

RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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Norfolk, VA

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Erie, PA

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McAllen, TX

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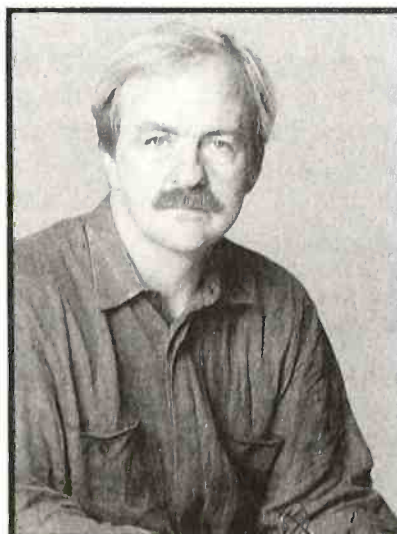


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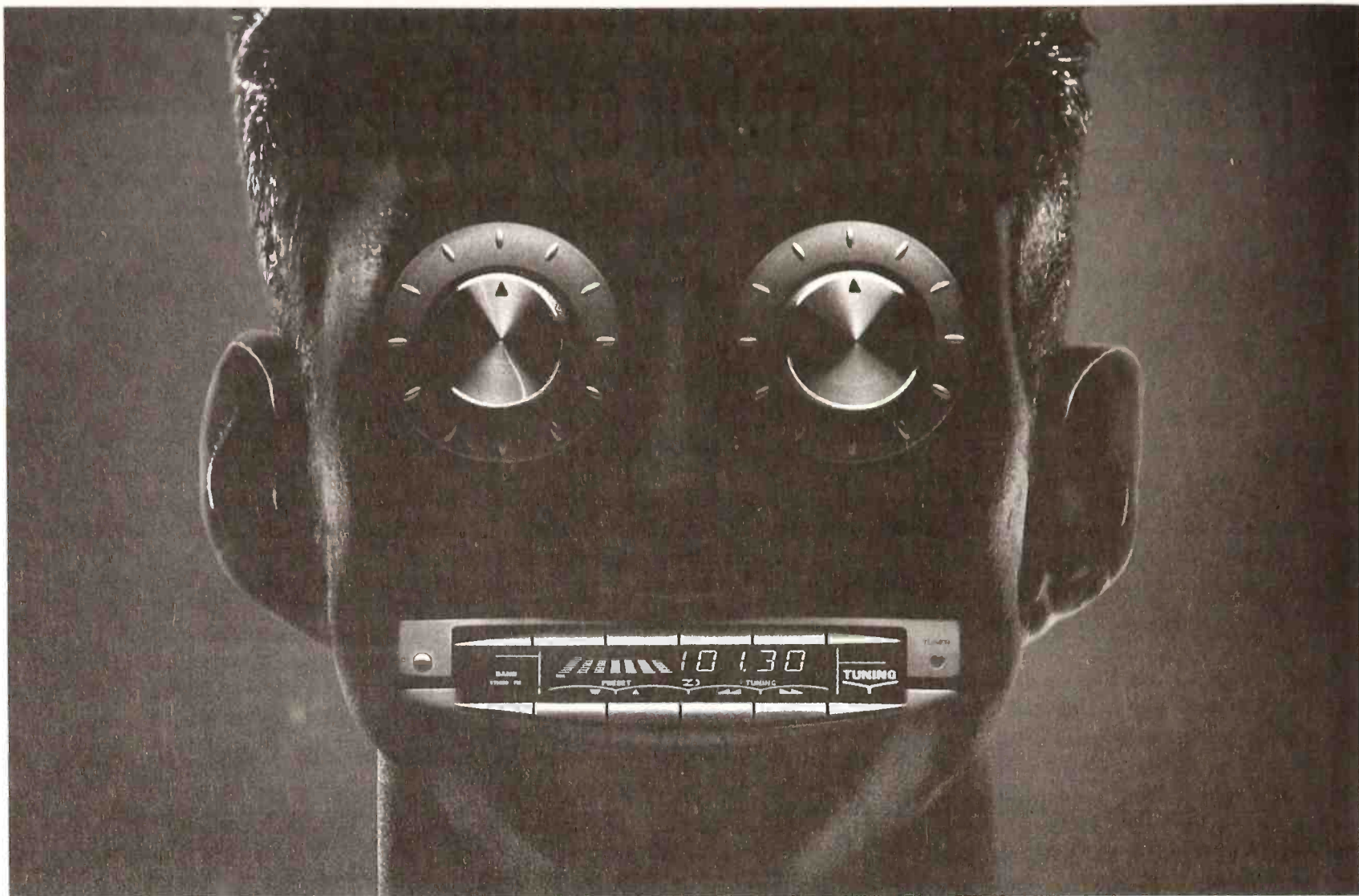


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There's no bureaucracy, we got rid of it all. There's only one decision-maker, that's me.

RBR Exclusive Interview with UPI's James Adams
Page 8



Why your worst day in radio is the best day to judge AirTime.

It's your typical day-from-hell at the station: The on-air talent is new. Traffic is in a panic to reschedule commercials. The engineer is stuck at the transmitter. And new owners want the program director to change the format again. Sounds like a perfect day for AirTime, the first on-air digital delivery system created for the real world of broadcast, where non-stop stress seems to be the rule, not the exception.

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Jim Carnegie

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Katy Bachman VP/Editor-in-Chief
 Jack Messmer Senior Editor
 Dave Seyler Senior Editor
 Carl Marcucci Associate Editor
 Frank Saxe Associate Editor
 Mona Wargo FCC Research Consultant

Ken Lee Associate Publisher
 Cathy Carnegie VP Administration
 Ronald Greene Executive Director of Production
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 Beth Dell'Isola Account Executive
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Gore Commission gets going

The Vice President's Commission charged with recommending new public interest standards for digital TV broadcasters has begun its work, and whether or not it will have any effect on radio is still unclear. The 1996 Telcom Act gives the FCC the power to require expanded public service commitments in exchange for HDTV licenses.

During the Commission's opening session Oct. 22, Vice President Gore once again spoke of free air time for political advertisements. Many broadcasters are watching the Commission closely, since co-chair Norm Ornstein has also come out in favor of free time.

19 people will join co-chairs Ornstein, of the American Enterprise Institute and CBS-TV Network President Les Moonves. Among the appointees: former FCC chair Newton Minow, North Carolina radio owner and CEO of Capitol Broadcasting Jim Goodman and Home Shopping Network CEO Barry Diller. The Committee must make its report to the Vice President by next June.

National Association of Broadcasters (NAB) SVP/Radio John David says the Commission represents a "very

dangerous situation." The NAB is collecting public service stories, which it plans on presenting to Congress.

NAB President Edward Fritts says they will work with the Commission, "But we will be vigilant in our resistance to government mandates that threaten the ability of local stations to determine how best to serve their communities."

Mediabase Monitors 24/7

Big brother may not be listening, but Mediabase is. Premiere Network's radio monitoring company is expanding to more than 1,000 radio stations in 130 cities, 24 hours a day beginning January. That's a big jump from the 350 stations in 35 markets that are monitored once a week right now.

Mediabase President Rich Meyer credits new digital and computer technology that allows them to capture audio (songs, promotions and positioners) and digitally transmit it back to LA within two minutes where humans verify what the computer captured digitally.

"The motivation for Mediabase is to expand our radio network by providing more information on more sta-

Pacing: The heat is on!

If you thought the last RBR/Miller Kaplan pacing report was hot (RBR 10/4, p. 2), check out the latest numbers as of Oct. 15. Not only is November close to sold out, but December is picking up right behind it with more than half of radio inventory sold. Markets such as San Francisco and Los Angeles are running even hotter and markets across the board are beginning to sell out for the holiday season.

RBR observation: Demand for radio is being driven by many factors, among them a robust retail sector and strong competition in TV (RBR 10/20, p. 9-10).

RBR/Miller Kaplan Market sell-out percentage report

	1997	1996
Oct. 15	86.3%	85.5%
Nov.	81.7%	77.2%
Dec.	52.4%	49.3%



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Advertising sales information: Ken Lee 703-719-9500 • Fax 703-719-9509

Email the Publisher: JCRBR@aol.com • Email Editor: Kbachman@aol.com • Email: Editorialradiobiz@aol.com • Email Sales: KenLeeRBR@aol.com

Upped & Tapped

TM Century fills hole with Holeman: Radio programming service TM Century has a named **Roger Holeman** to fill its CFO slot.

Kerr plunked into station management: Detroit's Q-95 (WKQI-FM) has promoted GSM **Dave Kerr** up to Station Manager.

Lucy Himstedt Riley is the new Chairwoman for the RTNDA, replacing outgoing Chairman **Mike Cavender**.

Rising stars at Southern Star: Capstar's East Coast operating unit has named two new execs, who join Florida VP/GM **Charlie Di Toro**. **Bill McMartin** will handle the Carolinas, while **Ron Eubanks** oversees Alabama and Tennessee.

Metro Networks strategy Crystalizes: **Ross Crystal** has been named Executive Producer of Entertainment News Programming for the rapidly-expanding provider of traffic info and more.

The Hilles are alive with the sound of sales pitches: And at KEGF-FM Dallas, they will be delivered by the staff of newly-installed GSM **Drew Hilles**. Meanwhile, the station's programming will be handled by new PD **Greg Stevens**, who exits KQRC-FM Kansas City.

BP gets its fill with Phillips: Broadcast Programming has tapped **Mel Phillips** as Regional Manager, Satellite Products.

Sophie Ziegewied zig zags from a supporting marketing role at KEGE-FM Minneapolis to sister KQRS-FM, where she will head the department as Promotions Director.

Law firm Verner, Liipfert, Bernhard, McPherson & Hand has a new Senior Associate. **Lisa M. Higginbotham** has exited the FCC to join the firm.

tions, but secondly, it opens a new marketplace for us—record companies are very interested in what radio stations are playing," says Meyer.

Stations barter one or two minutes a day for the service.

RBR observation: MediaBase is owned by Jacor, and **Randy Michaels** is hinting he's looking at adding more broadcast-related businesses (*RBR* 10/20, p.12). Why not a music publication, like *Billboard*, filled with MediaBase music research data. That is worth \$8M a year to *Billboard's* research company, BDS.

More jump on AM translator bandwagon

Since its Aug. 13 petition for a rulemaking change aimed at using FM translators to carry nighttime AM broadcasts (*RBR* 6/30 pp. 6-7), the American Community AM Broadcasters Association (ACAMBA) has garnered additional support from inside the Beltway.

After Sen. **Wendell H. Ford** (D-KY, Minority Whip, Commerce Committee) sent a Sept. 24 letter to **Reed Hundt**, a growing number of other Senators have indicated they will back Ford in the cause.

The DC-based Minority Media & Telcom Council (MMTC) has also stepped on board: "AMs are disproportionately minority-owned. They own 2% of all radio stations and over

3% of AMs. The inability of AMs to expand their coverage areas therefore disproportionately affects minority station owners," said **David Honig**, exec. director, MMTC.

According to ACAMBA, getting the NAB's support could be critical to AMs competitively and financially. "The question is: Is the NAB for the small, independent broadcasters or are they going to back the Westinghouses, Capstars and the like," said **Todd Scott**, director of sales, Great Scott Broadcasting and chairman membership relations, ACAMBA.

Getting the NAB's support could take a while, as it is not going on the agenda until the NAB's January board meeting. "We are not going to take a position on this matter until our members have had a chance to talk about it," said **John David**, SVP, NAB.

Colmes back to mornings

Alan Colmes has left his afternoon show to host United Stations' new morning show (*RBR* 9/22, p. 6), which launched last Monday (10/20) on about 20 stations. "The Morning Show" is hosted by Colmes and a comedic improvisational team, **Shelli Sonstein**, **Louise Violano**, and **Spruce Henry**.

United Stations is busy working on a new afternoon show to take Colmes' afternoon spot.

September non-spot business bounces back

Non-spot business picked up in September, contributing 10% YTD of the year's total non-spot revenue. It ranked fifth behind May, July, June and March, respectively, in terms of total dollars spent so far.

There was increased spending from seasonal categories—Clothing and Leisure/Electronics for the back to school push, and Home Improvement and Automotive in preparation for Fall and Winter.

Non-traditional revenue track

% of non-traditional revenue by category

	June	July	Aug	Sept	YTD 97	YTD 96
Automotive	7.57	15.36	19.28	16.63	12.93	13.35
Food/Grocery	35.75	34.82	32.31	34.60	34.98	25.92
Leisure/Electronic	27.00	16.07	17.68	23.63	21.54	25.79
HBA	7.31	7.72	12.35	8.93	7.84	8.61
Home Imp.	9.05	8.36	4.90	8.51	6.98	14.05
Office	12.72	14.00	11.77	4.67	11.77	8.04
Clothing	.60	3.67	1.71	3.03	3.96	4.24

Source: Revenue Development Systems; based on revenues from 46 stations in 23 markets.

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KTOC-FM

Corpus Christi, TX

KMXR-FM
KRYS-AM
KRYS-FM

Fayetteville, AR

KKIX-FM
KKZQ-FM
KEZA-FM

Fort Smith, AR

KMAG-FM
KWHN-AM
KZBB

Killeen, TX

KIIZ-FM
KLFX-FM

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KZCD

Longview, TX

KKTX
KNUE
KISX
KTYL

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KFMX-FM
KKAM-AM
KRLB-FM

KZII-FM
KFYO-AM
KKCL

Lufkin, TX

KYKS-FM
KAFX-FM

Shreveport

KRMD-AM
KRMD-FM

Texarkana, AR

KKYR-AM
KKYR-FM

KLLI-FM
KYGL-FM

Tyler, TX

KNUE-FM
KISX-FM
KTYL-FM

KKTX-AM
KKTX-FM

Victoria, TX

KIXS-FM
KLUB-FM

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KBRO-FM
KCKR-FM
KKTK-AM

WACO-FM
KWTX-AM
KWTX-FM

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WDOV

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WJBR-AM
WJBR-FM

WDSD

Winchester, VA

WFQX
WUSQ

WNTW

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KEYN-FM

KFH-AM
KRBB

KWSJ

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WPZE

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KKHT

Minneapolis, MN

KKMS
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KSTY-FM

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KLIN-FM
KEZG-FM

KFEG-FM
KKUL-FM

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WADN-AM

Norfolk, VA

WVNS

Phoenix, AZ

KFNN-AM

Portland, OR

KBNP-AM

Providence, RI

WPNW
WKIX

Seattle, WA

KEZX-AM
KWJZ-FM

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WINU-AM

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by Katy Bachman

Monthlies controversy heats up

Fearing a "book of the month" that agencies and advertisers could use to drive down station rates, the Radio Advertising Bureau (RAB) at its board meeting this weekend issued a resolution opposing monthly ratings.

This isn't the first time a radio industry group has spoken out against monthly ratings. In August, the Arbitron Advisory Council asked Arbitron to "take no further action." Look for this issue to be an agenda item at the next Council meeting Dec. 1-4.

Arbitron has been exploring the idea of monthlies at the behest of programmers and GMs that responded to a survey conducted in July by The Research Group for Arbitron. The perceptual study of 150 interviews with Arbitrends clients, half PDs, half GMs, found that 84% said they would value monthly ratings in addition to rolling averages.

RAB President **Gary Fries** has practically made the issue his personal mission. At the RAB meeting of the Research & Technology Committee he said: "Monthlies go in direct conflict with everything we want to do. It's the beginning of the book of the month club."

Arbitron's proposal is for monthlies in those continuously-measured markets that have opted for the sample increase,

about 70. The sample would be based on approximately one-third the sample used in the quarterly reports. Estimates would be limited to broad dayparts and broad demos. Right now, third party processors of Arbitron data extrapolate to get monthlies, which programmers use internally to gauge programming performance.

Even though Arbitron does not recommend Arbitrends for sales and even though it doesn't sell Arbitrends to agencies, Trends still get used for sales, particularly if the station undergoes a format flip or other significant change. One buyer of a top ten agency told *RBR* that stations regularly provide the Trends to the agency. "Once it's inside the radio station, you cannot dictate use of the data," said Fries.

That's what has broadcasters nervous—that Arbitron-branded monthlies would carry the same weight as Arbitron quarterly estimates, despite the smaller samples. "In the

end, you're left with one third of your sample," said **David Kennedy**, president, Susquehanna Broadcasting and chair, RAB Research & Technology Committee.

"The first and third months look like two different sweeps," said **Skip Finley**, CEO/COO, American Urban Radio Network. "You're taking mediocrity and dividing by three."

Even bigger samples may not satisfy broadcasters. "To do it viably, the sample cost would

go through the roof," said **Tom Milewski**, EVP/COO, Greater Media.

Do monthlies = accountability?

Just as broadcasters are divided on the issue, so are advertisers and agencies. Some of radio's biggest advertisers see more frequent radio measurement as one of the keys to growing the radio revenue pie because it makes the medium more accountable.

Sears' VP Marketing **David Selby** said precise measurement was the "biggest issue" in knowing what ran and how it performed against the target demo. "The radio industry is behind the curve," he said, referring to the daily and weekly measurement of TV and the interactive strength of the Internet. "We need more timely information, day-after precision."

"We would be all for monthly ratings," said **Reyn Leutz**, VP, associate director, national broadcast, Ogilvy & Mather. "Overall radio listening is far more consistent than TV, so why would [broadcasters] be afraid? Wouldn't they want to see the changes quicker? People could get a feel for what is really happening."

Bob Mitchell, EVP, Chevrolet media director, Campbell-Ewald, isn't convinced more frequent measurement is appropriate for radio. "Radio is so different than TV. With radio, the programming doesn't change; listening and programming should be more stable. We're not in favor of a TV-like post-buy, which a monthly rating might imply." There may even be more danger than value in monthlies, he said, pointing out that the difference between an April and May rating "indirectly implies to a client we ought to monitor our advertising on a monthly basis."

Comments? Fax your written response to RBR 703-719-7910

RAB resolution opposing monthlies

"The Board...expresses its grave concern over—and strong opposition to—any changes which would result in the issuance of Arbitrends estimates based on significantly smaller and less reliable samples, such as would be found in individual monthly Arbitrends estimates derived from just one month of sample data. The Board asks Arbitron to discontinue immediately any further consideration of this ill-conceived and potentially damaging proposal."

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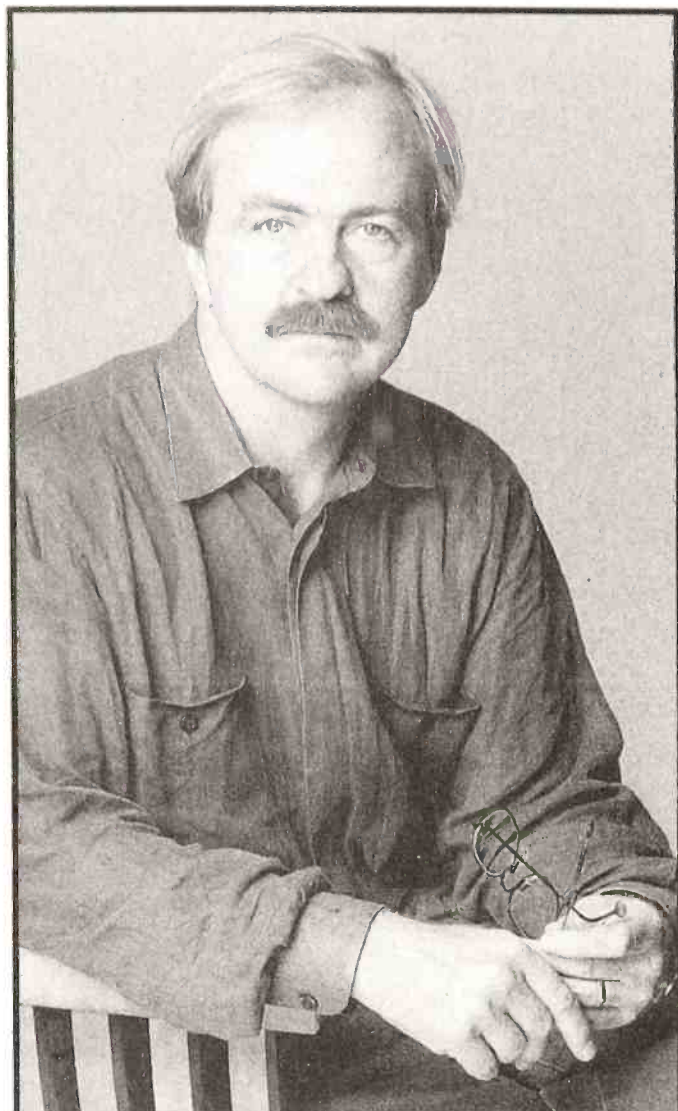
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RBR Exclusive Interview with James Adams

by Katy Bachman

James Adams: Leading the charge at UPI



James Adams
CEO, United Press International

In what state did you find UPI?

There hadn't been any leadership at all for about a decade. UPI, one of the finest news organizations in the world, has been allowed to decline through management neglect, which is a disgrace. What financial reporting systems were there? None, really. Editorially, people had gotten used to doing essentially what they wanted. From a sales point of view, the sales staff had been setting prices, which is madness.

What were some of the first things you did at UPI, and what are your second steps going forward?

For me, the challenge comes along a lot of different steps. How does one internally change morale and change direction? You take the body UPI and shake it. Fire most of the sales staff, get a different team. Make them very aggressive, make them remote from the culture of the past. Give them a product they can sell. Make the edi-

Make no mistake about who's in charge when you sit down with James Adams, the new CEO of the beleaguered UPI. Adams has a blueprint for remaking UPI and it starts with him and his vision. "There's only one decision-maker—that's me," he told RBR in this exclusive interview. "My job is partly selling—selling my ideas internally so they charge up the hill after me."

After two bankruptcies and a string of "suits" in charge, UPI's current owners, the ARA Group turned to Adams. Adams, unlike his predecessors, came to UPI in June with experience in both journalism and management, a unique combination. He had faced a similar challenge when he joined the Sunday Times of London in the early 80s. There, he was credited with bringing financial discipline to the newspaper and bringing a runaway editorial staff in line. In addition to managing the turnaround, he also was responsible for moving the newspaper from typewriters to computers.

This time, Adams faces more than a turnaround task at UPI. He faces a growing battle among news organizations for customers looking to succeed in a consolidated radio business. Adams knows UPI will have to compete against far larger and more lucrative news organizations than UPI, but he sees UPI's underdog status as a plus, freeing the organization to concentrate on radio and giving it the flexibility to move fast. In this interview, he talks with RBR about how he's ready to lead the charge.

The common thing to all of this was a culture that had become almost entirely crisis-oriented, lurching from one event to the next without a sense of common direction. Individual units worked as individual units and there was no communication across divisions. [UPI was] very defensive and very reactive instead of being pro-

active and aggressive.

torial people proud of what they do. Differentiate it from what other people are doing. Make strengths and virtues out of what you have rather than pretending to be something that is related to 25 years ago.

I fired the Sales & Marketing director the second day I was here and that sent a clear message through the system that I was attacking this from the top. I'm very accessible, very straight. You'll get an honest answer. I've had meetings and lunches with the lowest and the highest, and that has made me accessible.

I don't hear excuses much anymore. I try to create a climate of accountability and responsibility. If you say you're going to do it, I expect it done. If you can't do it, tell me why.

Almost sounds like starting from scratch...

It's a big turnaround, yes. What UPI has is a very strong brand name and a lot of loyalty. A lot of people want it

to work. Because a lot of them are absolutely pissed off at AP. AP is the gorilla on the block.

How have news organizations changed?

The role of organizations like ours has changed fundamentally in the last five years. When I started in journalism, there was APA, AP, UPI, Reuters. Today, [news is] coming at me from 10,000 different places. [We] have to be a news provider [and] very responsive to our customers. We cannot afford the arrogance of the past, which was dictatorial and said, 'you're just going to take it, if you don't like it, fine, you don't have any choice.' Well, everybody has choices now.

How will the change in news help you compete with the big guys?

The big guys are actually designed to fail because they can't respond fast enough. What we're seeing is an interesting transition from news as a kind of product to news as a commodity. There are thousands of places I can go to get the same information. So what distinguishes one news provider from another is knowledge, not news. You can go anywhere for news, you

can search it on the web...and it's very cheap. So the premium I supply you is specificity.

We have a real advantage in this area. Because you talk to anybody who's worked at AP or at Reuters and they'll tell you it's a nightmare of committees, bureaucracy, structure, rigidity, inflexibility, all that. Well, we don't have any of that, there's no bureaucracy, we got rid of it all. There's only one decision-maker, that's me.

“What we're seeing is an interesting transition from news as a kind of product to news as a commodity.”

Will you need to rebuild many of the UPI news bureaus that were cut in order to compete?

People have had a fixation with bureaus and staff people in Tokyo and Moscow. I don't see how relevant that is today. You go back 50 years when Walter Cronkite would go off for the

UPI and get out some exclusive story on this or that and he'd be the only guy there. So he had real value. But our guy in Moscow is one of thousands. He's reading the same sources and he's actually doing exactly the same thing as everybody else.

How do the trends in news service business fit in with what is happening in radio consolidation?

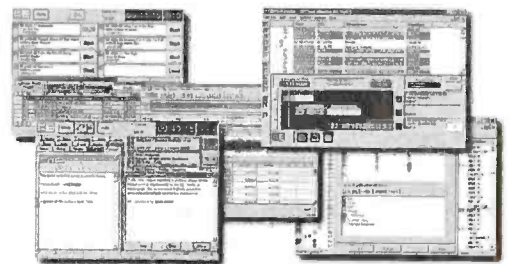
All news is local—that's the most important thing; make it relevant to the audience. That's not going to change however much consolidation there is. The challenge is how do you meet the economies of scale of the big boys and at the same time satisfy the needs of the local market. That is going to be an interesting delivery trick. One of the solutions, clearly, is to use the Web because you can customize to a very large degree, almost infinitely. That provides real opportunity for both delivery and economies of scale because you actually have quite a cheap way of delivery and you can do a kind of master image for the big guys at the top but

continued on page 10

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then you can do a subset which delivers to the local market.

Instead of a syndicated news organization, you'll be more of a customized one?

To a degree, that's true. In some cases you can do very specific additions that are very specific to a customer and in some cases you can't because it just doesn't make business sense. For me the revolution is all about choice. If you look at yourself in five years time you won't have to read the *New York Times*, you'll construct your own newspaper out of what's on the Web and it'll just come to you every morning. We have to be out there responding to that.

Will you offer your news services for barter?

We're not in the barter business. We're in the selling news business. Getting into the barter business is a bad mistake and I don't intend to mimic that. I have no reason to believe we need to change to barter. Indeed, our sales people say they want AP to go the whole way to barter and they think we'll clean up.

Where's the growth for UPI?

We see growth in a number of different areas. Coming back to a tailored product, we can do a lot more in that area and we're working to do exactly that. We're pursuing very aggressively music-intensive stations with news. We're in about 1,000 stations overall. We have identified 4,000 stations that are principle targets for us. We had record sales this month, record sales last month. We seem to be meeting our target; it looks all right so far.

How does your strategy compare to your competitors'?

AP's loyalty and its ownership is newspapers. They have to respond to what their owners want and newspapers are terrified about what's going on and don't understand it. AP has limits and we have advantages because we don't see ourselves that way. Radio and the web are far more important to us. Radio and the web are our two biggest revenue-producers.

Does that mean you're relinquishing the newspaper market?

Our model includes a lot with newspapers, but it's a slower [priority]. Because of the churn in radio, we can move in there far faster and grow the revenue far faster. My challenge is to have UPI breaking even in two years. So I am going where I know I can get growth and I will invest effort in expanding the business in other ways where that growth will be a bit slower. So we're not dismissing newspapers at all, but we're focusing on radio.

In two years you want to be in the black. Will you have a smaller loss this year than last?

We will break even in two years' time, which will be the first time in memory. Because this place has had no management really, I can drive the costs down and I can drive the revenue up and in the first six months, we will have driven our cost base and our revenues a long way towards the right direction.

"We have to be very responsible to our customers. We cannot afford the arrogance of the past."



How many news services do you think the radio industry can support?

Let's say there is a news gatekeeper called "Olive" and it draws in news, audio and text from 50 different providers and it's just like Lexus-Nexis. You get paid on how many hits you take. I'm Mr. radio producer in Des Moines and I don't want to take UPI, or AP, or Metro or anyone else because they don't give me exactly what I want. I just want to go out there and I want to pick stories for morning drive and each hit costs me ten cents and I basically put my package together and it's my unique package; I control absolutely all of it and I really like that. Why wouldn't that happen?

There could be lots of news services with different styles and different ways of reporting the news and different types of news?

There is this argument about proprietary information. What I have is mine and I'm only going to sell it to one person in one place. I'm just not sure about this. I sort of think these days that news is absolutely everywhere and they can take what they want.

So the end game is not the news service, it's the actual news item that will drive the business?

Yes. Because people will pick and there will be software that will allow all these different folks to do exactly what they want. I, James Adams, news producer of WXXX, I'm going to put my personal stamp on this and this is what it should look like. And it becomes very, very defined.

So you're much more interested in getting your news product out there anywhere you can?

Yes. The software has to work to enable that to happen. And the delivery systems have to be sophisticated enough to make that happen. If you're a gatekeeper, your economies of scale to set yourself up, is an expensive operation, just as setting up UPI is an expensive operation. But once you get past your costs, it's all gold after that. So the challenge is to make yourself accessible enough. You can charge \$5,000 or five cents. Well, if you charge five cents, you're going to be everywhere. And you as an individual can afford to hit me and you as a radio station can hit me. Being ubiquitous is going to be very important otherwise you're just killing your own market.

So I at UPI bring a number of things to the market. I bring my name—it's got UPI's stamp on it—that's worth something because a lot of the stuff out on the web is value-less nonsense. If I'm aware enough of my market and can tailor it sufficiently, that's value too because I'm providing a service that saves you time and therefore saves you money, and is giving you something specific. And if I'm sensitive enough to what I'm trying to serve I can leverage my way through a whole lot of different niches with quite similar information, packaged specifically.

October 22—RBR Stock Index 1997

Company	Mkt:Symbol	10/15 Close	10/22 Close	Net Chg	Pct Chg	10/22 Vol (00)	Company	Mkt:Symbol	10/15 Close	10/22 Close	Net Chg	Pct Chg	10/22 Vol (00)
Ackerley	A:AK	17.000	14.250	-2.750	-16.18%	350	Heftel Bcg.	O:HBCCA	77.000	73.500	-3.500	-4.55%	27
Alliance Bcg.	O:RADO	1.062	1.062	0.000	0.00%	0	Jacor	O:JCOR	46.250	47.875	1.625	3.51%	3144
Am. Radio Sys.	N:AFM	49.000	50.062	1.062	2.17%	754	Jeff-Pilot	N:JP	84.062	86.312	2.250	2.68%	1890
AMSC	O:SKYC	9.937	9.000	-0.937	-9.43%	122	Jones Intercable	O:JOINA	13.750	13.875	0.125	0.91%	267
CD Radio	O:CDRD	24.625	24.375	-0.250	-1.02%	452	Katz Media Group	A:KTZ	10.375	10.875	0.500	4.82%	640
Ceridian	N:CEN	37.500	40.062	2.562	6.83%	4877	Metro Networks	O:MTNT	35.000	33.937	-1.063	-3.04%	24
Chancellor	O:AMFM	55.250	58.062	2.812	5.09%	5933	New York Times	N:NYT	54.500	55.125	0.625	1.15%	1354
Childrens Bcg.	O:AAHS	4.375	4.625	0.250	5.71%	164	News Comm.	O:NCOM	1.875	2.250	0.375	20.00%	10
Clear Channel	N:CCU	63.875	63.375	-0.500	-0.78%	3215	Pacific R&E	A:PXE	3.437	3.250	-0.187	-5.44%	57
Cox Radio	N:CXR	32.500	34.000	1.500	4.62%	54	Paxson Commun.	A:PXN	11.125	11.562	0.437	3.93%	785
DG Systems	O:DGIT	4.437	4.312	-0.125	-2.82%	65	Pulitzer	N:PTZ	56.875	54.125	-2.750	-4.84%	442
Disney	N:DIS	86.875	83.187	-3.688	-4.25%	10061	Saga Commun.	A:SGA	24.562	22.375	-2.187	-8.90%	0
Emmis Bcg.	O:EMMS	45.125	45.250	0.125	0.28%	167	SFX Bcg.	O:SFXBA	74.125	74.437	0.312	0.42%	1872
Faircom	O:FXCM	0.531	0.843	0.312	58.76%	620	Sinclair	O:SBGI	38.250	36.875	-1.375	-3.59%	403
Fisher	O:FSCI	122.500	126.000	3.500	2.86%	12	TM Century	O:TMCI	0.437	0.812	0.375	85.81%	5
Gaylord	N:GET	30.250	30.187	-0.063	-0.21%	1712	Triathlon	O:TBCOA	8.250	8.875	0.625	7.58%	733
Granite	O:GBTVK	11.187	11.625	0.438	3.92%	455	Tribune	N:TRB	53.875	55.812	1.937	3.60%	2237
Harris Corp.	N:HRS	48.000	48.375	0.375	0.78%	3121	Westinghouse	N:WX	27.375	29.000	1.625	5.94%	39002
							Westwood One	O:WONE	34.250	30.375	-3.875	-11.31%	491

Chancellor seeks Katz bondholder consents

Chancellor Media (O:AMFM) is seeking consents from Katz Media (A:KTZ) bondholders to revise certain covenants in conjunction with Chancellor's pending \$373M acquisition of Katz (RBR 7/21, p. 2). If a majority of bondholders agree, those consenting to the changes will be paid \$3.75 per \$1,000 in face value of bonds. The Katz sale is still awaiting DOJ approval.

CD Radio offers preferred stock

CD Radio Inc (N:CDRD) has adopted a shareholder rights plan in which it declared a dividend of one preferred stock purchase right for each share of the company's common stock outstanding at the close of business Nov. 3. Each right entitles its holder to buy one one-hundredth of a share of a new class of the company's preferred stock. CD Radio is planning to launch a CD quality radio broadcast via satellite to cars within the next three years.

Faircom Inc.

Joel M. Fairman, Chairman and CEO

has agreed to merge with

Regent Communications, Inc.

Terry S. Jacobs, Chairman and CEO

in a transaction valued in excess of

\$31,000,000

The undersigned initiated this transaction and acted as exclusive financial advisor.



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by Frank Saxe

Hicks, Muse wins bidding war

Faced with a competitive bid, Hicks, Muse, Tate & Furst has upped its offer for the LIN Television Group (O:LNTV). Hicks, Muse is now offering \$1.9B, up from \$1.6B, and much closer to the \$2B cash offered by Raycom Media Inc., part of the Retirement Systems of Alabama. The LIN Board of Directors has given the Hicks, Muse offer their blessing, and within hours of the vote Oct. 22, Raycom dropped its bid.

In a press release, Raycom congratulated LIN stockholders for getting an additional \$250M in cash from Hicks, Muse. Stockholders (including AT&T, which owns 45%) are expected to approve the deal at LIN's annual meeting set for January.

Hicks, Muse always had the edge, thanks to a deal it is working with NBC, which would guarantee its stations affiliation to the #1 network. NBC (N:GE) and Hicks, Muse are planning to jointly run KXAS-TV Dallas and KNSD-TV San Diego. Just last week (RBR 10/20, p.8), NBC announced plans to buy controlling interest in KXAS for an undisclosed sum.

Under an agreement reached between LIN and Hicks, Muse (RBR 9/22, p.8), LIN could not seek out larger bids, but could respond to offers such as the one made by Raycom. Raycom owns 30 small and medium market TV stations, Hicks, Muse owns seven.

Regent buys Faircom group for \$31M

Regent Communications is once again expanding. Regent is paying Faircom Inc. (O:FXCM) \$31M for six stations in three markets: WCRZ-FM, WWBN-FM and WFNT-AM Flint, MI; WYHT-FM and WMAN-AM Mansfield, OH; and WSWR-FM Shelby, OH. Faircom CEO **Joel Fairman** will become vice chairman of the Regent Board of Directors. In the hours after last Wednesday's (10/22) announcement, Faircom stock reached record highs.

This deal expands Regents' holdings in Ohio and opens up a new market—#116 Flint, MI.

Just last week, Regent closed on four stations in the Redding, CA market. That deal was valued at \$3.5M (RBR 10/20, p.12), and Regent is in the process of buying 16 stations in California and Arizona from the Park Lane Group, and three stations in Dayton from Great Trails Broadcasting. Regent CEO **Terry Jacobs** says they're still on the hunt for more mid-to-small market stations. Broker: R. Dean Meiszer, Crisler.

Jacor buys 5 in Ohio

Jacor (N:JCOR) is adding on to its Ohio empire, with the \$14.5M cash purchase of WMRN-AM, WMRN-FM, and WDIF-FM Marion; WQTL-FM Ottawa; and WHMQ-FM North Baltimore from Burbach Broadcasting. They'll sit between the Lima and Sandusky markets, where Jacor already has a presence and brings Jacor's Ohio total to 44 (RBR 10/20, p.14). Ohio is the crown jewel of **Randy Michael's** clustering strategy. Jacor is also building regional clusters in Florida, Colorado-Wyoming and Southern California. Broker: Jorgenson & Co.

RBR observation: Randy now owns Ohio. Burbach Broadcasting has been doing business in the Buckeye State for 34 years, but no doubt decided to sell—given the value Jacor's cluster-

Charles W. Banta, President and CEO of
Mercury Radio Communications, Inc.

has agreed to transfer the assets of

**WEDG-FM, WGRF-FM and
WHTT-AM & FM Buffalo, New York**

for

\$62,000,000

to

**Broadcast Partners Holdings, L.P.,
Veronis, Suhler & Associates
Communications Partners II, L.P. and
Mercury Radio Communications, Inc.**

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CLOSED

Tower builders grow

Capitol Broadcasting and TowerAmerica have announced a joint venture to build radio and TV towers in the US. Capitol already owns two towers, TowerAmerica manages 15 in the Southeast. "Faced with the costs of making the change to HDTV, we anticipate that many television stations may prefer to lease space rather than build new towers," says **James Goodmon**, CEO and President of Capitol. He says stations in some markets will be selected as equity partners in the venture. The NAB estimates that 700 new towers will be built to handle the conversion to HDTV.

RBR observation: The list of broadcasters getting into and expanding into the tower business is growing. Recent deals include **Steve Dodge's** acquisition of OPM-USA for \$105M and **Carl Hirsch's** and **Anthony Ocepik's** vertical expansion of OmniAmerica Wireless (*RBR* 10/13, p.14).

ing has given its small market stations.

Saga goes statewide

Saga Communications (A:SGA) is buying the Illinois Radio Network from LH&S Communications. *RBR* sources peg the pricetag at \$1.5M.

The network offers regional and state news, and sports information to more than 45 radio stations in Illinois. Saga already owns stations in the capital, Springfield, and Champaign which should allow it to run the network for a lot less than LH&S could. Saga President and CEO **Edward Christian** says, "This acquisition is excellent for our first expansion into the state networks business."

Cumulus keeps coming

Fast-growing Cumulus Media is making its Maryland superduopoly even more super with the purchase of two more stations in the Salisbury-Ocean City market (#154). Cumulus, headed by **Richard Weening** and **Lew Dickey Jr.**, is buying WJDY-AM and WSBY-FM for \$1.3M, from **J. Parker Connor's** Connor Broadcasting Corp. Cumulus is already in the process of buying WTGM-AM, WLBW-FM, WLWV-FM, WQHQ-FM & WRXS-FM for \$9.2M from HVS Partners (*RBR* 9/8, p.12). Connor keeps WJPY-AM and WSUX-FM Seaford, DE.

Cumulus has been on a three market buying spree (*RBR* 9/15, p. 23). They have also announced recent deals in Columbus, GA and Augusta, GA.

Cumulus also owns the Gem Radio Group, which has seven English language stations in the Caribbean. **Broker:** William Schutz, Jr.

RBR's deal digest

Citadel Communications is laying out \$23M to Maranatha Broadcasting Corp. for WFMZ-FM and WEST-AM Allentown, PA. That creates a duopoly with WLEV-FM.

Broker: Dick Foreman, Foreman Associates... Zapis Communications is expanding in Ohio. For \$2.6M **Xenophon Zapis** is getting WICT-FM, WWSY-FM and WPAO-AM in the Youngstown-Warren market. Zapis already owns three sticks in Cleveland. **Broker:** Peter Handy, Star Media Group... American Cities Broadcasting, LP is buying KFTZ-FM and KOSZ-FM Idaho Falls, ID for \$2M from Eagle Rock Broadcasting and KART Broadcasting Co. American Cities has filed several applications with the FCC for licenses in neighboring Montana. **Broker:** Greg Merrill, Media Services Group... Peterson Broadcasting has closed on WJYZ-AM and WJIZ-FM Albany, GA for \$3.62M from Keys Communications Group. Combined with WOBB-FM, WMGR-AM and WMGR-FM, **Howard Johnson** will create a superduopoly in the Albany market. **Broker:** John Willis, George Reed, Media Services Group... **Joseph Gallagher's** KJI Broadcasting LLC is buying WBET-AM and WCAV-FM Brockton, MA from WBET LLC. Gallagher already owns a piece of WBEC-AM/FM in Pittsfield, MA. **Broker:** Robert Maccini, Media Services Group... Guardian Communications is getting out of the broadcasting business, with the sale of its Albuquerque stations to AGM-Nevada, LLC (**Anthony** and **Roger Brandon**). KARS-AM, KKIM-AM, KLVO-FM, and KYLZ-FM will join AGM's two other signals in the market, KABG-FM and KBFG-FM, to form a superduopoly. **Broker:** Kalil & Co., Inc... Commonwealth Broadcasting Corp. keeps adding on in Kentucky, with its addition of WEKY-AM Richmond and WKXO-AM/FM, Berea, from **Robert Spradlin's** Pioneer Broadcasting, who cashes out of the radio business. Price for all three signals: \$550,000. **Broker:** Ralph Meador, Meador & Associates.

CLOSED!

Capstar Broadcasting Partners, Inc., R. Steven Hicks, Chairman and CEO, has purchased Ameron Broadcasting, Inc., Thomas F. O'Brien and Ronald W. Recker, Principals for \$31,500,000.

Randall E. Jeffery, Jr.,
Randall E. Jeffery
and
George I. Otwell
represented the buyer.

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RANDALL E. JEFFERY, JR.
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Third Quarter Earnings

•**Tribune Co.'s** (N:TRB) 3Q earnings jumped 58% with a 12% revenue increase to \$695M. Profits for Tribune Broadcasting rose 59% to \$66M with much of that coming from six new Tribune TV stations. Tribune owns WGN-AM Chicago and KOSI-FM, KEZW-AM and KKHK-FM Denver. The four stations' profits increased 76% compared to 68% for TV. Tribune stock fell almost 44-cents on the news Friday (10/17), to \$53.56.

•**New York Times Co.** (N:NYT) announced earnings in the third quarter were \$46.2M. That compares to a \$47.7M loss during 3Q a year ago. Revenue was up eight percent, to \$683.6M. The New York Times owns WQEW-AM and WQXR-FM in New York.

•**Pulitzer Publishing Co.** (N:PTZ) reported 3Q earnings up 9.7% to \$14.2M. Broadcasting was down over 1996, but comparisons are tough because of the '96 Olympics. Publishing gains, particularly in classified advertising, account for much of the increase. Pulitzer owns nine TV stations and five radio stations: KTAR-AM, KMVP-AM and KKLT-FM in Phoenix; WLKY-AM in Louisville; and WXII-AM in Winston-Salem.

•**The Ackerley Group** (A:AK) said 3Q revenues were up 14.9% to \$52.5M, but a big jump in Seattle SuperSonics salaries resulted in a net loss for the quarter of \$400K. Ackerley is a partner in three Seattle radio stations: KJR-AM, KJR-FM and KUBE-FM.

•**The Washington Post** (N:WPO) reported 3Q earnings were up 3.9% to \$478M, that but fell below expectations because of "softness" in its broadcasting side, where revenues were down one percent. The company says year-on-year comparisons are tough, because 1996 brought in Olympic and election ad dollars.

Transaction Digest
continued from page 16

WTVN-AM Columbus and WLW-AM Cincinnati. Notes: 143 stations in market. The contract bars Rodgers for 18 months from selling his Richmond IN and Connersville IN stations without prior consent from Jacor. Broker: Jorgenson Broadcast Brokerage

\$2,130,000—* WKAP-AM Allentown from East Penn Broadcasting Inc. (Harold G. Fulmer III) to Atlantic Star Communications Inc. (Jim Shea), a subsidiary of Capstar Broadcasting Partners (Steve Hicks). \$1.065M letter of credit as escrow, \$1.065M in cash at closing, \$1.065M note. **Superduopoly** with WAEB-AM & FM, WZZO-FM, WEEX-FM & WODE-FM.

\$1,870,000—* WNCG-FM Clyde OH from S&S Communications Group Inc. (Kent D. Smith) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$110K escrow, balance in cash at closing. **Duopoly** with WLEC-AM & WCPZ-FM Sandusky OH.

\$1,400,000—* WAGH-FM Columbus GA (Fort Mitchell AL), 100% stock sale of Minority Radio Associates Inc. from Arthur C. Angell Jr. & Margaret R. Angell to Cumulus Holdings Inc. (William Bungeoth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$100K escrow, balance in cash at closing. **Superduopoly** with WMLF-AM, WPNX-AM, WVRK-FM & WGSY-FM. Broker: Sailors & Associates

\$1,150,000—* KRSQ-FM Billings (Laurel MT) from Bethesda Christian Broadcasting Inc. (Dale R. Turner) to American Cities Broadcasting LP (Aaron P. Shainis, Bruce Buzil). \$350K non-refundable deposit, balance in cash at closing. **Duopoly** with KGHL-AM & KIDX-FM. LMA since Aug. 15. Broker: Broadcasting Asset Management Corp.

\$1,125,000—* WSWR-FM Shelby OH from The Petroleum V. Nasby Corp. (Timothy J. Moore) to Faircom Mansfield Inc. (Joel Fairman), a subsidiary of Faircom Inc. (O:FXCM). \$100K escrow, balance in cash at closing. **Duopoly** with WMAN-AM & WYHT-FM Mansfield OH.

\$1,050,000—* WIBM-AM & WKHM-AM & FM Jackson-Brooklyn MI from Cascades Broadcasting Inc. to Jackson Radio Works (Bruce, Susan & Esther Goldsen). \$20K escrow, balance in cash at closing. Existing **duopoly**.

Market Profile

by Dave Seyler

Charlotte: Consolidated radio operations enjoying excellent results

Charlotte is Arbitron market #37, but in terms of radio revenues it ranks #27. Part of the reason for this quite agreeable discrepancy is the fact that it is the second-fastest growing radio market in the United States, bettered only by its neighbor to the northeast, Raleigh-Durham.

American Radio Systems entered the market in a big way last year, picking up two FMs in its group acquisition of EZ Communications, then adding two AMs and four FMs in a swap with Evergreen. That deal put ARS over the limit by one FM.

This problem was solved in a way which would have been completely unthinkable a few short years ago. SFX, which competes with ARS in Charlotte, does so in Pittsburgh as well. SFX agreed to a deal in which it picked up Charlotte's third most popular radio station plus a syndicated morning show from ARS for one of its Pittsburgh stations. (SFX also paid \$20 Million.)

In other words, ARS, which is #1 in Charlotte, helped significantly improve SFX, it's #2 competitor, while SFX, in the lead in Pittsburgh, improved ARS, its #2 competitor there.

In both cases, the dealing isn't quite done yet. The ARS stations are on their way to CBS, while the SFX stations have Capstar in their immediate future.

Cooperation between groups is not unprecedented in Charlotte. Back in January 1993 it was one half of the venue for one of the very first straight-up duopoly swaps, which allowed EZ Communications to double here while Cox Radio got a duopoly in Miami.

Jefferson-Pilot is a strong presence in its home market, as is The Dalton Group, which is making Charlotte its last stand after selling out of Cincinnati last year.

As with most markets we've profiled, the list of the dearly departed is a trip down memory lane. Cox, Evergreen, Broadcasting Partners, Voyager, Wescom, Trumper, Keymarket, Pyramid, EZ Communications and Adams have all been and gone.

10/27/97 RBR

Owner Scorecard

Owner	Calls	Sp92	Owner	Calls	Sp97
Cox	WSOC-FM	14.9	**CBS	WPEG/WSOC/WNKS/WBAV/	
Bcg Ptrns	WGIV/WPEG	12.8		WSSS/WGIV/WFNZ	33.9
Jeff Pilot	WBT AF	12.1	**Capstar	WLYT/WRFX/WTDR	19.0
#Voyagr/Wscm	WWMG/WXRC	7.5	*Jeff Pilot	WBT AF/WLNK	10.4
Trumper	WTDR-FM	7.0	*Dalton	WWMG/WEND	8.6
Keymarket	WEZC-FM	6.7	*GHB	WNMX/WAVO/WHVN	2.4
Pyramid	WRFX-FM	6.1	Davis	WCCJ-FM	2.1
Compass	WCKZ-FM	4.5	Pacific	WXRC-FM	1.6
EZ Comm	WMXC-FM	4.0			
Adams	WAQS/WAQQ	2.6			

Market Stats

Arb rank:	37
12+ pop	1,097,400
% Black	19.3
% Hispanic	1.0

1997 Revenue estimates:

Radio:	\$70.1M
TV:	146.9M
Newspaper*:	104.4M

(*Charlotte Observer)

Local Duopoly Dimensions

Radio stations	30
% Superduopoly	60.0
% Consolidated	93.3

RBR/ Scarborough snapshot

	Mkt comp	59 mkt comp
Daily newspaper	59.2	58.8
Sunday newspaper	66.4	68.4
Radio morning drive	80.0	N/A
Radio evening drive	80.6	N/A
Any radio	94.8	96.0
Any TV	97.1	96.0
Connected to cable	78.4	95.7
Online service	27.7	16.0
Home improvement (1 yr)	55.0	52.6
Bought/leased car (5 yr)	63.1	43.3

Sources: Arbitron, BIA, Competitive Media Reporting, Scarborough, RBR Source Guide database

CLEAR CHANNEL

has acquired

WZTR-FM

Milwaukee, Wisconsin

from

SHOCKLEY COMMUNICATIONS

for

\$14,500,000

The undersigned acted as broker in this transaction and assisted in the negotiations.



Kalil & Co., Inc.

3444 North Country Club Tucson, Arizona 85716 (520) 795-1050

VERONIS, SUHLER & ASSOCIATES INC.

RADIO OUTLOOK

- Veronis, Suhler & Associates forecasts total radio advertising to grow 9.3% per year to \$18.3 billion in 2001
- Transaction volume is robust: more than \$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.



CHRISTINE L. BALCIUS

Veronis, Suhler & Associates, the leading investment bank exclusively serving the media and communications industry, specializes in helping entrepreneurs and family-owned businesses to maximize value through private sale transactions, mergers and acquisitions.

To discuss possible initiatives in complete confidence contact:

Chris Balcius

Director for Radio Broadcasting
(212) 935-4990

VERONIS, SUHLER & ASSOCIATES INC.

350 PARK AVENUE, NEW YORK, NY 10022

TRANSACTION DIGEST™

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Oct. 15 through Tuesday, Oct. 21 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.

\$26,666,667—* KGSR-FM & KROX-FM Austin (Bastrop-Giddings TX) from Sinclair Telecable Inc. d/b/a Sinclair Communications (John, Virginia, J. David & Robert Sinclair, Ann Adams) to LBJSBroadcasting Company LP, owned 66% by The LBJ Broadcasting Company LC (Claudia "Lady Bird" Johnson, Luci Baines Johnson & four grandchildren of the late US President) and 33% by Sinclair Telecable (owners listed above). Merger with LBJ's Austin stations, with total deal valued at \$80M. Listed price is 1/3 of total. **Superduopoly** with KLBK-AM & FM & KAJZ-FM. Broker: Paul Leonard, Star Media Group

\$14,000,000—* WBBQ-AM & FM & WZNY-FM Augusta GA from Savannah Valley Broadcasting Co. (George Weiss) and George G. Weiss, individually, via charitable donation to the Medical College of Georgia (RBR 6/30, p. 13), to Cumulus Licensing Corp. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$1.4M escrow, balance in cash at closing. **Superduopoly** with WGUS-AM, WEKL-FM, WRXR-FM & WUUS-FM.

\$11,000,000—WWKI-FM Kokomo IN from Shepard Communications Inc. (John T. Shepard) to WBG License Co. LLC, a subsidiary of Wicks Broadcast Group (Craig B. Klosk, Edgar R. Berger, Carter F. Bales). \$500K escrow, balance in cash at closing. Broker: Michael Bergner, Bergner & Co.

\$6,500,000—* KNCQ-FM, KEGR-FM & KEWB-FM Redding (Redding-Red Bluff-Anderson CA) from McCarthy Wireless Inc. (Craig McCarthy) to Pacific Star Communications Inc. (Dex Allen), a subsidiary of Capstar Broadcasting Partners (Steve Hicks). \$325K letter of credit as escrow, \$6.5M in cash at closing. Existing **superduopoly**. Broker: Media Venture Partners

\$5,900,000—WMDH-AM & FM New Castle IN from WTL Indiana Inc. (Jack Lich, Stephen Taylor, Edward Taylor IV,

Suzanne Taylor) to WBG License Co. LLC, a subsidiary of Wicks Broadcast Group (Craig B. Klosk, Edgar R. Berger, Carter F. Bales). \$300K escrow, balance in cash at closing. Broker: Michael Bergner, Bergner & Co.

\$5,475,000—* KBBX-AM & KESY-FM Omaha from OMA Inc. (John W. Biddinger) to Journal Broadcast Group Inc., a subsidiary of Journal Communications Inc. (Journal Employees' Stock Trust, David Meissner & relatives). \$150K escrow, balance in cash at closing. **Superduopoly** with KOSR-AM, KEZO-FM, KOSJ-FM & KKCD-FM. Broker: Kalil & Co.

\$5,100,000—KEZN-FM Palm Springs (Palm Desert CA) from Classic Broadcasting Inc. (Paul Posen) to American Radio Systems License Corp. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM). \$500K escrow, balance in cash at closing. LMA since Sept. 29. Broker: Star Media Group

\$5,000,000—* WJST-FM Ft. Myers-Naples (Ft. Myers Villas FL) from WSUV Inc. (John R. Linn) to Beasley Radio Inc. (George, Shirley, Barbara, Brian, Bradley & Robert Beasley), part of the Beasley Broadcast Group. \$250K letter of credit as escrow, \$3M in cash at closing, \$2M note. **Superduopoly** with WWCN-AM, WXKB-FM, WRXK-FM & WJBX-FM.

\$4,500,000—* WVGO-FM Richmond (Crewe VA) from ABS Communicaitons LLC (Bob Sillerman), a subsidiary of SFX Broadcasting (O:SFXBA), to FM 100 Inc. (Walton M. Belle, Charles E. Cummings, Joseph A. Quash, Larry D. Jones Sr.). \$450K letter of credit as escrow, balance in cash at closing. **Duopoly** with WREJ-AM & WSOJ-FM. Broker: Media Services Group

\$2,500,000—* WMXZ-FM Ft. Walton Beach (DeFuniak Springs FL) from Bay Cities Communications Inc. (J. McDavid Flowers) to Root Communications Ltd. (Susan S. Root). \$120K escrow, balance in cash at closing. **Superduopoly** with WPFM-FM & WAKT-FM Panama City.

\$2,250,000—* WOFR-AM & WCHO-FM Washington Court House OH from Rodgers Broadcasting Corp. (David Rodgers) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$125K escrow, balance in cash at closing. **Superduopoly** with

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