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RADIO NEWS

In line for LIN: Hicks, Muse gets TV group 3
 Apparently, if it's on the air, Hicks, Muse will buy it. This deal gives them the 15th highest-billing TV group, including nine stations with five more LMAs.

FDA emancipates prescription drugs; broadcast ads legalized 3

Toledo lawsuit: Buzz wants Stern to buzz off 4

AP launches its first ever barter offering 4

One-on-One inks with Allied for local as well as national 4

Interop: Car phones + *800 = new sales prospects 6

Arbitron Advisory Council to hold Radio Show session 6

FCC lame ducks limp away from personal attack rules 6

FCC finds plenty of bidders, but is short on payers 6

Does Stern have SNL in his sights? 6

SW Classic is latest positioner for Fine Arts web 6

TELEVISION BUSINESS REPORT™

Television's top 50 8

Sinclair plans to spurn HDTV for multicast 9

US Broadcast Group spins four TVs 9

BROADCAST INVESTMENTS™

Clear Channel putting together \$1.5B warchest 11

MEDIA MARKETS & MONEY™

Radio One gets third Atlanta FM in comparative hearing settlement 12
 Six applicants have agreed to a merger, to be managed by Radio One (who will have purchase option down the road). This is the first of many similar settlements.

WDCU: Salem does a duck and cover; C-SPAN in line for station 12

Harpole lassoes Corpus Christi quartet 13

Regent triples up its Lexington FM stable 13

Beasley joins Joyner for Blacksburg splurge 13

Youngstown combo headed into Jacor double-duop 13

New Wave up to five Monterey FMs (but one came unassembled) 13

Fort Knox combo is getting down to Basix 13

Raymond Green breaks into ownership with Bradenton AM 13

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Hicks, Muse snares LIN TV for \$1.7B

Dallas-based Hicks, Muse, Tate & Furst, headed by **Tom Hicks**, appears to have an unlimited appetite for media deals. Hot on the heels of launching Capstar Broadcasting Partners, merging Chancellor Broadcasting (O:CBCA) with Evergreen Media (O:EVGM) to form Chancellor Media, and buying Katz Media Group (A:KTZ)—Hicks is spending \$1.7B to acquire LIN Television (O:LNTV), the nation's 15th highest-billing TV group. (Furman Selz analyst **Vinton Vickers** pegged the price at 12.4 times estimated 1997 broadcast cash flow.) It will also buy WOOD-TV Grand Rapids from LIN's largest shareholder, AT&T (N:T), for \$122.5M.

It's hardly Hicks, Muse's first venture into TV. The venture capital firm, already owns a big stake in a Mexican TV group. Also, the Katz deal, which is currently undergoing antitrust scrutiny (*RBR* 8/11, p. 4), will make Chancellor Media the owner of the nation's largest TV rep group, as well as the largest radio rep group.

As it happens, LIN is not a Katz TV client. All of its stations are repped by either Petry or Blair, both owned by Petry Media. However, as we noted when the Katz deal was announced, rumors were already floating around that Hicks had his eye on a second TV rep firm—none other than Petry Media.

Former NAB Joint Board Chairman **Gary Chapman** will stay on as head of LIN, which is widely regarded as one of the best-run TV groups.

Just as Hicks, Muse has two radio investment vehicles, LIN will be kept separate from Sunrise Television, which owns or is buying seven small-market TV stations.

AT&T—which acquired the TV group when it bought **Craig McCaw's** cellular company—had been looking to divest the TV group for some time. Wall Street speculators, however, may have gotten a bit carried away. Hicks, Muse's \$47.50 per share buyout announced last Tuesday (8/12) was \$1.125 less than the previous day's closing price of \$48.625. The

arbitrageurs will have to swallow their losses, since this deal is locked—both AT&T and #2 shareholder Cook Inlet Communications (now there's a radio name from the past!) have agreed to vote their 50%+ shares for the bid.

For a look at who ranks ahead of LIN in today's TV universe, check out BIA's ranking on page eight.

Rank/Market	Station (Channel, Network)	LMA (Channel, Network)
#8/Dallas	KXAS (Ch. 5, NBC)	KXTX (Ch. 39, independent)
#25/Indianapolis	WISH (Ch. 8, CBS)	—
#27/Hartford	WTNH (Ch. 8, ABC)	WBNE (Ch. 59, WB)
#37/Grand Rapids	WOOD (Ch. 8, CBS)	WOTV (Ch. 41, ABC)
#39/Buffalo	WIVB (Ch. 4, CBS)	—
#40/Norfolk	WAVY (Ch. 10, NBC)	WVBT (Ch. 43, WB/Fox)
#63/Austin	KXAN (Ch. 36, NBC)	KNVA (Ch. 54, WB)
#82/Decatur, IL	WAND (Ch. 17, ABC)	—
#103/Ft. Wayne, IN	WANE (Ch. 15, CBS)	—

FDA gives radio a new ad category

Prescription drug advertising is "virgin territory" for radio and TV stations. While drug companies have spent nine out of every 10 dollars in print in the past, thanks to an August 8 FDA ruling, radio could soon cash in.

Stations will no longer have to worry how to put pages of disclaimers into a :30 or :60 second spot. Instead, they can mention an 800 number, magazine or website where all the warnings can be found. The feds had worried that without drug warnings, consumers could end-up taking the wrong drug.

RAB President **Gary Fries** predicts RX drugs should have an "immediate, major impact" on ad revenues. The RAB calculates prescription ads tallied \$595M last year, but less than \$1M went to radio.

Katz Dimensions' **Bonnie Press** says they've had a whole slew of drug companies say they were considering radio — and this could open the dam. "With the FDA ruling, I think it could become a big, big category for sales.

RBR observation: Which kind of stations could benefit most? Any format that nabs a 35+ audience... but even a younger skewing CHR could land an acne medication available only by prescription. And thanks to radio's ability to speak to a targeted audience, drug makers could tailor their warnings... for example, on a female-leaning AC they could remind pregnant women an acne medicine could cause birth defects.

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by Carl Marcucci

The Buzz files suit in Toledo to drop Stern

Toledo market station WBUZ-FM 106.5 filed suit with the U.S. District Court in Toledo August 6 against **Howard Stern's** distribution company seeking damages and permission to get out of the \$200K+ contract and drop the show, which is syndicated with CBS Radio.

The basis of the suit are claims that WBUZ—the only station owned by Toledo Radio, Inc.—is losing money and market listeners to CBS' WKRK-FM Detroit, which also carries Stern. WBUZ claims the contract with Stern's Sagittarius Broadcasting Corp. (a wholly-owned subsidiary of Infinity Broadcasting, now part of CBS), and One Twelve, Inc. gives it exclusive rights to broadcast the show in northwest Ohio and the Adrian, MI area. They are going as far as to ask the court to remove the show from WKRK if the other issues are not granted.

Sources close to WKRK confirmed

the station has a contract with Stern to solely serve the Detroit ADI market. **Dan Dudley**, President Toledo Radio, Inc. didn't return calls from *RBR*, nor did Stern's agent **Don Buchwald**.

According to an August 7 *Toledo Blade* story: "The legal dispute has been brewing for several weeks. The WBUZ complaint says the station tried to drop Stern July 23 because of the alleged contract breach, but backed off after receiving [a threatening] letter from [Stern's distribution company lawyers]."

RBR looked at coverage maps from several sources for both WBUZ and WKRK, which show there is no overlap of coverage in the 1-millivolt grade.

In the Toledo Spring Arbitron book, there are four below-the-line Detroit FM stations listed and WKRK is not one of them. WKRK has one of the smaller coverage areas for the Detroit market with 18kw @ 890 feet. However, **Chris**

Borrelli, a reporter for the *Toledo Blade*, said he can receive WKRK in his car.

The real issue may be WBUZ's coverage—or lack of—in the Toledo market. With 3kw @ 328 feet located substantially west of Toledo in Delta, OH, its 1-millivolt coverage doesn't even touch downtown. Adding insult to injury, WLTF-FM 106.5 in Cleveland will interfere (at times) with WBUZ on the eastern end of Toledo's market with 11.5kw at a healthy 1,037 feet.

WBUZ slid slightly in the ratings Winter to Spring. It placed third among M18-34 in morning drive with a 14.3, down from Winter's 18.2 and first-place rank. On the other hand, WBUZ improved among P12+ in morning drive from 4.8 to 5.5.

RBR observation: WBUZ's case may be tough to prove in Court. Its ratings slide from #1 to #3 in morning drive will be hard to attribute since WKRK started carrying Stern in June, late in the Spring survey period. The Fall book may help WBUZ's case if WKRK shows up below-the-line. Perhaps the real issue is that WBUZ, faced with lower ratings, is having trouble selling advertising and is grasping at straws.

Barter becomes AP-peeling

Cash on the barrelhead has been the mantra at The Associated Press—until now. AP Radio is joining the ranks of syndicators and for the first time will barter programming. The first product is the high-brow "Newsweek On Air" Sunday morning public affairs program, which is being polished for an August 31 relaunch.

RBR has learned AP picked Mediamerica as its rep, which will sell six of the 12 minutes available.

While AP has always been a stickler for cash, this one-hour show will be available on a barter basis. That should open plenty of doors in medium and smaller markets, where stations may not already be AP Radio affiliates.

AP's Manager of Radio Syndication, **John Folger**, is shopping the show to whichever station is strongest in the market, be it a Country, AC or Oldies station.

AP's syndication efforts begin in an uncluttered time slot. ABC Radio's "Perspective" and local churches will be its main competitors. Folger says there is "quite a bit of demand for

public affairs programming," and tells *RBR* he has commitments from stations in San Francisco, San Diego, Houston and Miami.

Cross-promotional efforts are still being fleshed out, but it appears *Newsweek* will tout radio spots as a value-added product for print advertisers. Still, some radio stations may be able to place their clients within the pages of the magazine.

AP won't say what's next in line for syndication, but you can expect them to stay away from opinionated talk programming and stick with news

and features.

RBR observation: Our guess is that more AP product will turn to barter. A good candidate would be AP All News Radio, its 24-hour format that has about 70 affiliates. "We are going to go through a lot of change here. We're examining how we package and how we price, all in response to the fundamental change that the radio business has gone through. We're looking at the possibility of barter [for All News Radio], but no decisions have been made yet," said **Jim Williams**, VP, AP Radio.

Allied scores One-On-One

Interep's Allied Radio Partners has suited-up for the All Sports format, with the announcement they'll tackle national and local spot sales for One-On-One Sports' new O&O stations. The sportsmeisters are selling their four Montana signals, and laying out \$44M cash for stations in NY (WXLX-AM), LA (KXMG-AM), and Miami (WCMQ-AM), with Chicago apparently next up to bat (*RBR*, 7/28, p. 12).

Allied won't handle local sales in every market, but this is believed to be the first time a rep firm will handle local buys. Allied's **Paul Anovick** thinks it makes sense, because they already have salespeople pounding the pavement in the targeted top ten markets. Billing projections are still fuzzy... but in NYC Sports/Talk WFAN-AM billed \$50M last year—and word is One-On-One's **Chris Brennan** hopes to do at least 10% of that.

More News on page 6

8/18/97 RBR



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Interrep links with Cellular Linking

It is being called "breakthrough" technology, and Interrep hopes to cash in on it to score new-to-radio advertisers.

Interrep is the national sales agent for Cellular Linking—which allows car phone users to respond to radio ads simply by dialing *800. The free call will connect them with an operator who will pass them on to the pizza shop or brokerage house, without a lot of car phone fumbling. The technology is in 15 cities so far, including Chicago, Miami, Columbus OH, even Gary, IN. LA is next in line.

Cellular Linking's **Barry Zoob** says Citibank, Cadillac and Boston Market are among the first to give it a try. He won't reveal how many calls they've taken, but says they have a higher conversion rate than traditional 800 numbers. Follow-up research to a Chrysler radio campaign featuring a *800 number shows 47% of callers walked through the car dealer's doors. And Zoob predicts this will "deliver a whole new audience to radio advertisers."

Ad buyers may salivate over such technology, since car phone users are the creme de la creme of demographics. "They're also the hardest people to get to," says **Stewart Yaguda**, president, Interrep 2000.

Arbitron Advisory Council to meet at NAB

The Arbitron Advisory Council meeting on August 4-7 is going into overtime at the NAB in September to continue discussion of two issues: metro redefinition and changes to Arbitrends.

Metro redefinition dates back to late last year when Arbitron formed a task force to clarify its policy. The issue arose when Arbitron did not allow expansion of the Boston market to include Manchester and Worcester counties. Arbitron will not consider a metro redefinition unless 75% of subscribers in the market wish the ratings company to review it.

"The Council does not want to get involved in individual market decisions," said **Ron Rogers**, Council Chair and president/GM KVET/

KASE Austin. "But we want to make sure we protect the smaller owner. We think they are protected, but Arbitron's policy is not clear."

At the meeting, Arbitron proposed some cosmetic changes to Arbitrends, but another trial balloon—adding Men and Women demos to Arbitrends—met with some contention. "We need to get away from book of the month," said Rogers. "We need to stop and look what it would do to the buying and selling of radio. It's just another way to beat stations down. We have some real differences; we'll listen to [Arbitron's] proposals."

The passive meter is still years away, at least five, reported Rogers. Arbitron intends to test it in Europe before bringing it back to the States.

FCC rejects rebuttal review

If you can't decide... give up. That's what the four lame duck FCC Commissioners said last week about their 14-year inability to revise rules that could force radio stations to hand over free air time to political candidates who say they were unfairly attacked by a talk show host, a station endorsement, or an on-air editorial.

Commissioner **Rachelle Chong** says the Personal Attack Rule and the Political Editorial Rule should be killed since some politicians have used them as a cheap alternative to filing defamation suits. And Chong admits she's had enough of studying the rules "ad nauseam."

Many broadcasters think the rules have a chilling effect on free speech. At Jacor's Cincinnati Talker, WLW-AM, GM **Dave Martin** says the rules have not landed his station into hot water, but he's always happy to see the FCC set its sights on other issues. "I'm a strong advocate of less and less government interference and control," said Martin.

Show me the dough

It is a good idea that's going, going, gone too far. So says the chair of the NAB's Radio Board, **Howard Anderson**. More than five dozen bidders for PCS licenses are asking the FCC to cut their bids, otherwise they may default. One company CEO tells the *Wall Street Journal* bidders should

be asked to pay just 27 cents on the dollar. 493 licenses brought in \$10.2 billion in bids, and 27-cents would cut that to \$2.7 billion.

Anderson says the "same kind of potential disaster" of overbidding could happen when up to 241 FM frequencies are put on the block. Nearly a thousand applications have been filed for the new dial positions.

The industry is still waiting to see how the FCC plans to structure the as-of-yet unscheduled auctions, to avoid this from happening all over again. "If auctions aren't working, we better find out now... since the Balanced Budget Agreement counts, in part, on cash from these auctions," says Anderson.

A NAB spokesman concurs, "We believe spectrum auctions have reached a point of diminishing returns."

Meantime, Anderson figures the "mess and embarrassment" of botched PCS auctions may be one reason why **Reed Hundt** packed it in.

Stern to go up against SNL?

Howard Stern may be talking to CBS about a Stern-hosted program to air against NBC's "Saturday Night Live." A celebrity of Stern's status may be what it would take to compete with the successful 22-year program. A source close to CBS said any plans regarding such a program are in the very preliminary phases if they are indeed going on at all. The source added that the show would be syndicated, not a network show, and that **David Letterman** is not involved, despite previous speculation.

SW: What's in a name?

Positioning move or an identity crisis? For the third time since SW Networks launched its (classical) 24-hour format in August '95, it has changed its name. First, it was "Classic FM," then "SW Classical," and now "SW Classic." The latest name is part of a repositioning effort to "move to a '90's version of Classical radio," according to **Dan Forth**, President/CEO SW Networks. The format will include more movie music and show tunes, as requested by listeners in survey research by Critical Mass Media and Broadcast Architecture.

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ABC Radio President **Robert F. Callahan** has divided the radio group in two. **John Hare**, President/GM of WBAP Dallas, will be responsible for stations in New York, Los Angeles, Dallas, Detroit and Washington; **Mark S. Steinmetz**, President/GM of KQRS-FM, KEGE-FM and KDIZ-AM Minneapolis will handle Chicago, San Francisco, Atlanta and Minneapolis.

Ferro un-'RTH'd by KYCY: Former KRTH Los Angeles staffer **Bob Ferro** will be handling GSM chores for KYCY AM-FM, CBS's Young Country outlets in San Francisco. Meanwhile, **Susan Seifert** has come over from crosstown competitor Chancellor to handle the same position for KLLC-FM.

Chris McKay has been hired by Pacific Research & Engineering's marketing department. The San Diego radio veteran will concentrate on market research and customer outreach.

Harris gets the Lai of the land: Looking to the Far East for new busines, Harris Corporation Broadcast Division has named **David Lai** Asia-Pacific Regional Marketing Manager. He'll be based in Kuala Lumpur.

Brown breezes into Sacramento: Smooth Jazz KQBR-FM has brought in **Clifford Brown, Jr.** to fill the PD chair recently vacated by the promotion of **Lawrence Tanter** to VP/Programming of parent Progressive Media Group.

The returns are in from the recent election of RTNDA Regional Directors, and the winner are: Region 1: **Robin Briley Cowan**, KXLY-TV Spokane WA; Region 3: **Mark Millage**, KELO-TV Sioux Falls IA; Region 4: **Joe Izbrand**, KTRH Radio Houston; Region 5: **Ken Selvaggi**, WSAZ-TV Huntington WV; Region 9: **Bob Salsberg**, Associated Press, Boston; **Al Gibson** of CKCO-TV Kitchener, Ontario will represent international membership.

SportsFan has appointed **Sean Carroll** Manager of Affiliate Relations.

XTRA Work for Berk: That would be the FM XTRA in San Diego, where **Peter Berk** will fill the GSM chair vacated by **Jim Votaw's** move to Director of Sales for Jacor's San Diego AM stations.

Arbitron has addressed the rapid growth of Hispanic radio with the hiring of **Clara Carneiro** as Manager, Hispanic Radio Services. She'll be based in Dallas.

With its acquisition of LIN Television, Hicks, Muse, Tate & Furst has leaped into the top ranks of TV group owners. Here is BIA's ranking, by revenues, of the nation's top 50 TV groups.

Rank	Company	Number Stas.	1996 revs. (\$000,000)
1	Fox TV (owned by News Corp.)	24	\$1,355.6
2	NBC (owned by General Elec.)	11	\$1,182.2
3	ABC (owned by Disney)	10	\$1,114.1
4	CBS (owned by Westinghouse)	18	\$1,032.2
5	Tribune	16	\$887.0
6	Gannett	18	\$716.9
7	Belo	19	\$568.0
8	Cox	8	\$458.5
9	Sinclair	28	\$436.6
10	Hearst-Argyle	15	\$425.2
11	Paramount (owned by Viacom)	12	\$424.2
12	Scripps Howard	10	\$405.4
13	Post-Newsweek (Wash. Post Co.)	6	\$340.4
14	BHC Communications	3	\$302.0
15	LIN* (being sold to Hicks, Muse)	10	\$283.1
16	Young Broadcasting	16	\$281.3
17	Univision	14	\$277.0
18	Pulitzer	12	\$230.8
19	Raycom	26	\$223.0
20	Meredith	9	\$218.1
21	Sunbeam	2	\$200.7
22	Allbritton	10	\$176.2
23	United Television	5	\$172.1
24	Media General	14	\$170.4
25	Granite	10	\$166.7
26	Chronicle Publishing	5	\$157.6
27	Clear Channel	12	\$138.7
28	New York Times	8	\$137.6
29	McGraw-Hill	4	\$130.2
30	Lee Enterprises	16	\$127.4
31	Benedek	26	\$122.3
32	Hubbard	10	\$121.5
33	Sullivan	11	\$117.2
34	Cosmos	8	\$106.4
35	Fisher	2	\$99.0
36	Kelly	2	\$98.0
37	Telemundo	9	\$95.0
38	Malrite	6	\$93.6
39	Dispatch Broadcast	2	\$92.5
40	NewsWeb	2	\$91.0
41	Freedom Communications	6	\$86.5
42	Jefferson-Pilot	3	\$73.0
43	Spartan	10	\$71.2
44	Gray Communications	7	\$71.0
45	Midwest Television	4	\$70.5
46	Journal Broadcast (WTMJ Inc.)	3	\$69.7
47	Guy Gannett	7	\$66.9
48	Landmark	2	\$66.8
49	Glencairn Ltd.	6	\$66.0
50	Gaylord	1	\$64.0

*includes AT&T's WOOD-TV Grand Rapids Source: BIA's MasterAccess Television Analyzer

Sinclair to opt for "multicast"

Sinclair Broadcast says it is planning to broadcast multiple channels rather than one HDTV channel on its 29 TV stations. Sinclair's plan resembles a cable service, with one channel provided free and the others available on a subscription basis, made possible by an inexpensive set-top box which would convert a TV set to accept digitally broadcast channels.

The FCC opened the door for such a move earlier this year when it lessened its mandate that stations convert to HDTV by 2006. According to a *Wall Street Journal* report, Disney's ABC is also considering broadcasting multiple channels.

Sinclair hopes to roll out its multicast service with two Baltimore channels in January.

USBG: 4 down, 3 to go

US Broadcast Group LLC (USBG) is selling four of its TV stations for a total of \$72M: three NBC affiliates in Joplin, MO, Wichita Falls, TX and Beaumont, TX to Nextstar Broadcasting Group, headed by **Perry Sook** and backed by ABRY Broadcast Partners; and an ABC affiliate in Binghamton, NY to The Ackerley Group (A:AK). That will leave USBG debt-free, with "for sale" signs hanging on its remaining three stations: a Fox affiliate and LMA'd ABC affiliate in the Johnstown-Altoona, PA market and an ABC affiliate in the Burlington, VT market. **Broker:** Communications Equity Associates

Moonves heading CBS net

Another shakeup has streamlined the executive suite at CBS Corp. **Jim Warner** has exited as president of the CBS Television Network, with programming head **Leslie Moonves** given the new title of President, CBS Television, overseeing all programming, sales, marketing and research. Moonves has also been named to the CBS Executive Committee, joining Westinghouse CEO **Michael Jordan**, CBS Stations Group CEO **Mel Karmazin** and CBS CFO **Fredric Reynolds**.

Sinclair spins OKC TV

To make its acquisition of the Heritage Media (A:HTG) radio and TV properties from News Corp. (N:NWS) comply with FCC rules, Sinclair Broadcast Group (O:SBGI) is selling Heritage's KOKH-TV (Ch. 25, Fox) Oklahoma City to Sullivan Broadcasting for \$60M. Sinclair already owns KOCB-TV (Ch. 34, UPN) in the Oklahoma capital.

Sales of Olympic proportions!

In an interview with Reuters, **Joe Abruzzese**, President, CBS Network Sales, said he expects to sell \$540M in advertising for the 1998 Winter Olympics in Nagano, Japan. That would be more than 50% ahead of the \$370M in ad sales that CBS had for its 1994 winter games in Lillehammer, Norway. Fewer sponsors are buying bigger, with 35 companies booked for about \$500M in ads, compared to 90 for the entire '94 broadcast. The reason: most are buying big packages to lock in exclusivity and block out competitors' ads.

Nielsen ratings rival gains momentum

Cable nets are climbing on the Nielsen rival ratings bandwagon, joining four TV Nets and 14 agencies (*RBR* 8/11, p. 4). Discovery Networks, Disney's ESPN, USA Networks and Lifetime Television have thrown their support behind Statistical Research Inc.'s "Smart" ratings system, currently undergoing a year-long test among 500 HHs in Philadelphia. SRI's Director of Administration **George Hooper** expects that the system will be producing program ratings by the end of this year or early next year. About \$40M has been invested so far in the system.

NABET/CWA takes potshots at ABC and Disney in print

NABET/CWA, ABC's union, has taken out full page ads in several publications including *Advertising Age*, *Newsweek* and *Entertainment Weekly*. The ads blast Disney in an effort to put pressure on ABC. ABC's NABET/CWA workers have been working without a contract since March 31, but an ABC spokeswoman said the two parties were back at the negotiating table last week.

ABC TV Net laying off 200

ABC EVP Communications **Sherrie Rollins** told *RBR* the layoff of some 200 TV Network employees is "part of the normal budget process." Most of the layoffs were handled through attrition. Still, it's no secret that ABC TV Net ratings are down and that Disney can't be happy about the performance of its new network purchase.



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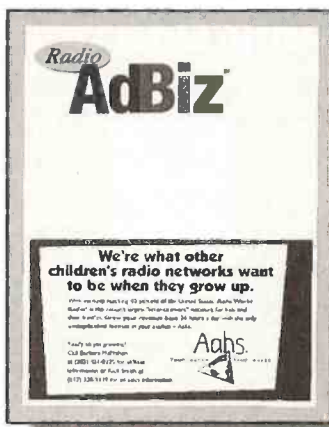
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BROADCAST INVESTMENTS™

August 13—RBR Stock Index 1997

Company	Mkt:Symbol	8/6 Close	8/13 Close	Net Chg	Pct Chg	8/13 Vol (00)	Company	Mkt:Symbol	8/6 Close	8/13 Close	Net Chg	Pct Chg	8/13 Vol (00)
Ackerley	A:AK	13.312	14.500	1.188	8.92%	55	Jacor	O:JCOR	45.625	44.250	-1.375	-3.01%	2360
Alliance Bcg.	O:RADO	0.500	0.500	0.000	0.00%	0	Jeff-Pilot	N:JP	71.125	68.937	-2.188	-3.08%	2987
Am. Radio Sys.	N:AFM	43.375	41.125	-2.250	-5.19%	898	Jones Intercable	O:JOINA	12.750	12.000	-0.750	-5.88%	136
Ceridian	N:CEN	45.000	43.000	-2.000	-4.44%	2236	Katz Media Group	A:KTZ	10.312	10.375	0.063	0.61%	2142
Chancellor	O:CBCA	41.375	39.875	-1.500	-3.63%	1256	Metro Networks	O:MTNT	33.625	33.125	-0.500	-1.49%	38
Childrens Bcg.	O:AAHS	4.250	3.750	-0.500	-11.76%	23	New York Times	A:NYTA	49.437	45.812	-3.625	-7.33%	4405
Clear Channel	N:CCU	65.875	62.812	-3.063	-4.65%	335	News Comm.	O:NCOM	2.031	1.937	-0.094	-4.63%	24
Cox Radio	N:CXR	25.000	26.375	1.375	5.50%	842	Pacific R&E	A:PXE	2.875	3.000	0.125	4.35%	6
DG Systems	O:DGIT	6.000	6.125	0.125	2.08%	25	Paxson Commun.	A:PXN	12.937	12.000	-0.937	-7.24%	937
Disney	N:DIS	80.812	79.000	-1.812	-2.24%	18064	Pulitzer	N:PTZ	51.375	52.625	1.250	2.43%	175
Emmis Bcg.	O:EMMS	43.250	42.500	-0.750	-1.73%	153	Saga Commun.	A:SGA	19.625	20.250	0.625	3.18%	25
Evergreen	O:EVGM	46.125	45.125	-1.000	-2.17%	2573	SFX Bcg.	O:SFXBA	70.000	64.000	-6.000	-8.57%	927
Faircom	O:FXCM	0.375	0.375	0.000	0.00%	315	Sinclair	O:SBGI	37.500	38.000	0.500	1.33%	780
Fisher	O:FSCI	132.000	131.000	-1.000	-0.76%	0	TM Century	O:TMCI	0.468	0.468	0.000	0.00%	0
Gaylord	N:GET	23.000	23.312	0.312	1.36%	2703	Triathlon	O:TBCOA	8.531	7.250	-1.281	-15.02%	267
Granite	O:GBTVK	11.250	11.125	-0.125	-1.11%	191	Tribune	N:TRB	52.625	49.875	-2.750	-5.23%	2750
Heftel Bcg.	O:HBCCA	62.000	68.500	6.500	10.48%	548	Westinghouse	N:WX	25.812	25.437	-0.375	-1.45%	19158
Heritage Media	N:HTG	16.875	19.312	2.437	14.44%	1879	Westwood One	O:WONE	33.250	31.875	-1.375	-4.14%	587

Lowry gets ready

Clear Channel Communications (N:CCU) filed a \$1.5B shelf registration with the SEC, covering any combination of stock, bonds and other securities. CEO **Lowry Mays** says he wants to be sure Clear Channel is "able to capitalize on attractive financing opportunities as they become available."

RBR observation: It's always a good idea to keep some spare change on hand—just in case you want to buy something.

More Q2 good news

•Heftel Broadcasting (O:HBCCA) reported a record Q2, with net revenues up 90.9% to \$37.9M. Broadcast cash flow gained 120.2% to \$15M. Net income was \$7.7M, compared to a net loss from continuing operations of \$400,000 a year earlier. After-tax cash flow from continuing operations increased 891.8% to \$11.7M. Pro forma revenues rose 18%.

•Cox Radio (N:CXR) had a 47.9% improvement in Q2 net revenues to

\$54.3M. Broadcast cash flow gained 63.1% to \$18.3M. Net income rose 15.8% to \$3.9M. On a same-station basis, revenues gained 14.4% and cash flow 34.3%.

•Triathlon Broadcasting (O:TBCOA) said Q2 net revenues rose 76% to a record \$8M. Broadcast cash flow gained 66% to \$2.1M. On a pro forma basis, revenues gained 8% and cash flow 1%.

Harmony posts profit

Harmony Holdings Inc. (O:HAHO), which is now controlled by Children's Broadcasting Corp. (O:AAHS), announced preliminary financial results showing a net profit of \$1.3M for its fiscal year that ended June 30. That's in contrast to a loss of \$2.1M the previous year. Revenues for the most recent year were \$64M, up from \$60.4M.

As reported last week (RBR 8/11, p. 4), Children's Broadcasting acquired a 27.4% stake in Harmony for approximately \$4M. Harmony's primary business is producing music videos and TV commercials.

Talk about a drop...

Alliance Broadcasting (O:RADO) CEO **Joe Newman** says the recent plunge in his company's quoted stock price, from \$3.00 to \$0.50, was due to the sudden shutdown of Cortland Capital, the only brokerage house which had been making a market in the small radio group's stock. Newman says the problem will be resolved soon, with Joseph Dillon & Co. set to become a market-maker.

Meanwhile, trading in the stock is virtually nonexistent, although various sources show a handful of recent trades at \$0.50 to \$1.38.

Metro adds Valley Watch

Metro Network (O:MTNT) has acquired Valley Watch Broadcasting, a local company which provides traffic reports to eight radio stations and two TV stations in the Fresno, CA market (Arbitron radio market #64, Nielsen TV market #55). Former owner **Renny Thomas** is staying on as GM.

Fresno is the 68th market for Metro Nets, which now has more than 1,400 radio affiliates and 100 TV affiliates.

by Jack Messmer

Atlanta settlement OKed; Radio One first to benefit from new law

The FCC is wasting no time implementing the new budget bill, which allows settlement payoffs for new CPs (RBR 8/11, p. 3). The Commission has approved a settlement which will give Radio One its third signal in the Atlanta market, reversing a March order which rejected the very same settlement because **David Solomon**, the FCC's Deputy General Counsel, had ruled that it violated the ban on payoffs.

Washington-based Radio One Inc. doesn't actually own any station in Atlanta, but it manages WHTA-FM, 97.5 MHz (Class C3), a south-suburban move-in, for Radio One of Atlanta Inc. The Atlanta company is 47% owned by **Alfred Liggins**, President, Radio One Inc. In turn, Radio

One of Atlanta owns less than 50% of an unbuilt CP for a new FM licensed to Roswell, 107.5 MHz (Class A), on the north side of Atlanta.

Another Radio One-related company, Mableton Investment Group (MIG), will LMA and eventually control the new station, 102.5 MHz (Class A), licensed to Mableton, on the west side of Atlanta.

Under the settlement agreement approved August 7, two days after President **Bill Clinton** signed the budget bill, six parties who applied for the Mableton CP in 1987 have merged their applications. The FCC has granted the application of Gonzales Broadcasting, controlled by **Susan** and **Lawrence Polk**, which is changing its name to New Radio

Broadcasters of Georgia Inc. The other five applicants will receive minority interests in New Radio totaling 49%, for which they will pay a total of \$147,000.

MIG will loan New Radio funds to cover all construction costs for the new station. MIG will also loan New Radio about \$2M to reimburse all six applicants for their legal and engineering bills.

Once the new station has been on the air for a year, MIG has a two-year option to buy out all of the New Radio owners for the fair market value of the station, but not less than \$4.595M.

RBR observation: One down, 240 to go. That's how many contested new FM stations are trapped in the backlog at the FCC created by the Feb. 25, 1994 court ruling (Bechtel v. FCC) which threw out the Commission's comparative hearing criteria.

This is the first in what's likely to be a torrent of settlements unleashed by the President's pen, but it probably won't be the most expensive. Although Atlanta is one of the most sought-after big markets, this settlement was negotiated under the old settlement rules and tried (but failed) to get around the FCC's ban on third-party payoffs. Now that the ban is gone, no-holds-barred bidding could produce some impressive payments for desirable CPs.

Salem out, C-SPAN in

Ed Atsinger and **Stuart Epperson** have decided to take a pass after running into a political firestorm over their deal to have a non-profit subsidiary of Salem Communications buy WDCU-FM Washington from the cash-strapped University of the District of Columbia (RBR 7/14, p. 13). Instead, number-two bidder National Cable Satellite Corp. has agreed to sweeten

Bonneville International Corporation

has agreed to exchange the assets of

KLDE-FM Houston, Texas
WDBZ-FM New York, New York
KBIG-FM Los Angeles, California

with

Chancellor Media

for

WTOP-AM and WGMS-FM Washington, D.C.
KZLA-FM Los Angeles, California
and additional cash consideration

in a total transaction valued at

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its bid to match Salem's \$13M.

Who the heck is National Cable Satellite Corp.? That's the real name of the non-profit cable TV operation you probably know as C-SPAN. It plans a 24-hour public affairs format and may use the FM outlet as a launching point for syndication to other non-commercial stations. Broker: **Bruce Houston**, Blackburn & Co.

Market #4 for Harpole

Jay Harpole's Harpole Broadcast Holdings of Texas is entering its fourth market in the Lone Star State (and second Arbitron-rated market) with a \$5.2M deal to buy four Corpus Christi stations from Broadcast Corp. of the Southwest, headed by **Bill York**. Harpole gets KDAE-AM, KOUL-FM, KLTG-FM & KRAD-FM, while York keeps KCTA-AM. Broker: Norman Fischer & Associates

Off to the races...

Rather than betting on horses at Keenland, **Terry Jacobs** and **Bill Stakelin** have been in Lexington, KY bidding on radio stations. Their Regent Communications is paying a reported \$4.6M for WLRO-FM & WLTO-FM to pair with WXZZ-FM. The seller is Clark Broadcasting Co., headed by **Michael Douglass**. Broker: **George Otwell** and **Charles Giddens**, Media Venture Partners

Joyner/Beasley team up

Group owner **George Beasley** and **Tom Joyner** (the North Carolina Talk host, not the ABC Radio morning personality) are teaming up in a new venture, Bocephus Broadcasting. Joyner will manage the new company, aimed at building superduopolies in small Arbitron-rated markets. The first such superduopoly is being constructed with \$4M in buys in the Blacksburg-Christiansburg, VA market (#207). Bocephus is buying three AMs and five FMs from Travis Broadcasting and New River Media. Joyner, by the way, is currently off the air, but pre-

paring to go national with a syndicated show. Broker: **Don Sailors**, Sailors & Associates

Jacor expands

OK, so we could use that headline every week. Anyway, Jacor Communications (O:JCOR) CEO **Randy Michaels** is doubling up in both bands in the Youngstown market. Jacor is paying \$3.4M for WNIO-AM & WNCD-FM, owned by **Robert Doane's** WN Broadcasting. Broker: **Bruce Houston**, Blackburn & Co.

Heritage closing set

DOJ questions answered (*RBR* 8/4, p. 4), **Rupert Murdoch's** News Corp. (N:NWS) is scheduled to close Wednesday (8/20) on its \$1.35B stock-swap acquisition of Heritage Media (A:HTG). However, Sinclair Broadcast Group (O:SBGI) won't be closing right away on its \$630M cash buy of the Heritage radio and TV groups, which Murdoch is spinning off. Those proposed transfers were just filed with the FCC (8/5). In the meantime, the broadcast properties will be run by trustee **William Evans** (*RBR* 6/9, p. 13).

RBR's deal digest

Jon Ferrari's New Wave Communications is buying **Mik Benedek's** and **Terry Gillingham's** KMBY-FM for \$2.1M as New Wave's fourth Monterey FM, plus an FM CP at Felton, CA from Benedek. Broker: **Peter Mieuli**, Jorgenson Broadcast Brokerage... Basix Communications gets an FM duopoly in the Fort Knox area with a \$500,000 buy of WIEL-AM & WKMO-FM Elizabethtown-Hodgenville, KY. Broker: **Mitt Younts**, Media Services Group... New entrant Greenrose Broadcasting Services, headed by **Raymond Green**, is buying WWPR-AM Bradenton, FL for \$275,000 from **Oswaldo Onoz's** Skywave Broadcasting Corp. Broker: **Doyle Hadden**, Hadden & Associates

SOLD!

WBHJ-FM and WBHK-FM, Birmingham, Alabama, from H & P Radio, Carl Parmer, President, to Cox Radio, Robert Neil, President and CEO.

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Transaction Digest
continued from page 16

\$1,750,000—* KJEM-FM Fayetteville AR from KJEM FM, A Limited Partnership (Elvis Moody) to GulfStar Communications Arkansas Licensee Inc. (John Cullen), a subsidiary of Capstar Broadcasting Partners (Steve Hicks). Option payment of \$750K simultaneous with LMA 6/18/97. \$1.75M less option payment in cash at closing. **Superduopoly** with KEZA-FM, KKIX-FM & KKZQ-FM.

\$1,750,000—* WACL-FM Harrisonburg VA (Elkton VA) from Stonewall Broadcasting Co. (Estate of Ernest P. Evans, Brenda Merica) to Mid Atlantic Network Inc. (John P., David P. and Howard P. Lewis et al). \$200K LMA-option payment, \$775K cash to Estate of Ernest P. Evans, \$275K cash to Brenda Merica, \$500K note to Brenda Merica. **Duopoly** with WKCY AM-FM. Station recently changed calls from WPKZ-FM. LMA since January 3. Follows break-up of LMA with Verstandig Broadcasting.

\$1,675,000—WGFP-AM & WXFE-FM Worcester MA (Webster MA) from Okun Broadcasting Corp. (Anne S. Okun) to Bengal Atlantic Communications Co. L.L.C. (Eric Seltzer, Jon Powell). \$750K cash, \$475K note due on first anniversary of closing, \$450K note due on second anniversary of closing.

\$1,550,000—WYJJ-FM Jackson MS (Pickins MS) from R&R Broadcasting Inc. (Kenneth R. Rainey Sr.) to Adonai L.P. (Michael P. Stephens). \$100K escrow, \$100K personal guarantee, \$1.05M cash at closing, two notes totalling \$300K.

\$1,500,000—* KYTN-FM Little Rock (Wrightsville AR). 100% stock sale of Natural States Communications Co. from Thomas A. Rusk, Lois O. McDonald, Felix J. McDonald,

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Gary J. Vaile, Deborah L. Vaile & others to Citadel Broadcasting Co., a subsidiary of Citadel Communications (Larry Wilson), \$1.5M cash. **Superduopoly** with KARN-AM, KRNN-AM, KESR-FM & KIPR-FM. **Broker:** Bill Cate, Sunbelt Media

\$1,200,000—KSEI-AM & KMGI-FM Pocatello ID from Conway Broadcasting Inc. (Lars Conway) to Pacific Empire Communications Corp. (Mark Boland, John Taylor). \$10K deposit, \$600K cash at closing, \$500K note). LMA since May 30. **Broker:** Gordon Rice Associates

\$1,000,000—* KCMO-AM Kansas City from ECI License Co. L.P., a subsidiary of Entertainment Communications Inc. (Joseph M. Field) to Kanza Inc. (Michael L. Carter, Carol S. Carter, Paul W. Steele). Like-kind exchange of 810 kHz license for 710 kHz license of WHB-AM Kansas City (below), subject to adjustment pending fair market appraisal. Value estimated by RBR. **Duopoly** with KAOL-AM, KMZU-FM and KRLI-FM, latter of which is operated under an LMA. **Broker:** William Lytel, Media Services Group

\$1,000,000—* WHB-AM Kansas City from Kanza Inc. (Michael L. Carter, Carol S. Carter, Paul W. Steele) to ECI License Co. L.P., a subsidiary of Entertainment Communications Inc. (Joseph M. Field). Like-kind exchange of 710 kHz license for 810 kHz license of KCMO-AM Kansas City (above), subject to adjustment pending fair market appraisal. Value estimated by RBR. **Duopoly** with KMBZ-AM, KCMO-FM, KLTH-FM. **Broker:** William Lytel, Media Services Group

\$950,000—* KEES-AM & KYZS-AM Tyler-Longview TX (Gladewater TX, Tyler TX) from Bluejay Productions Inc. dba Williams Communications (Matthew Williams) to GCI Radio Properties Inc., a subsidiary of Gleiser Communications L.L.C. (Paul L. Gleiser) which in turn is a subsidiary of Broadcasting Partners Holdings LP (Lee Simonson). \$50K escrow, balance in cash at closing. **Superduopoly** with KDOK-FM, KGLD-AM, KTBB-AM.

\$800,000—K K K K-FM Odessa TX from Tower Power Corp. (J.R. McClure) to Educational Media (K. Richard Jenkins & others). \$60K in cash at closing, \$740K note. Note: If this combo is sold within 10 years, Tower Power is to receive 50% of any sale amount over \$800K.

\$735,000—* WJMO-AM & WZJM-FM Cleveland (Cleveland Heights OH). Sale of 100% of the stock of The Young Ones Inc., which owns 100% of the voting stock of Zebra Broadcasting Corp. from Otis Lee Rush and Orrin Lynn Tolliver Jr. to Leon X. Zapis, Maria Wymer, Donna Thomas and Renee Seybert. \$10K deposit, additional \$75K in cash at closing, \$650K note. The buyers and their father, Xenophon Zapis, are non-voting stockholders of Zebra Broadcasting and own Zapis Communications, a group owner whose stations include WZAK-FM Cleveland. **Duopoly** with WZAK.

Company Profile

SFX Broadcasting: radio stations + concerts = \$2B?

Everybody who's anybody is bidding to buy SFX Broadcasting (O:SFXBA), with the winner expected to pay about \$2B in cash, stock and debt assumption. But just what are they bidding on? The SFX on the auction block today is very different than the company that existed a little over a year ago.

It was just 13 months ago, in July 1996, that SFX closed its \$223M purchase of Liberty Broadcasting and spun off \$100M worth of stations to Multi-Market Radio, whose principal stockholder was SFX Chairman **Robert F.X. Sillerman**. A short time later, Sillerman decided to merge Multi-Market into SFX. Multi-Market President **Mike Ferrel** became president of the merged SFX and former SFX President **Steve Hicks** took a long vacation, only to come back with his own new company, Capstar Broadcasting Partners—which is reported to be one of the bidders for SFX. (Talk about a close-knit industry!)

As 1996 was drawing to a close, SFX swapped one of its largest stations, KRLD-AM Dallas, and the Texas State Networks to CBS for KKRW-FM Houston. And that was only the first swap with CBS—in February 1997 the two completed an exchange of SFX's WHFS-FM Washington-Baltimore for CBS' KRRW-FM & KTXQ-FM Dallas.

In April 1997 SFX closed on a \$255M buy of four stations in Pittsburgh and three in Indianapolis from Secret Communications. It also sold KOLL-FM Little Rock for \$4.1M to Triathlon Broadcasting (O:TBCOA), yet another Sillerman-related company.

Just last month SFX completed a

\$46.5M acquisition of four stations in Richmond. This month's closing was a \$35M buy of two stations in Pittsburgh and two in Milwaukee from Hearst.

Those are just some of the larger radio deals closed by SFX in recent months. There were also numerous smaller deals, generally for single stations or combos to bulk up markets in which SFX already owned other stations.

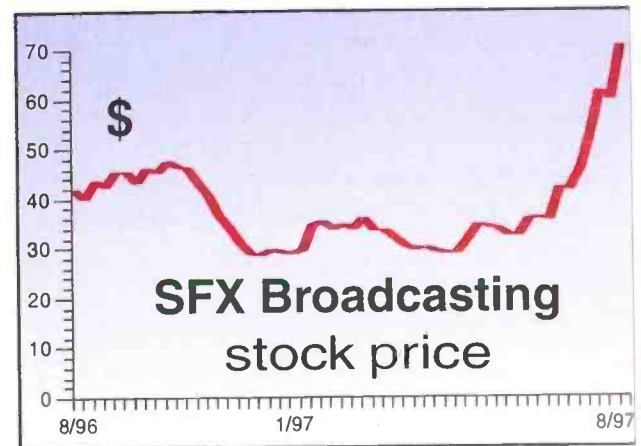
Expanding into concerts

Earlier this year, SFX also made its first diversification moves, acquiring two concert promotion companies. The purchase of New York-based Delsener/Slater Enterprises Ltd. for \$23.6M (plus delayed payments of \$4M) closed in January. Indianapolis-based Sunshine Promotions Inc. was added in June for \$53.9M cash and \$4M in SFX stock (plus \$2M

in delayed payments and \$1.6M in debt assumption).

Along the way, SFX also acquired the Meadows Music Theater in Hartford, CT for \$900,000 cash, \$7.5M stock and assumption of \$15.4M in debt.

With so many changes in its stable of properties, it is difficult to compare revenues and cash flow now to the SFX that used to be. In its Q2 report, SFX said pro forma radio revenues gained 13% for the first six months of 1997 and cash flow gained 23%. Including all pending acquisitions and dispositions, SFX said pro forma cash flow for the past 12 months would have been approximately \$104M.



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SFX Broadcasting

Financial results
1st half, 1997

Category	(\$000,000)	Gain/Loss
Net revenues	\$141.8	198%
Broadcast	\$110.9	133%
Concert promotion	\$30.9	—
Cash flow	\$44.9	212%
Broadcast	\$41.7	190%
Concert promotion	\$3.1	—

RADIO OUTLOOK 1997

- Veronis, Suhler & Associates forecasts total radio advertising to grow 9.3% per year to \$18.3 billion in 2001
- Transaction volume is robust: over \$23 billion worth of radio stations have changed hands in the last 18 months
- Debt and equity financing is readily available
- Financial players and public companies are entering the radio arena
- Valuations for private sale transactions are reaching all-time highs
- Reduction in capital gains tax is likely to spur additional activity

There has never been a more appropriate time for radio station owners to consider their transaction alternatives



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by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Aug. 6 through Tuesday, Aug. 12 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.

\$23,200,000—* KDON AM-FM, KTOM AM-FM (Salinas CA), **KOCN-FM** (Pacific Grove CA) and **KRQC-FM** (Marina CA) Monterey-Salinas from Monterey Broadcasting L.L.C., a subsidiary of Lartigue Multimedia Investments (John T. Lynch) to Clear Channel Radio Inc. (L. Lowry Mays et al), a subsidiary of Clear Channel Communications (N:CCU). Clear Channel is loaning seller \$21.45M to close deals to acquire these stations in three separate transactions and for expenses. Deal is for stations as repayment of loan, balance in cash. Lynch can also make an additional \$500K or \$1M in a consulting agreement based on 1998 cash flow. Existing **superdupoly**. LMA following Hart-Scott-Rodino waiting period.

\$23,000,000—* WFMZ-FM Allentown from Maranatha Broadcasting Co. (Richard C. Dean) to Citadel License Inc., a subsidiary of Citadel Communications (Larry Wilson et al). \$1.75M letter of credit as escrow, balance in cash at closing. The seller will also receive Citadel's WEST-AM Easton PA in exchange. **Duopoly** with WLEV-FM. LMA upon completion of Hart-Scott-Rodino antitrust review. Broker: Richard A. Foreman Assoc.

\$15,900,000—* KBYA-FM Sacramento (Fair Oaks CA) from KTHX License Investment Co. (David Kennedy), a subsidiary of Susquehanna Radio Corp., to ECI License Company LP, a subsidiary of Entertainment Communications Inc. (Joseph Field et al). \$800K escrow, balance in cash at closing. **Superdupoly** with KRXQ-FM, KSEG-FM & KXOA-FM. Broker: Patrick Communications

\$15,000,000—* WMNX-FM/WGNI-FM Wilmington NC and **WSFM-FM/WKXB-FM** Wilmington NC (Southport NC/Burgaw NC). Merger between Cape Fear Broadcasting Inc. (John G. Dawson III, Hannah Dawson Gage) and Sea-Comm Inc. (Eric Jorgensen) into Cape Fear Radio L.L.C. (Cape Fear Broadcasting 66.7%, Sea-Comm 33.3%). Cape Fear will make a capital contribution of \$333,350; Sea-Comm will make a capital contribution of \$166,650. Total value of merged entity estimated by RBR. Hannah Dawson Gage is named general manager of merged entity. Sea-Comm has conditional

option to sell its share to Cape Fear after three years. Creates **superdupoly**.

\$13,000,000—* WMCS-AM & WLUM-FM Milwaukee (Greenfield-Milwaukee WI) from Suburbanaire Inc., a subsidiary of All-Pro Broadcasting Inc. (Willie Davis), to Milwaukee Radio Alliance LLC (50% Suburbanaire, 50% Shamrock Communications). Suburbanaire is contributing its two stations and \$150K in capital to the merged entity. Station value estimated by RBR. **Duopoly** with WJZI-FM (below).

\$12,500,000—* WJZI-FM Milwaukee from Shamrock Communications Inc. (Edward Lynett Jr., George Lynett, William Lynett, Cecelia Haggerty) to Milwaukee Radio Alliance LLC (50% Suburbanaire, 50% Shamrock Communications). Shamrock is contributing its station, and \$650K in capital to the merged entity. Station value estimated by RBR. **Duopoly** with WMCS-AM & WLUM-FM (above).

\$3,200,000—* WZBQ-FM Tuscaloosa AL (Carrollton AL) from Grant Radio Group L.L.C. (Walter B. Grant) to Capstar Acquisition Co. Inc., a subsidiary of Capstar Broadcasting Partners (R. Steven Hicks et al). \$160K escrow, balance in cash at closing. **Superdupoly** with WTXT-FM, WOWC-FM, WRTR-FM, WACT-AM. LMA until closing. Broker: Stan Raymond & Associates

\$2,570,000—* KMYF-FM Monroe LA from Radioactive Images Inc. (Bradley Wilkinson, Tom D. Gay) to Sound Broadcasting Inc. (Robert D. Dodenhoff), a subsidiary of Broadcasting Partners Holdings LP (Lee Simonson). \$970K cash at closing, \$1.6M into escrow account pursuant to post-closing price adjustments. **Superdupoly** with KYEA-FM and KCTO-FM, each coming in separate concurrent transactions (see below). Broker: Gordon Rice Associates

\$2,000,000—KNNC-FM Austin (Georgetown TX) from Rees-Slaymaker Radio Partnership I LP (Richard Rees) to Simmons Family Inc. (H.H. Simmons & other family members). \$200K escrow, balance in cash at closing. LMA since July 18.

\$1,997,500—* KYEA-FM Monroe LA (West Monroe LA) from Phoenix Broadcasting Co. (Frank Stimley) to Sound Broadcasting Inc. (Robert D. Dodenhoff), a subsidiary of Broadcasting Partners Holdings LP (Lee Simonson). \$100K escrow, balance in cash at closing. Adjustments based on 1997 gross sales could change price \$100K either way. **Superdupoly** with KMYF-FM and KCTO-FM, coming in separate, concurrent deals (see above). Broker: Gordon Rice Associates

continued on page 14