will jointly test and market the digital compatibility of AP news content for radio broadcasters using iBiquity Digital's AM & FM digital radio technology. iBiquity's AM & FM digital data capability will enable radio broadcasters to send a digital signal capable of delivering wireless data to receivers—news, sports, business, weather, and entertainment info provided by AP.

Alpine signed a joint technology and marketing development agreement with iBiquity to integrate iBiquity's technology into Alpine receivers. iBiquity is also currently working with a variety of chipset manufacturers, including Texas Instruments and ST Microelectronics, to downsize the system into receiver-compatible IC chipset sizes.

AccuWeather, the world's largest commercial weather content service, will work with iBiquity to jointly test and market its weather content to enable broadcasters to deliver it to wireless devices using iBiquity's data-capable signals.—CM

SurferNETWORK announces alliance, test stations

SurferNETWORK, an Internet streaming, marketing and content distribution company, announced an alliance with Nassau Broadcasting for all of its stations, along with the eight other broadcasters pilot-testing its system, at NAB. Twenty stations are currently operational as part of the pilot test. The other groups include Journal Broadcasting Group, Telemedia, Roberts Radio, New Northwest Broadcasters, Aurora Communications, Shamrock Communications and Buckley Radio. The company's streaming technology offers broadcast-quality audio over the Internet that "similar to the clearest FM signal." SurferNETWORK also delivers targeted audio advertising at no cost to broadcasters.

"We have looked at a variety of approaches and partners for our webcasting needs," commented **Lou Mercatanti**, CEO of Nassau Broadcasting. "Although the Internet offers the opportunity to extend both the brand and reach of our radio stations, SurferNETWORK was able to show us an approach and the right technology to make webcasting an attractive business."—CM

RBR News Briefs

MediaAmerica signs AudioBasket.com

AudioBasket.com has chosen MediaAmerica to rep its streaming audio ad inventory. AudioBasket offers a personalized scheduling service that accesses audio news and content from more than 200 sources, including The AP, ABC News, BBC and Bloomberg. Users can then access their account and listen via computer, MP3 player or wireless phone.—CM

Mancow TV draws to a close

WKQX-FM Chicago-based conservative shock-jock hybrid **Eric "Mancow" Muller** says he is "pulling the plug" on his local TV show. After 18 months on WCIU-TV (Ch. 26, Ind.), Mancow tells *The Chicago Sun-Times* he is ending the show because of an upcoming national TV show next year. Mancow told us in an *RBR* interview there were strong offers from Fox-TV. However, **Neal Sabin**, EVP of Wiegel Broadcasting (WCIU parent Co.) tells *The Sun* the show was dropped because advertisers had shied away from its "racy content." He did add the show's ratings were strong.—CM

WarpRadio signs with AP

Streaming provider WarpRadio.com announced a deal today with the Associated Press that will offer AP Radio newscasts to Warp's 350 affiliates through separate licensing agreements.—CM

Premiere testing with Hiwire

Not just for radio: Premiere Radio Networks may be interested in targeted ad insertion for its web properties. Premiere President/COO **Kraig Kitchin** tells *RBR* he is testing Hiwire's ad insertion technology with "Coast to Coast AM with **Mike Siegel**": "Playing upon our ability to target individual markets with StarGuide, we are also looking into what we can do on the web for targeting. Hiwire has some impressive technology."—CM

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Play It Right	Totally Linear Audio	Digital Universe
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	Productivity Enhancer	
	Activity Monitor	
Schedule It Right	Flexible Traffic Options	D32/Deltaflex Traffic Systems
	7,100 Client Stations	
	Revenue Maximization	
Play It Right	Totally Linear Audio	Digital Universe
	Flexible, Adaptable	
	Industry Standard Hardware	
Manage It Right	Data Warehousing	Control Tower
	Corporate Reporting	
	Profit Maximizer	
Bill It Right	Paperless Invoicing	Invoice Express
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