

# RADIO BUSINESS REPORT

VOICE OF THE RADIO BROADCASTING INDUSTRY®

## RADIO NEWS

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## Low-power FM blasted by broadcasters

Low-power FM had few friends last week in Las Vegas. **Richard Lee**, Chief of Compliance, FCC, was the only one present to defend the Commission's LPFM Notice of Proposed Rulemaking at the NAB '99 panel "Ensuring Radio Spectrum Integrity: a Public Mandate."

In addition to Lee and moderator **Randy Odeneal** of Sconnix Broadcasting and the NAB Spectrum Integrity Task Force, other panelists—all with a decidedly anti-LPFM point of view—were **Milford Smith**, VP Engineering, Greater Media; **Amy Brown**, Wilkinson Barker Knauer & Quinn and **John Fiorini**, Gardner Carton & Douglas.

Lee began by citing some of the reasoning behind LPFM: "I have been in on several enforcement actions and I can tell you I have gone into places in the inner city where they have set up radio stations and they have the walls filled with community service certificates from the local police, from the office of the mayor and from the Red Cross. And when we go in with the U.S. Marshals and the local police arrive and say 'Why are you doing this? These people have really helped us.'"

While he was praised by panelists for the impressive job he's done shutting down some 400 pirates, Lee stressed his support for Chairman **Bill Kennard's** LPFM initiative, in at least some form, and cited the following reasons pirates are operating: lack

of diversity, high costs involved in purchasing stations, lack of minority ownership and lack of employment opportunities in radio. He added that many of his enforcement actions involved minorities, small businesses and churches. Lee concluded by saying the current signal coverage prediction methods are 37 years old: "We need to take a look. We are doing tests; the NAB is doing tests, I'm hopeful that we can find a compromise."

Bringing 30 years of broadcast engineering to the table, Smith came well prepared in assailing the proposed rulemaking. "This is the most serious threat to the integrity of the FM broadcast service in my entire time in this business," he said. "When removal of third- and second-adjacent interference standards are being looked at to make this work, it results in one thing—increased interference. It will punch a bunch of holes in existing service areas."

Smith said he had calculated what an LP1000 (1kw station) would do to a Class B without second-adjacent protection if that station was operat-

### NAB '99 sets attendance record

NAB's annual convention in Las Vegas—NAB'99, The Convergence Marketplace—drew a record crowd of 105,000, including several representatives of *RBR*. Complete coverage of radio happenings in Vegas begins on this page and continues throughout this issue.

ing close to the edge of the protected service contour and found that about 14 square kilometers of service would be gone. "With more than one LP1000," Smith said, "it's possible that holes would be bored into your city grade contour."

Words became somewhat heated on the panel when Lee addressed Smith's remarks that every IBOC proponent is seriously concerned about LPFM. "I thought it was very, very clear in the Chairman's remarks, and remarks from the other commissioners that the commission will in no way do anything that is going to

### Pacing powers on

May remains on track to be the US radio industry's highest billing month ever. Noting that radio groups have been reporting strong Q1 revenues, Miller Kaplan's **George Nadel Rivin** says "this first look at the second quarter would appear to herald more of the same."—JM

### RBR/Miller Kaplan Market sell-out percentage report

|                 | 1999         | 1998         |
|-----------------|--------------|--------------|
| <b>April 15</b> | <b>84.5%</b> | <b>87.7%</b> |
| <b>May</b>      | <b>78.6%</b> | <b>77.0%</b> |
| <b>June</b>     | <b>56.1%</b> | <b>55.1%</b> |

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damage the integrity of the FM spectrum or IBOC. So, I don't know why you continue to research all of the old stuff about 'this is what's going to happen!,'" Lee complained—adding that the Commissioners have said degradation of the FM band won't be allowed to occur.

"They said it will not happen," Smith shot back. "However, if you read the various proposals in the NPRM, it will happen."

"We're in discussion about how to accomplish something," Lee responded. "The only thing that you have brought to the table is all the negativity. You're an engineer—how can you help us get this done? If you say you can't, then let's find another engineer."

### **What's the rush?**

Fiorini, while voicing concern on why the FCC may allow some pirates to apply for LPFM licenses, was more concerned with why the commission is in such a hurry with the initiative in general. "I can't recall a time when anything in the FCC was pushed so quickly," the attorney noted. "The short comment and reply period may short-cut some critical technical issues."

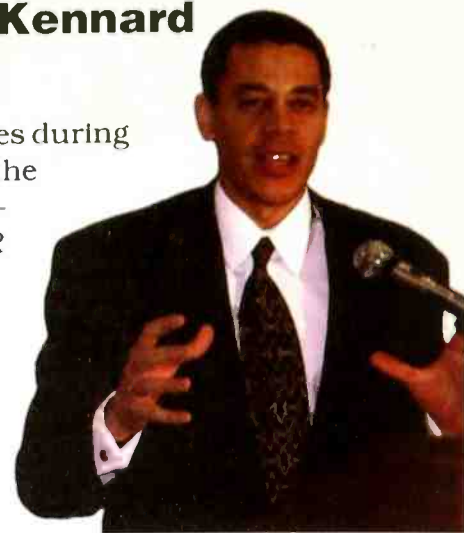
In closing remarks, Odeneal noted that there are now more than 10 ethnic and minority stations in his home market of Washington, DC and questioned if LPFM was just a "solution in search of a justification."

Most comments from the audience offered solutions and compromises. One was an "expanded FM band" (108-116 MHz) after that portion of the aviation band becomes available in the next 2-5 years.

The most offered suggestion was keeping LPFM in the non-commercial band, where existing criteria would better allow it.—CM

## **From Pinocchio to LPFM, Kennard speaks out at NAB '99**

**Bill Kennard** has been slammed many times during his year and a half reign as the head of the FCC, from Congress accusing him of entering into a secret agreement with GSA (*RBR* 4/19, p.4) to a group of pirate broadcasters portraying him as a "Pinocchio-like" puppet controlled by the NAB (*RBR* 10/12/98, p. 4). "Now that's a group that is really in touch with what is going on in Washington these days," Kennard chuckled during his speech for the NAB '99 in Las Vegas.



Kennard made the trek across the country 4/20 to deliver his speech "From the Vast Wasteland to the Vast Broadband" to hundreds of broadcasting enthusiasts, announcing his view that broadcasting has nowhere to go but up. "In 1961, FCC Chairman **Newt Minow** proclaimed that television was a 'vast wasteland.' Today, almost four decades later, I survey the television landscape and see the limitless potential of broadband," said Kennard.

According to Kennard, many broadcasters fear the ever-growing Internet will have profound effects on the industry, but broadcasters really do have the advantage in the competition. "Your advantage isn't just content, it's distribution," stated the chairman. "What's most important is that you already have a 20 megabit-per-second digital pipe into almost every home in America."

The chairman declared that promoting competition and opportunity were at the top of his agenda and made a point of endorsing industry efforts to increase minority ownership. "I want to publicly thank both [CBS CEO] **Mel Karmazin** and [Clear Channel CEO] **Lowry Mays**," stated Kennard, who said he was encouraged by their efforts to develop new opportunities for ownership diversity.

Low-power FM was also on the chairman's agenda, saying he wants to work with the industry and not against it. "Now, I know many of you are concerned about this. In fact some are saying that I want to write the obituary for radio. Well, I want to be very clear about two things. One, this FCC is committed to preserving the technical integrity of FM radio. And two, this FCC is committed to a digital future for radio. Low-power radio will not change that," he said. Many in Congress, including Rep. **Billy Tauzin** (R-LA), have voiced concern that the convergence to digital will eventually eliminate low-power stations (*RBR* 4/19, p.10).

Bringing up one last hot topic, Kennard told his audience that it's not the time for the FCC to completely deregulate broadcast ownership, but it is time to revise rules to give broadcasters more flexibility in an increasingly competitive world. Congress has made clear plans to revamp both the agency's structure and mission so it will act more like an enforcement agency than a regulatory agency (*RBR* 3/22, p.3). Kennard is moving in the same direction, although there may be disagreement on the details.—TS

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## McCain: Not many nice words for the FCC

Sen. **John McCain** (R-AZ) may not have been physically present at this year's NAB convention in Las Vegas, but his voice was certainly heard, talking about the conflict in Kosovo and broadcast ownership.

While many attendees were having a good time checking out booths and networking, McCain brought a grim reality of the outside world to the event 4/20. "As anyone who has ever fought in one knows, wars seldom go according to plan," the former POW said. "That is all the more true when leaders don't seem to have a plan—a viable plan, anyway—as appeared to be the case as we went to war with Serbia," he charged. "To request an additional 300 aircraft three weeks into the war is not an indication that everything is on track."

McCain spoke to NAB '99 by satellite, staying in DC to deal with Kosovo.

Focusing on one of the convention's hottest topics, McCain struck a chord with broadcasters by blasting low-power FM: "What possible diversity interest is advanced, and what kind of 'opportunity' is created by manufacturing thousands of tiny new radio stations in an already overpopulated, transitional market?" he asked. "And if the (FCC's) rationale is to broaden ownership opportunity, why pin peoples' hopes on facilities so fraught with technical and economic limitations that the only economic opportunity they may present is the opportunity to fail?"

### Tax certificates staging comeback

McCain also made clear that he is for creating ownership opportunities, but he could not overlook the fact that the FCC has been pursuing this goal for over 30 years with little success. "I see nothing on their horizon that promises to change that track record," he said. "Creating ownership opportunity takes rethinking, not rhetoric."

To that end, McCain said he would introduce legislation to bring back minority tax certificates, with safeguards against the practices which in the past were criticized as abuses. "I believe that a revised, carefully-structured tax certificate program could be the cornerstone of a truly effective new Y2K ownership diversity program," McCain declared.

A short time later, FCC Commissioner **Michael Powell** (R) declared that prospects had gotten brighter for expanding opportunities and diversity in ownership. "I'm more than thrilled that Senator McCain wants to bring back tax certificates," Powell told an NAB session.—TS

## Breakfast with Powell: Dereg on the menu

Of all the speeches given at this year's NAB convention in Las Vegas, House members will be happy to hear that FCC Commissioner **Michael Powell** (R) agrees that FCC deregulation is the way to go.

"I think we've reached a point in which we can take a step back and see how the industry would react if there were no federal regulations," he said 4/20 during a breakfast for NAB '99 sponsored by Verner, Liipfert, Bernhard, McPherson & Hand, a communications law firm. Though Powell is not calling for complete deregulation, he does admit the industry could use some relaxed rules. Rep. **Billy Tauzin** (R-LA) and colleagues have been calling for an FCC makeover, saying that an enforcement agency rather than a regulatory agency is the way to go.

The youngest of the five commissioners, Powell has been called both a conservative and a liberal, in one case receiving mail addressed to "Michael K. Kennard." But there are differences, he says.

For instance, Powell has sided with Democratic Chairman **Bill Kennard** about enhancing diversity opportunities. "I think we have not put the best minds to work [on the issue]. But let's get down to the nitty-gritty, and not the morality of the whole thing. It's about money. Isn't it always?" he questioned during his speech.

And then there are the times when Powell has sided with fellow Republican Commissioner **Harold Furchtgott-Roth**, who has voiced his dismay concerning low-power FM. Powell, too, has his own reservations. "I personally feel that there is an important high standard to prove that this is workable and will actually maximize our national policy objective," he said.—TS



Clear Channel Communications CEO Lowry Mays (l) meets with FCC Commissioner Michael Powell at NAB '99.



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## Ness & Tristani to FCC: Stop the games

The FCC recently affirmed Seark Radio's acquisition of six Pine Bluff, AR area stations from Pine Bluff Radio, but Commissioners **Susan Ness** and **Gloria Tristani** say it's time for the FCC to "stop the shell game and apply the rules that Congress gave."

Bayou Broadcasting called for the review, arguing that Seark's possession of KCLA-AM, KPBG-FM, and KZYP-FM would violate the Commission's local radio ownership rules by owning more than 50% of the stations in a smaller market. Bayou's objection was denied by a 3-2 vote.

"The majority relies on different definitions of the relevant 'market' when counting the total number of stations in the market and for counting the number of stations that Seark will own within the market," Ness and Tristani wrote in their dissent. "The resulting ratio is meaningless because the numerator and denominator share no common baseline. Congress implicitly understood this and crafted the 1996 Act accordingly."—TS

**RBR observation:** Ness and Tristani obviously haven't read the Telcom Act if they believe that Congress "implicitly understood" anything about the system it codified for determining how many stations are in each "market" for determining which of four tiers of ownership limits applies. We and others noted at the time (*RBR* 4/15/96, p. 8-11 is a comprehensive guide to the superduopoly rules) that the contour overlap method used to define markets bore no relationship to real markets and tended to favor big signals over small ones for consolidation.

Nevertheless, the system that Ness and Tristani object to was clearly spelled out in law and their job is to implement that law. Only Congress can change it.—JM

## CP rule change would benefit minorities

Taking FCC Chairman **Bill Kennard** at his word to seek new ways to promote ownership of broadcast stations by minorities, Hispanic TV owner Entravision has proposed giving minority firms an automatic extension if they acquire construction permits which are about to be cancelled. Although Entravision acknowledges that only a few CPs would likely be affected by such a rule change, it says that any move to increase minority ownership is worth doing.

Under the streamlining measures that the FCC adopted last fall (*RBR* 10/26/98, p. 2), the Commission extended the standard time allowed for construction of new stations, but cracked down on time extensions. The rule change applied to existing CPs as well as those to be issued in the future, so Entravision expects to see "a number of permits being forfeited under the automatic forfeiture provisions."

What Entravision has proposed is that the holder of a CP about to be forfeited be given a 90-day "window," beginning 60 days before the CP is due to expire, in which to find a minority buyer for the CP. Once the FCC approved the transfer, the minority-controlled company would be automatically given two years to build the station and begin broadcasting.

"In order to be considered a qualified [minority] buyer, the party would either have at least 20% [equity] minority-group membership or make a firm commitment to provide specialized programming aimed at minority-group members or in foreign languages, for at least 80% of the applicable station's weekly operating hours," Entravision proposed. "Further, in order to prevent a party from quickly selling a station acquired under this program, there would be a mandatory five-year holding period following commencement of program test operations."

Comments on the petition for rulemaking (RM-9567) are due 5/24 and reply comments 6/23.

**RBR observation:** Entravision has a good idea, but its proposed guidelines for who could qualify would create a loophole big enough to drive a truck through. The 20% equity stake requirement would avoid the perceived "abuses" of the now-defunct minority tax certificate program, but we would also suggest a requirement that qualified minority owners have voting control. Also, the FCC has no business regulating programming, so forget about the idea of letting 100% non-minority (white male) companies qualify for the special CP deal if they pledge to provide minority programming.—JM

## High Court ready to gamble

Some federal judges say it's legal, some say it's not. And now it's up to the US Supreme Court to make a decision once and for all whether legal casinos have the right to advertise.

The high court will hear oral arguments 4/27 from the Greater New Orleans Broadcasters Association, challenging a federal law and FCC rules that limit broadcasting gambling ads. FCC regulations bar radio stations from airing commercials which specifically mention games of chance, such as slot machines, but allow ads that mention hotel rates, meal specials or entertainment (*RBR* 9/8/97, p.4). The Court will also hear arguments regarding government regulations that permit broadcast advertising in every state regarding casinos on Indian lands, government casinos and betting on horse races, dog races and jai alai but prohibit other casino advertising.

According to reply briefs filed by Jenner & Block, a communications law firm in DC, the Greater New Orleans Broadcasters Association will dispute the government's statutory scheme as unconstitutional restrictions on commercial speech. The government claims that it can ban certain private casino advertising while permitting Indian and government casino advertising because private casino gaming has less social value, since its revenues do not accrue directly to government.

The Court's decision, expected by July, would end the conflict between the ruling handed down in the Fifth Circuit Court of Appeals which found the ban on casino ads aired on radio and TV were constitutional and the decision in the Ninth Circuit, where the appeals court struck down the ban (*RBR* 3/1, p.5).

"What we have here is a violation of the First Amendment... the right of free speech by broadcasters and conflicting court opinions on the legality of gambling ads in different jurisdictions," said NAB's **Dennis Wharton**, VP of corporate communications. "There's no federal ban in nine western states, but there is in Louisiana. Broadcasters are looking for a decision that will give advertising speech the protection it deserves."—TS

## Westwood driving cross-country with NASCAR

Westwood One (N:WON), NASCAR, CBS Sports and TNN are kicking off a cross-promotional Summer concert tour and festival, "NASCAR Rocks America" 6/12 with 30 Classic Rock, Active Rock and possibly Sports stations. The **Allman Brothers** are headlining, performing with three to four other acts in outdoor amphitheaters around the country through 9/5. Locally, the event will be billed with each city's name, ie. "NASCAR Rocks D.C."

"Westwood One is offering radio stations unique promotions and non-traditional sales opportunities tied into one of the most exciting brand names in sports," Westwood President and CEO **Joel Hollander** told *RBR*. "Combining NASCAR, Rock & Roll and the Allman Brothers creates a winning all-American combination."

Westwood is affiliating stations in each tour market for promotions and live broadcasts, including a pit party and giveaways. Affiliates will present live remotes throughout the festival and may be given the option of running the entire show live. Numerous NASCAR memorabilia and show cars will be on display and drivers will be able to meet and greet the crowd.—CM

### Joke not funny, host gets fired

**Michael Graham** of WBT-AM Charlotte, NC cracked a joke (4/20) that may have generated a few chuckles at his previous job as a stand-up comic, but he picked the wrong place and the wrong time. As the story of a school shooting in Littleton, CO was unfolding on the News/Talk station, Graham added in an off-the-cuff remark that the gunmen targeting athletes (one widely reported rumor) was the only bright spot of the tragedy.

"Kidding, just kidding," he said. But it was too late. News and Program Director **Randall Bloomquist** told *RBR* that there were only about 15 calls from offended listeners, but it was decided that Graham would have to go. Bloomquist called the remark an "indefensible statement" and given the event and the timing, he had to wonder about the judgment of the host, who had been considered one of the station's up-and-coming talents.—KM

## Maxcy joins RBR

**Karen Maxcy** has joined the staff of *Radio Business Report* as an Associate Editor. She was most recently an assistant producer for CNBC Asia in its Singapore headquarters.

"Karen's background in business news reporting will bring additional depth to our coverage," said **Jack Messmer**, Executive Editor.

Maxcy will focus on coverage of the advertising industry as it relates to radio stations, networks and reps.

## News Briefs

### Tempest in a Tampa teapot?

Clear Channel (N:CCU), Disney's (DIS) ABC, CBS (N:CBS) and Cox Radio (N:CXR) have asked the FCC to dismiss **Carl Marcocci's** petition to deny their station transactions in the Tampa market (*RBR* 4/12, p. 4), arguing that there is no legal basis for Marcocci's request that Clear Channel be required to find "independent" buyers for its Tampa spin-offs. In reply, Marcocci asserts that the FCC should hold hearings on whether the sales to other large broadcasters "will further the public interest, convenience and necessity."—JM

### Westwood launching Rhythmic Oldies format

Allowing small and mid-sized markets to ride the R&B Oldies wave Chancellor, Greater Media and Cumulus are creating across the country, Westwood will launch its own "Rhythmic Oldies" format this Spring or early Summer. R&B hits, disco and party songs from the 60s-80s will be featured in this, Westwood's ninth music format.—CM

### Auction takes to airwaves

**Steve Lehman** is returning to his radio roots with the debut of the "Everything4Less Radio Show." Lehman's E4L Inc. (N:ETV) is syndicating the three hour weekly shopping/auction program (Sat. 9A-Noon EST) to radio stations nationwide and also streaming the audio on Broadcast.com's (O:BCST) Internet shopping channel. E4L is the world's largest direct response TV company and Lehman has been leveraging that infomercial expertise into other media ventures.—JM

### Donated media time tops \$1B

The leading producer of public service communications, the Advertising Council, announced that it received an estimated \$1.2B in donated media time in 1998. That represents a 21% increase from contributions in 1997. Leading the way was broadcast TV, with a hefty increase of 78% to \$230.7M. Radio held on to its largest supporter title with \$714M or 59% of total donated media.—KM

### Scholarship to honor Shovan

A scholarship fund has been established at Emerson College in Boston to honor the memory of veteran broadcaster **Tom Shovan**, who passed away this month at age 52. The endowment will be used to award a Tom Shovan Scholarship each year to a deserving student of radio. Contributions (checks should be marked "Tom Shovan Scholarship") may be sent to Emerson College, Office of Institutional Advancement, 100 Beacon St., Boston, MA 02116.—JM

### Radio goes crystal

Proving they deserve recognition for their efforts to improve the quality of life in their surrounding areas, ten radio stations were presented with the Crystal Radio Awards at NAB '99 in Las Vegas.—TS

- KBHP-FM Bemidji, MN
- KBHR-FM Big Bear City, CA
- KLOS-FM Los Angeles, CA
- KSL-AM Salt Lake City, UT
- KUDL-FM Westwood, KS
- KUEL-FM Fort Dodge, IA
- KZLA-FM Los Angeles, CA
- WGOH-AM Grayson, KY
- WHUR-FM Washington, DC
- WYTZ-FM/WZTY-FM St. Joseph, MI



# Preparing for a surge... or a fall?

## Radio stocks in Q1 holding pattern

By Jack Messmer

Depending on which radio stocks you owned, Q1 1999 was either an OK quarter in the stock market, or a bit of a disappointment. If you happened to own a mixed bag of radio and media stocks, chances are you came out about even.

The only clear pattern from Q1 radio stock trading is that big companies tended to perform better than small ones. That's hardly surprising, since the overall stock market tended to have a bias for the quarter toward big capitalization stocks.

Every rule has an exception, so we find that it wasn't one of the big market, big cap radio stocks which led for the quarter, but rather medium-market specialist Citadel Communications (O:CITC). Part of that is due, no doubt, to takeover speculation, but the fundamentals of **Larry Wilson's** company are also good. Citadel is growing its revenues, improving its cash-flow margins and making smart deals—both acquisitions and divestitures.

On the other end of the spectrum (we'll set aside Regent, since it has only thinly traded preferred stock at present), Cumulus Media (O:CMLS) is also growing its revenues, cash flow and station group.

**Richard Weening** and **Lew Dickey Jr.** have good reason to have a **Rodney Dangerfield** complex—you'd think from their company's stock price performance that things were going terribly wrong. It appears the only problem is a lack of respect on Wall Street for the small markets where Cumulus is building its superduopolies. Although there's not even a hint of a recession for as far out as anyone can project with confidence, there's a fear that Cumulus' size of markets will be harder hit than big markets

### Q1 radio stock performance by category

| Radio Companies | 3/31/99 Close | YTD Net Chg | YTD Pct Chg |
|-----------------|---------------|-------------|-------------|
| Citadel         | 33.250        | 7.375       | 28.50%      |
| Cox Radio       | 51.250        | 9.000       | 21.30%      |
| Jacor           | 76.000        | 11.625      | 18.06%      |
| Triathlon       | 12.562        | 1.312       | 11.66%      |
| Capstar         | 22.937        | 0.062       | 0.27%       |
| Chancellor      | 47.125        | -0.750      | -1.57%      |
| Infinity        | 25.750        | -1.625      | -5.94%      |
| Big City Radio  | 3.625         | -0.438      | -10.77%     |
| Heffel Bcg.     | 43.375        | -5.875      | -11.93%     |
| Saga Commun.    | 17.875        | -2.625      | -12.80%     |
| Alliance Bcg.   | 0.718         | -0.282      | -28.20%     |
| Cumulus         | 11.750        | -4.875      | -29.32%     |
| Regent Pfd.     | 4.625         | -2.375      | -33.93%     |

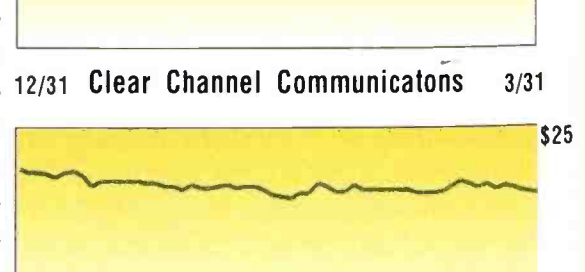
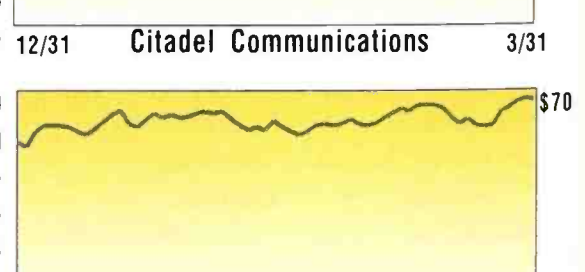
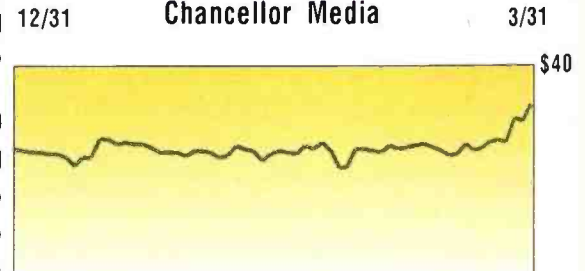
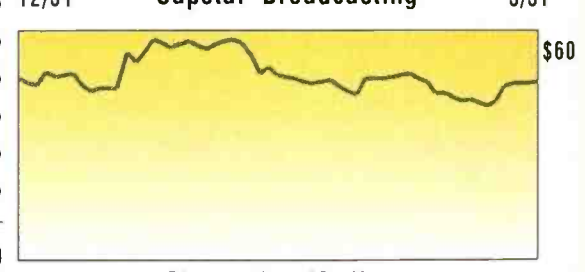
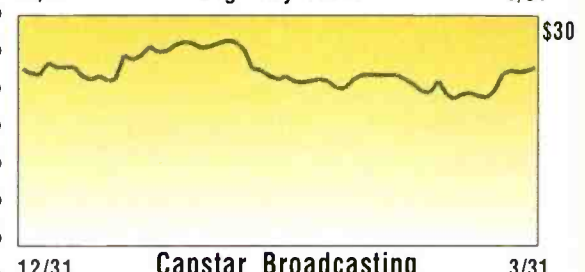
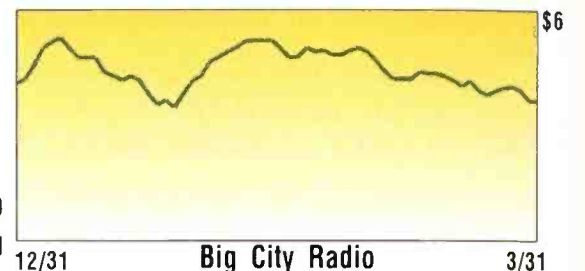
| Radio IPO | 3/31/99 Close | YTD Net Chg | YTD Pct Chg |
|-----------|---------------|-------------|-------------|
| Entercom  | 35.375        | 12.875      | 57.22%      |

| Radio Networks     | 3/31/99 Close | YTD Net Chg | YTD Pct Chg |
|--------------------|---------------|-------------|-------------|
| Metro Networks     | 55.000        | 12.375      | 29.03%      |
| NBG Radio Networks | 2.625         | 0.500       | 23.53%      |
| Westwood One       | 28.500        | -2.000      | -6.56%      |
| Triangle           | 0.020         | -0.012      | -37.50%     |

| Media Companies  | 3/31/99 Close | YTD Net Chg | YTD Pct Chg |
|------------------|---------------|-------------|-------------|
| CBS Corp.        | 40.812        | 8.000       | 24.38%      |
| Clear Channel    | 67.062        | 12.562      | 23.05%      |
| Emmis            | 50.000        | 6.625       | 15.27%      |
| Jones Intercable | 39.437        | 3.812       | 10.70%      |
| Granite          | 6.625         | 0.625       | 10.42%      |
| Disney           | 31.125        | 1.125       | 3.75%       |
| Tribune          | 65.437        | -0.563      | -0.85%      |
| Ackerley         | 16.937        | -1.313      | -7.19%      |
| Belo Corp.       | 18.250        | -1.688      | -8.46%      |
| New York Times   | 28.500        | -6.188      | -17.84%     |
| Gaylord          | 24.250        | -5.875      | -19.50%     |
| Hearst-Argyle    | 24.625        | -8.375      | -25.38%     |
| Sinclair         | 14.562        | -5.001      | -25.56%     |

THE WALL STREET JOURNAL

RADIO NETWORK





when a recession does eventually come. Also, the company is loaded with recently acquired, underdeveloped properties, making it an unlikely takeover target for any of the big operators.

After lagging for a while, The Radio Index™ staged a late advance to finish the quarter back near the 130 level (see chart, page 10). The index, which measures the stock price movement of public stock companies who have radio as a major business focus, began hitting record highs about a week after Q1 ended.

The Radio Index is compiled daily by Dow Jones Indexes for RBR and The Wall Street Journal Radio Network. The charts on pages 8-10 show the Q1 performance of each of the 16 radio stocks which are components of the index.

**The IPO market was ready; Radio IPOs weren't**

Only one radio company made the trek to Wall Street in Q1 with an IPO. The market clearly has an appetite for more radio stocks, but let's face it, there aren't that many companies left which are big enough to do an IPO which haven't done so.

Joe and David Field took Entercom (N:ETM) public 1/28 at \$22.50 per share (after boosting the expected price range from \$18-21 to \$21-23). The stock immediately shot up 37% (RBR 2/8, p. 6) in the first day of trading and stayed up through the end of the quarter, finishing 57% ahead of the IPO price at \$35.375.

On deck now is Radio One (O:ROIA, IPO pending), which is likely to raise \$105M-\$130M from new shareholders next week, and Salem (N:SLC, IPO pending) which just filed (see page 13).

Then who? If we assume that the Mormon Church (Bonneville International) has no interest in selling stock, there aren't a lot of IPO possibilities. The best candidates are Hispanic radio groups: Spanish Broadcasting System, Radio Unica (both of which already have public bonds) and Z-Spanish Media.

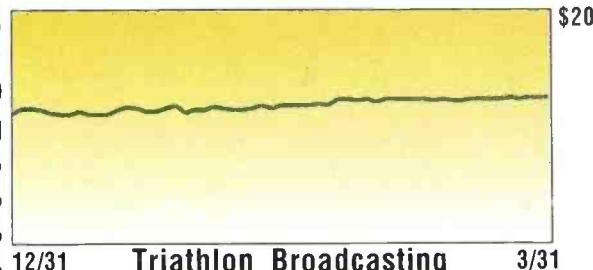
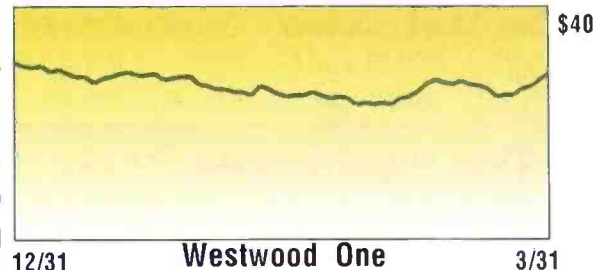
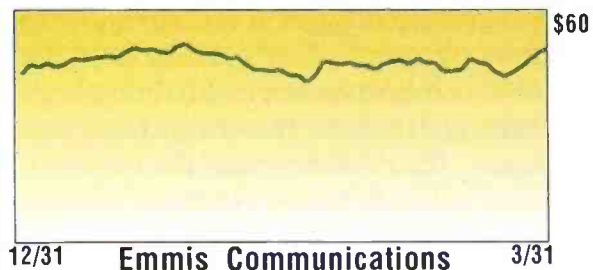
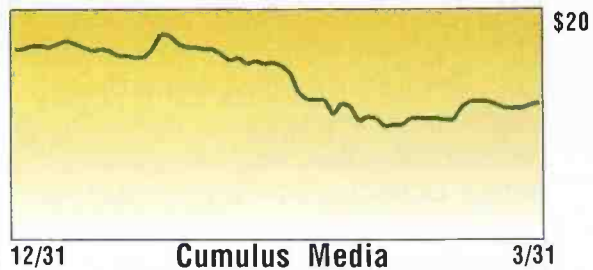
Susquehanna, Beasley, Greater Media, Buckley, Dick, Sandusky and Renda. Anyone of them could decide to go on a buying binge and use an IPO to pay for it, but to date none has shown any willingness to do so. We won't even include Journal Broad-

| Radio-related Companies | 3/31/99 Close | YTD Net Chg | YTD Pct Chg |
|-------------------------|---------------|-------------|-------------|
| RealNetworks            | 122.187       | 86.312      | 240.59%     |
| SportsLine USA          | 45.625        | 30.063      | 193.17%     |
| TM Century              | 0.625         | 0.313       | 100.00%     |
| Broadcast.com           | 118.187       | 41.687      | 54.49%      |
| Ceridian                | 36.562        | 1.656       | 4.74%       |
| Otter Tail Power        | 39.875        | 0.000       | 0.00%       |
| WinStar Comm.           | 36.343        | -2.657      | -6.81%      |
| Jeff-Pilot              | 67.750        | -7.250      | -9.67%      |
| Fisher                  | 58.000        | -8.000      | -12.12%     |
| Am. Tower               | 24.500        | -5.063      | -17.12%     |
| DG Systems              | 4.375         | -1.188      | -21.35%     |
| Harris Corp.            | 28.625        | -8.000      | -21.84%     |
| Westower                | 28.062        | -8.438      | -23.12%     |
| Crown Castle            | 18.000        | -5.500      | -23.40%     |
| Pacific R&E             | 0.750         | -0.875      | -53.85%     |

| Radio-related IPO | 3/31/99 Close | YTD Net Chg | YTD Pct Chg |
|-------------------|---------------|-------------|-------------|
| Pinnacle Holdings | 15.125        | 1.125       | 8.04%       |

| Satellite DAB | 3/31/99 Close | YTD Net Chg | YTD Pct Chg |
|---------------|---------------|-------------|-------------|
| AMSC          | 7.500         | 2.250       | 42.86%      |
| CD Radio      | 26.000        | -8.250      | -24.09%     |

| Stock Indices    | 3/31/99 Close | YTD Net Chg | YTD Pct Chg |
|------------------|---------------|-------------|-------------|
| The Radio Index™ | 129.350       | 8.690       | 7.20%       |
| Dow Industrials  | 9786.160      | 604.730     | 6.59%       |
| Nasdaq comp.     | 2461.400      | 268.710     | 12.25%      |
| S&P 500          | 1286.370      | 57.140      | 4.65%       |



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Quarterly Stocks continued on p. 10

cast Group in the list, since the employee-owned company appears to have an ingrained resistance to any notion of selling stock to outsiders.

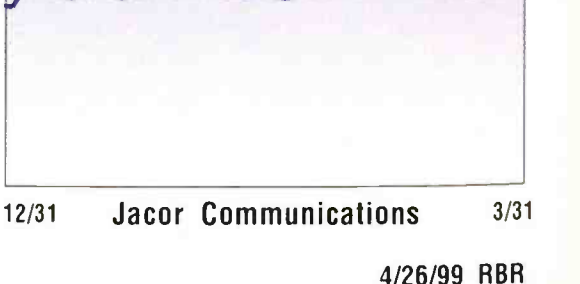
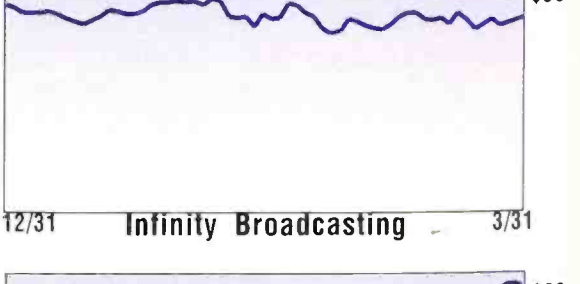
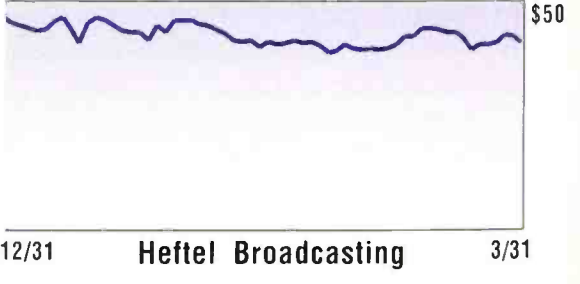
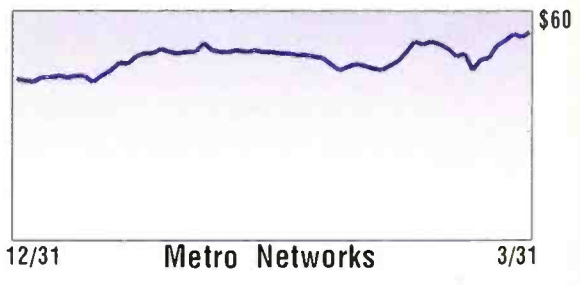
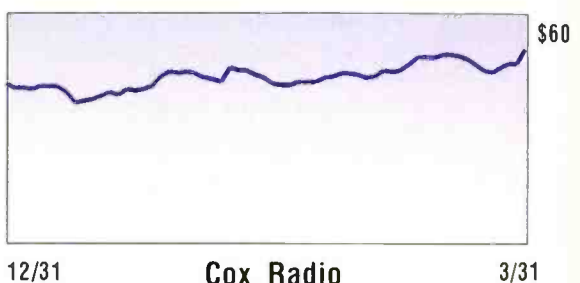
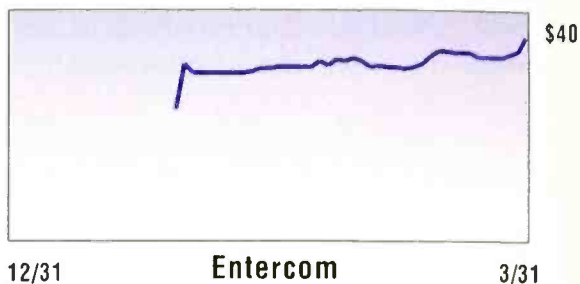
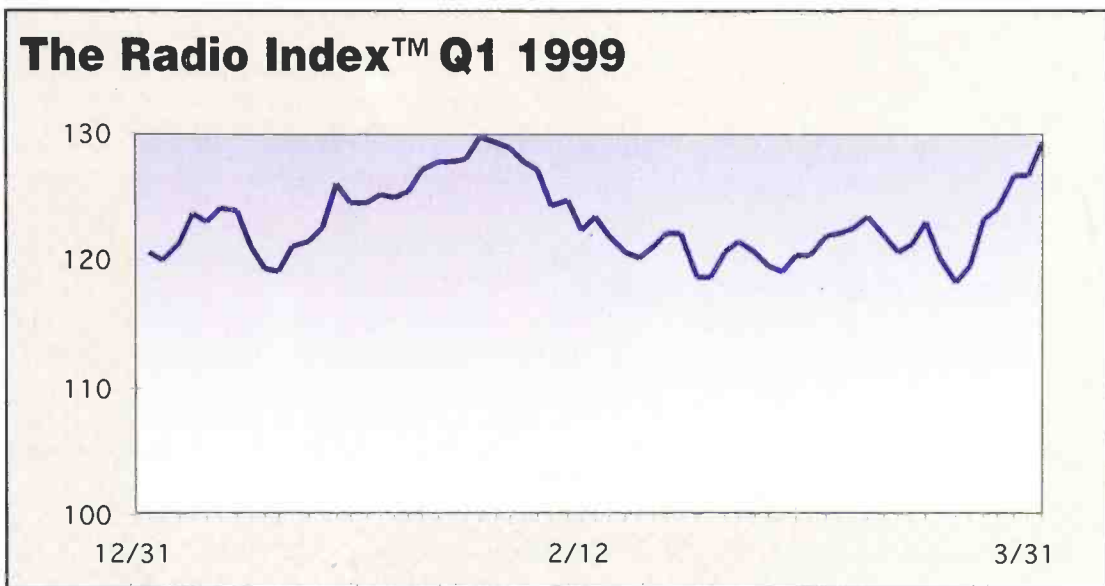
**How about *www.buggywhips.com*?**

A dose of reality took Internet stocks down a notch this month, but the .com companies were still flying high through the first three months of this year. RealNetworks (O:RNWK), SportsLine USA (O:SPLN) and Broadcast.com (O:BCST) all posted impressive gains—and that was before **Mark Cuban's** Broadcast.com

shot even higher on a \$5.7B merger with Yahoo! (O:YHOO) announced this month (RBR 4/12, p. 6).

The Internet is hot, happening and sexy. Sex sells. Towers are not sexy. Do we need to say anymore to explain why American Tower (N:AMT), Westover (A:WTW) and Crown Castle (O:TWRS) were among the poorest performers of the radio-related companies tracked in RBR's weekly stock list? Another tower company, Pinnacle Holdings (O:BIGT), did manage to sell its IPO (RBR 3/1, p. 16), but the pricing was unimpressive and the stock had gained only 8% by the end of the quarter.

So far, radio companies have resisted the urge to slap a .com onto their name and hope investors will be foolish enough to value them at astronomical levels. We're keeping an eye on **Ken Johnson** in Mobile, who latched onto the name .com+ for his most recent company. He only has one station and about a half-million in revenues. If you use Internet math, that should be good for a \$200M IPO.



**Big cap stocks outpaced market in Q1**

*Wall Street Journal*—Seldom, if ever has such a strong stock market produced so little joy.

The Dow Jones Industrial Average turned in an impressive 6.6% return in the first quarter. If the index maintained that pace, it could turn in a fifth straight year of double-digit returns. The Standard & Poor's 500-stock index rose a robust 4.6%.

But such returns are far superior to those of the typical stock, leaving a performance gap that is enormous, possibly unprecedented. For example, the Value Line Index, which measures the average performance of 1,700 major stocks, actually fell during the quarter by 6.4%. The Russell 2000 index of smaller capitalization companies did almost as badly, declining 5.8% in the first quarter.

Even within the Dow Industrials and S&P 500, only a few components did well, but they did exceptionally well. Just 21 big stocks contributed all of the S&P 500's advance, according to Salomon Smith Barney. The other 479 canceled each other out. One-third of the performance came from just two stocks, Microsoft (O:MSFT) and America Online (N:AOL).

As for the Dow Industrials, just three of its 30 components contributed more than half its gain: United Technologies (N:UTX), J.P. Morgan & Co. (N:JPM) and American Express (N:AXP).

This "narrow" leadership alarms market analysts who believe it signifies a lack of confidence in the broad market. A less pronounced narrowness preceded last summer's steep 19.3% market plunge.

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# BROADCAST INVESTMENTS™

April 21—RBR Stock Index 1999

| Company        | Mkt:Symbol | 4/14 Close | 4/21 Close | Net Chg | Pct Chg | 4/21 Vol (00) | Company          | Mkt:Symbol | 4/14 Close | 4/21 Close | Net Chg | Pct Chg | 4/21 Vol (00) |
|----------------|------------|------------|------------|---------|---------|---------------|------------------|------------|------------|------------|---------|---------|---------------|
| Ackerley       | N:AK       | 18.875     | 18.375     | -0.500  | -2.65%  | 140           | Hearst-Argyle    | N:HTV      | 22.812     | 25.062     | 2.250   | 9.86%   | 749           |
| Alliance Bcg.  | O:RADO     | 0.562      | 0.562      | 0.000   | 0.00%   | 80            | Heffel Bcg.      | O:HBCCA    | 46.500     | 57.750     | 11.250  | 24.19%  | 1894          |
| Am. Tower      | N:AMT      | 23.562     | 24.875     | 1.313   | 5.57%   | 3511          | Infinity         | N:INF      | 27.750     | 27.187     | -0.563  | -2.03%  | 14354         |
| AMSC           | O:SKYC     | 11.750     | 12.062     | 0.312   | 2.66%   | 1652          | Jacor            | O:JCOR     | 77.625     | 75.937     | -1.688  | -2.17%  | 5143          |
| Belo Corp.     | N:BLC      | 19.062     | 19.687     | 0.625   | 3.28%   | 2157          | Jeff-Pilot       | N:JP       | 68.125     | 69.812     | 1.687   | 2.48%   | 1200          |
| Big City Radio | A:YFM      | 3.625      | 4.000      | 0.375   | 10.34%  | 0             | Jones Intercable | O:JOINA    | 46.125     | 42.000     | -4.125  | -8.94%  | 934           |
| Broadcast.com  | O:BCST     | 138.562    | 125.500    | -13.062 | -9.43%  | 8635          | Metro Networks   | O:MTNT     | 50.812     | 50.125     | -0.687  | -1.35%  | 546           |
| Capstar        | N:CRB      | 23.125     | 24.125     | 1.000   | 4.32%   | 1201          | NBG Radio Nets   | O:NSBD     | 3.125      | 2.625      | -0.500  | -16.00% | 157           |
| CBS Corp.      | N:CBS      | 43.750     | 43.562     | -0.188  | -0.43%  | 28782         | New York Times   | N:NYT      | 31.250     | 32.812     | 1.562   | 5.00%   | 6501          |
| CD Radio       | O:CDRD     | 25.000     | 24.375     | -0.625  | -2.50%  | 1202          | Otter Tail Power | O:OTTR     | 39.625     | 38.500     | -1.125  | -2.84%  | 90            |
| Ceridian       | N:CEN      | 35.000     | 35.500     | 0.500   | 1.43%   | 7593          | Pacific R&E      | A:PXE      | 0.875      | 0.875      | 0.000   | 0.00%   | 52            |
| Chancellor     | O:AMFM     | 47.250     | 51.125     | 3.875   | 8.20%   | 44577         | Pinnacle Hldgs.  | O:BIGT     | 17.375     | 18.750     | 1.375   | 7.91%   | 2364          |
| Citadel        | O:CITC     | 32.750     | 37.750     | 5.000   | 15.27%  | 470           | RealNetworks     | O:RNWK     | 189.500    | 190.312    | 0.812   | 0.43%   | 44619         |
| Clear Channel  | N:CCU      | 71.562     | 68.750     | -2.812  | -3.93%  | 10741         | Regent Pfd.      | O:RGCI     | 4.515      | 4.500      | -0.015  | -0.33%  | 0             |
| Cox Radio      | N:CXR      | 51.875     | 53.375     | 1.500   | 2.89%   | 76            | Saga Commun.     | A:SGA      | 18.500     | 19.187     | 0.687   | 3.71%   | 229           |
| Crown Castle   | O:TWRS     | 18.000     | 18.187     | 0.187   | 1.04%   | 2270          | Sinclair         | O:SBGI     | 11.625     | 12.750     | 1.125   | 9.68%   | 8004          |
| Cumulus        | O:CMLS     | 14.000     | 19.000     | 5.000   | 35.71%  | 8416          | SportsLine USA   | O:SPLN     | 54.750     | 43.000     | -11.750 | -21.46% | 7852          |
| DG Systems     | O:DGIT     | 7.937      | 6.375      | -1.562  | -19.68% | 1838          | TM Century       | O:TMCI     | 0.500      | 0.500      | 0.000   | 0.00%   | 0             |
| Disney         | N:DIS      | 35.062     | 33.375     | -1.687  | -4.81%  | 51889         | Triangle         | O:GAAY     | 0.021      | 0.025      | 0.004   | 19.05%  | 6948          |
| Emmis          | O:EMMS     | 45.062     | 42.000     | -3.062  | -6.80%  | 1453          | Triathlon        | O:TBCOA    | 12.500     | 12.750     | 0.250   | 2.00%   | 7             |
| Entercom       | N:ETM      | 36.000     | 36.875     | 0.875   | 2.43%   | 172           | Tribune          | N:TRB      | 78.875     | 80.000     | 1.125   | 1.43%   | 4826          |
| Fisher         | O:FSCI     | 60.375     | 62.375     | 2.000   | 3.31%   | 4             | WestTower        | A:WTW      | 26.250     | 26.625     | 0.375   | 1.43%   | 89            |
| Gaylord        | N:GET      | 29.000     | 28.187     | -0.813  | -2.80%  | 59            | Westwood One     | N:WON      | 35.500     | 35.000     | -0.500  | -1.41%  | 473           |
| Granite        | O:GBTVK    | 6.000      | 7.000      | 1.000   | 16.67%  | 1215          | WinStar Comm.    | O:WCII     | 47.375     | 44.125     | -3.250  | -6.86%  | 19845         |
| Harris Corp.   | N:HRS      | 33.625     | 34.250     | 0.625   | 1.86%   | 2880          |                  |            |            |            |         |         |               |

## CBC buys more Harmony Holdings shares

Children's Broadcasting Corporation (O:AAHS) has acquired another 225,000 shares of Harmony Holdings, Inc. (O:HAHO). This latest acquisition gives CBC 52% ownership of Harmony's outstanding common stock. CBC will now be able to fully consolidate Harmony's revenues and expenses.—KM

## Division of CBS to acquire RNET stocks

Group W Network Services, a division of CBS Corp. (N:CBS) will buy 500,000 common shares of Recovery Network (O:RNET). The purchase represents about 5% of RNET's issued and outstanding shares.—KM

## PR&E rebounded in Q1

Studio product manufacturer Pacific Research and Engineering (A:PXE) reported net sales of \$4.2M for Q1. Net income was \$90,000, rebounding strongly from a net loss of \$2.2M in Q4.—KM

## Pinnacle earnings soar

It was a stellar first quarter for Pinnacle Holdings Inc. (O:BIGT). In Q1, revenue skyrocketed over 120% to \$12M from \$5.4M a year ago. The tower company, which is focused on Southeastern markets, attributed the quarter's success to acquisition of quality towers at attractive prices. CFO **Steve Day** also cited the company's IPO during the quarter as a reason for outstanding earnings.—KM

## Robust growth for RealNetworks

Internet media delivery leader RealNetworks, Inc. (O:RNWK) announced a record 88% increase in net revenues for Q1. Net revenues stood at \$23.5M, representing the 15th consecutive quarter of revenue growth. Tie-ups with @Home Networks, Enron Communications and IBM helped to boost earnings. The company also announced a two-for-one stock split.—KM

## Sportsline USA scores

The Internet publisher of CBS Sportsline, Sportsline USA, Inc. (O:SPLN), reported record revenue for the first quarter. Compared to numbers from a year ago, revenue this quarter was up 63% to \$11.1M. The company attributed strong growth to a surge in advertising revenue this quarter helped by the NCAA Basketball Championships and the Superbowl.—KM

by Jack Messmer

## Radio One set to price IPO next week

Radio One's (O:ROIA, IPO pending) initial public stock offering, filed last month (*RBR* 3/22, p. 12), is on the Wall Street calendar for next week. Updated figures filed with the SEC show that the IPO will put 6.2M shares in public hands. Pricing is projected to be \$17-\$21 per share, so the IPO should raise from \$105.4M to \$130.2M.

Radio One will sell 4,335,930 new shares, with the remaining 1,844,070 coming from early investors BancBoston Investment, Fulcrum Venture Capital, Opportunity Capital, Syncom and Allied Capital. Of those, only Allied is selling its entire stake and Syncom will remain the largest institutional investor in Radio One. If the IPO is oversubscribed, the underwriters will be able to tap into a green shoe of 620,000 additional shares to cover over-allotments.

A \$50M offering of preferred stock will be priced at the same time as the IPO and all of the company's existing preferred stock redeemed for \$27.7M in cash.

Founder/Chairperson **Cathy Hughes** and her son, President/CEO **Alfred Liggins III** will maintain voting control through their super-voting Class B stock, leaving Hughes 22.3% voting power and Liggins 49.9%. Even at the low end of the expected offering price range, Hughes' stake in the company will be worth \$43.5M and Liggins' stake \$58.9M (not including Liggins' shares of preferred stock).

The shares being sold to the public—all Class A voting stock—will comprise a bit less than a third of Radio One's common stock equity. In addition to the voting classes, A and B, Radio One also has non-voting Class C stock. Underwriters: CS First Boston, Bear, Stearns & Co., BT Alex. Brown, NationsBanc Montgomery Securities, Prudential Securities

Next in line: Salem

Wall Street investors will soon have an opportunity to buy a piece of the nation's largest group of Religious radio stations. Salem Communications—until now owned 50/50 by **Ed Atsinger** and **Stuart Epperson**—has filed with the SEC to sell \$200M in Class A common stock to the public. Even so, Atsinger and Epperson, who are brothers-in-law, will still control the company through Class B super-voting stock.

Many details of the IPO will have to be filled in as it draws closer to pricing. The filing does say that part of the proceeds will be used to redeem Salem's public bonds—\$50M face value, plus a \$4.75M premium for early redemption. The public stock will trade on the NYSE with the symbol "SLC."

As reported (*RBR* 3/29, p. 12), Salem's revenues grew 14.7% in 1998 to \$77.9M and broadcast cash flow gained 25.1% to \$35.4M. Lead underwriter: BT Alex. Brown

**RBR observation**: Salem's 45.4% broadcast cash flow margin would be impressive for any radio company, regardless of target audience. We would also theorize that Religious radio revenues are less susceptible to being hurt by any economic recession. They might even get a boost as more listeners seek comfort from Religious broadcasts in times of turmoil.

Wichita superduop  
for sale...again

First Marathon Media at \$8M, then Connoisseur Communications at \$7.5M. Twice Capstar (N:CRB) has had a buyer for its five-station spin-off in the Wichita market, only to have the would-be buyer walk away from the deal.

Even so, the DOJ's Antitrust Division has agreed to let Capstar go ahead and close its \$190M acquisition of Triathlon Broadcasting (O:TBCOA), so long as the five are eventually sold to some buyer who gets DOJ approval. The stations will likely be placed with a trustee, pending divestiture, so the Triathlon deal can close.

## Cumulus Media, Inc.

has agreed to purchase the assets of radio stations

**KLSZ-FM and KOMS-FM**

Van Buren, Arkansas      Poteau, Oklahoma

from

**Elkhead Broadcasting, LLC and**

**Pinnacle Radio Group**

for

**\$2.1 Million Cash\***

**Scott M. Knoblauch, William L. Whitley and  
George R. Reed**

of Media Services Group, Inc. initiated this transaction and  
assisted the Sellers in the negotiations.

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\*Pending FCC Approval



## Business network files Chapter 11

National radio syndicator Business News Network, Inc. (BNN) has filed for Chapter 11 reorganization and protection from creditors under the US Bankruptcy Code. After filing 4/13, the company now has a 120-day "exclusivity period" to review its business and come up with a reorganization and recapitalization plan. After that period, another party or one of BNN's 95 listed creditors will have the option to submit an alternate plan to the bankruptcy court. There were no figures available at RBR's deadline of BNN's total assets and liabilities.

BNN interim CEO **Michael Pisani** said there are no plans of scaling back the company's operations. Pisani, a former FCC attorney, joined the company in mid-September 1998 and was charged with the task of turning BNN around. He said that poor management dragged down the bottom line with \$1M worth of debt accrued from 1995 through '98. BNN had seen shrinking losses in the four months leading to March and Pisani was happy to report a net profit for March.

Failing to secure a compromise with its creditors earlier on, BNN hopes Chapter 11 will buy time so it can start to turn its operations around with the help of a media consultant. BNN's lawyer, **Alan Maza**, of Lehman, Lehman & Gruber, said he expects the evaluation of the company to be completed within the next two months.

Pisani added that if BNN is successful with its reorganization, a group representing new money will be willing to recapitalize the company.—KM

**RBR observation:** These stations have decent cash flow and have been offered at a multiple well below what you might expect to pay for an already-assembled medium-market cluster. The problem though, is that the buyer will be firmly entrenched in third place, behind Journal Broadcast Group and Capstar, with no real possibility of challenging the leaders.

### Fritz expands in California

**Jack Fritz's** Results Radio is buying Phoenix Broadcasting's group of six FMs and two FM CPs for \$7.36M. The group, currently headed by **Gary Katz**, has four stations in Chico, CA and a pair in Yuba City-Marysville, CA. The two CPs are in the Redding, CA market. Another Fritz company has two FMs in the Santa Rosa market. **Broker:** **Elliot Evers**, Media Venture Partners

### RBR's deal digest

Making good on a long-rumored deal, New Northwest Broadcasters is heading even further north and west of its suburban Seattle headquarters to buy KFAT-FM Anchorage (a relatively new station on 92.9 MHz) plus a CP on 96.3 MHz from **Chester Coleman**. Look for another Anchorage deal soon from **Michael O'Shea's** and **Ivan Braiker's** New Northwest group. **Broker:** Chester Coleman, American Radio Brokers... Albany Broadcasting, headed by **James Morrell**, is buying Peak Communications' three stations, WJJR-FM, WJEN-FM & WJAN-FM Rutland-Manchester, VT... Back Bay Broadcasting is expanding into Connecticut from Rhode Island with a buy of SaltAire Communications' WKCD-FM Pawcatuck, CT. **Broker:** **Bob Maccini & Stephan Sloan**, Media Services Group

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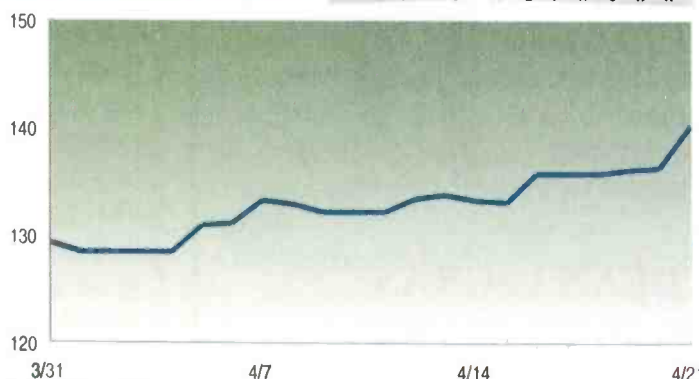
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**T R A N S A C T I O N    D I G E S T**

by Jack Messmer

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

**Duopoly** with KOMS-FM (below). LMA since 2/11. Broker: Media Services Group

**\$1,037,500—\* KOMS-FM Fort Smith AR** (Poteau OK) from Pinnacle Radio Group LLC (Harold Sudbury) to Cumulus Licensing Corp. (Richard Weening, Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). \$100K previously paid by Elkhead Broadcasting (see KLSZ-FM above) 5/21/98 for option to purchase this station. The contract has been assumed by Cumulus, which will pay the remaining \$937.5K. **Duopoly** with KLSZ-FM (above). LMA since 2/11. Broker: (1998 contract) Sunbelt Media; (current sale) Media Services Group

**\$3,650,000—\* WEKO-AM & WMIO-FM Mayaguez** (Caba Rojo PR) from David Ortiz Radio Corporacion (Maria I. Ortiz-Aviles, Miguel Magraner Lizardi) and Maria I. Ortiz-Aviles, sole proprietor, to Bestov Broadcasting Inc. of Puerto Rico (Luis & Dorothy Mejia). \$100K escrow, additional \$3.15M in cash at closing, \$400K note. Double **duopoly** with WTIL-AM & WKSA-FM Mayaguez-Isabela PR.

**\$1,000,000—\* KHSN-AM, KBBR-AM, KOOS-FM & KACW-FM Coos Bay-North Bend OR** from Bay Broadcasting Corp. (Laurence & Lynn Goodman) to New Northwest Broadcasters II Inc. (Michael Williams O'Shea, Ivan Braiker, Northwest Capital Appreciation, Key Equity Capital, First media Ventures). \$1M cash. Existing double **duopoly**. Broker: Montcalm

**\$1,774,000—\* KONY AM & FM Kanab-Washington UT** from Red Rock Broadcasting Inc. (Harold Hickman) to Marathon Media LP (Bruce Buzil, Chris Devine). \$50K escrow, \$1.75M (less escrow) in cash at closing, \$24K in spots. **Duopoly** with KREC-FM Brian Head UT. Broker: Media Services Group

**\$1,162,500—\* KLSZ-FM Fort Smith** (Van Buren AR) from Elkhead Broadcasting LLC (Sherm Hill Jr.) to Cumulus Licensing Corp. (Richard Weening, Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). \$105K letter of credit as escrow, balance in cash at closing.

**\$850,000—WNTY-AM Southington CT** from WNTY Associates (George Stevens) to The ADD Radio Group Inc. (Peter J. Arpin, David P. MacNamee). \$40K escrow, balance in cash at closing. Note: The price will be reduced to \$725K if the buyer is not satisfied with an environmental evaluation of the tower site and elects to lease the tower site from the seller, rather than buy it. Broker: New England Media

**\$600,000—\* KALK-FM Winfield TX** from Sunburst Media LP (John borders, Don Turner) to East Texas Broadcasting Inc. (John Mitchell). \$500K to be escrowed from related sale of KPXI-FM Mount Pleasant TX from East Texas to Sunburst, remaining \$100K in cash at closing. **Superduopoly** with KIMP-AM, KSCN-FM & KSCH-FM Mount Pleasant-Pittsburg-Sulphur Springs TX.

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**\$500,000—\* WJAT-AM & FM Swainsboro GA** from Box Broadcasting Corp. (Paul Box) to Lacom Communications Inc. (Cole, Owen, Lamar & Doris Studstill). \$30K escrow, \$300K (less escrow) in cash at closing, \$200K note. **Double duopoly** with WXRS-AM & FM Swainsboro GA. **Broker:** The Thorburn Co.

**\$475,000—KAHI-AM Sacramento** (Auburn CA) from Kahi Corporation (Carroll Brock) to Immaculate Heart Radio (Douglas & Janet Sherman, Charles & Margaret Day). \$7.5K downpayment, additional \$317.5K in cash at closing, \$150K note. Note: Includes CP for expanded band KSMH-AM on 1620 kHz.

**\$310,000—\* KOKO-AM Warrensburg MO** from Johnson County Broadcasters Inc. (Avis G. Tucker) to Bick Broadcasting (Frank Bick, James Janes, Bick Family Trust). \$15.5K escrow, balance in cash at closing. **Duopoly** with KSIS-AM & KSDL-FM Sedalia MO and KXXK-FM Knob Noster MO. **Broker:** Media Services Group

**\$250,000—\* KSSA-FM CP** (105.9 mHz) Ingalls KS from MAS Communications Inc. (Mark Swendsen) to KBUF Partnership (Robert Ingstad, Scott Smith, Michael Triebold). Debt assumption, not to exceed \$250K. **Superduopoly** with KBUF-AM, KKJQ-FM & KYBD-FM. Note: 22 stations in market.

**\$249,140—\* KBKW-AM & KAYO-FM Aberdeen WA** from KAYO Broadcasting (Gregory Smith, Earle Baker, Darrell Rutter, Bruce Workman, Lynn Thorsen, James Servino) to Gregory J. Smith, sole proprietor. Smith is paying \$249,140 for the 66% of the general partnership he does not currently own. **Duopoly** with KAPV-FM Elma WA.

**\$200,000—\* WHFE-FM CP** (105.9 mHz) Lakeland GA from Capital Assets Inc. (Bennie Hewett) to Albert Leon Brooks. \$20K escrow, balance in cash at closing. **Superduopoly** with WVLD-AM, WWRQ-FM & WQPW-FM Valdosta GA.

**\$25,000—\* KBKK-FM CP** (95.9 mHz) Pillager MN from David J. De La Hunt

d/b/a DJ Broadcasting to DJ Broadcasting Corp. (David & Edward De La Hunt). The permittee's father is buying a 50% stake for \$25K plus assumption of 50% of outstanding obligations. **Duopoly** with KSKK-FM Staples MN.

**\$10,000—WFHK-AM Pell City AL** from St. Clair Broadcasting System (Betty Williamson and other family members) to Williamson Broadcasting Inc. (Douglas Williamson). \$10K cash. Combo with WSSY-FM Talladega AL. Note:

Douglas Williamson is buying out the interests of his parents and sister.

**N/A—\* KLLB-AM & WLOL-AM Minneapolis** (St. Paul-Brooklyn Park MN), 100% stock donation of 1400 Inc. and 1470 Inc. from James & Susan Cargill to Minnesota Public Radio (William Kling, pres.). Donation to non-profit corp. which will continue to operate these as commercial stations. **Superduopoly** with WMNN-AM. Note: Contour overlaps with MPR's non-commercial stations are not attributable.

## PR&E introduces "StudioAdvantage"

Along with launching its "AirWave Digital" console at NAB '99 (*RBR* 4/19, p.8), Pacific Research & Engineering (A:PXE) unveiled its turnkey "StudioAdvantage Total Studio Solutions" package. These studios are self-contained, acoustically isolated modules that can be easily moved and adapted to new locations. Architects and contractors are not required.

"This changes the whole business model for broadcasters," said PR&E CEO **Jack Williams**. "Using a StudioAdvantage solution can help shave precious days and even weeks from your installation schedule."

The studios come complete with audio source and control components, studio furniture, sound and vibration isolation, HVAC, cabling and wiring. When completed, PR&E says the studios are visually indistinguishable from traditional built-in rooms.—CM

## XM Announces Deal with Delphi; GM to follow?

Just as was alluded to recently (*RBR* 4/12, p. 3), XM Satellite Radio is striking its own OEM deals with Delphi Delco Electronics. Indeed, the deal with CD Radio (O:CDRD) was not an exclusive one, and last week word was circulating around NAB in Las Vegas.

"We have a deal to design, develop and market XM/AM/FM Car Radios with Delphi. The soft rollout is scheduled for the end of 2000, the hard rollout in 2001," said spokesperson **Vicker Stearn**. XM has also announced aftermarket/OEM deals with Alpine and Pioneer; and Sharp for home audio (*RBR* 11/23/98, p. 6).

In an unusual twist of fate, while XM is likely to announce an exclusive deal with General Motors (N:GM) to be The Satellite DARS Service of Choice in its 2001 models, it was CD Radio that announced the possible deal in its latest 8-K report. "On April 13, 1999, representatives of GM informed us that (it) expected shortly to conclude an agreement with XM to manufacture and sell vehicles capable of receiving XM's (broadcasts). Simultaneously, we and GM ended discussions," the SEC filing stated. XM had no comment, but did not deny the GM deal.

"This really aligns XM to GM and leaves the rest of the market to us. We really couldn't overcome the fact that XM is using Hughes Satellite and GM owns Hughes," said CD CFO **Andrew Greenebaum**.

In fact, the 8-K claims GM, through Hughes, also owns 25% of XM and is represented on the Board of Directors of XM. The Hughes contract is worth \$550M.

Oddly, the 8K included a statement that CD was pleased by XM's deal with GM. "We believe an agreement between XM and GM would be beneficial to us, both in the short and the long term. (It) would represent an important validation of the satellite digital radio industry."—CM

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