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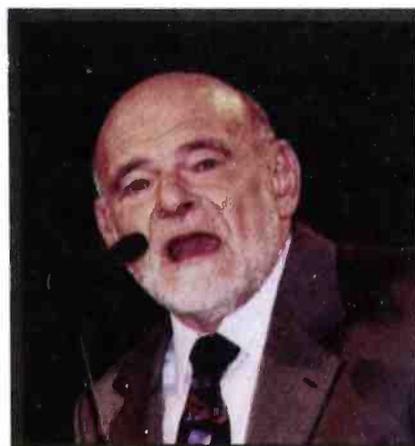
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We won't repeat his chicken story, but noted investor Sam Zell had lots of good things to say about radio and his nearly eight year association with Jacor at the NAB Radio Show.

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But we hope he's wrong about where the economy is heading.

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# RADIO NEWS®

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## FCC streamlining begins—but there's a catch

by Frank Saxe

The FCC has begun to bring its radio and TV oversight into the electronic age, with a vote last week which will eventually require broadcasters to file 15 key applications and reporting forms electronically. The goal, said the Commission, was to decrease reporting burdens on broadcasters while making access to information more easy for the public.

The Commission will replace transfer applications (Forms 314 and 315) with a series of yes/no questions which will be answered on the Internet. Among the questions asked will be "Does the transfer comply with multiple ownership rules?" To help broadcasters, detailed worksheets will be devised—which will not be submitted or placed in a station's public file, much to the dismay of Cmsr. **Susan Ness** (D) and **Gloria Tristani** (D). "It is important that the public have access to the information used by applicants in support of their answers," they said in a joint statement.

Broadcasters will still be required to submit sales contracts and contour maps to the FCC. *RBR, Radio & Records*, Dataworld and Duncan's American Radio led an industry campaign to have the contracts, including purchase price, part of the required filing. The Federal Communications Bar Association and a number of public interest groups joined the battle, arguing the information is critical to their efforts.

Electronic filing will begin next March, and it is expected to become

mandatory within six months. A security function will also be created, using passwords and account numbers.

While streamlining should mean quicker application filing and review, Chair **Bill Kennard** (D) said the FCC will step up its enforcement efforts, to include the audit of up to 10% of applications. "The vast majority of licensees are honest, but we should verify," he said.

Other changes approved include extending construction permits from 18 months to three years, requiring ownership reports be filed every other year instead of annually and a reversal of a policy barring the for-profit sale of unbuilt CPs.

### The new requirement

While giving broadcasters a break on much of their cumbersome paperwork, the FCC also decided to adopt a new requirement. It will require owners to submit, as part of their biennial ownership reports, the racial and gender make-up of those holding attributable interest in the company.

"Advancing ownership by minorities and women has been an effort that has been longstanding and we can't do that meaningfully unless we have the information," said Kennard.

But Cmsr. **Harold Furchtgott-Roth** (R) said the new requirements were not feasible, because it is impossible to determine the race or

### Radio holding strong

Forward pacing numbers remain strong through the end of the year, with December more than half sold. Q4 numbers are running slightly behind a year ago, but **George Nadel Rivin** of Miller, Kaplan, Arase & Co. notes that pacing a year ago was at record levels. "We don't notice any significant drop-off for 1998," he said.

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

	1998	1997
Oct. 15	83.9%	86.3%
Nov.	76.9%	81.7%
Dec.	51.7%	52.4%

gender of stockholders, which can include institutional investors. "Documentation of the racial and gender identity of corporate shareholders is a highly invasive measure that I do not believe furthers any legitimate governmental interest," said Furchtgott-Roth, who went on to accuse his fellow commissioners of trying to side-step a recent court decision overturning the FCC's EEO policy.

One broadcast attorney said the new reporting requirements will likely be challenged in court.

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## Cookie-cutters or more variety?

by Jack Messmer

It's become almost a mantra for the mainstream press to declare that the 1996 Telcom Act has resulted in less creativity in radio programming and sound-alike stations from coast-to-coast, so it was hardly surprising that a *Dallas Morning News* reporter at the NAB Radio Show asked members of the group heads panel why they don't offer more diverse programming.

"I think its probably an unfair shot at programmers to say that radio is totally bland," responded **Dan Mason**, President, CBS Radio (N:CBS).

Members of the panel noted the growth of various new formats and the growth of niche programming. In particular, Citadel Communications

(O:CITC) CEO **Larry Wilson** observed that "Classical is thriving in Albuquerque under the Citadel umbrella."

"We've created more live, local programming and more diversity of programming," said **Lew Dickey Jr.**, Vice Chair, Cumulus Media (O:CMLS). He noted that in the small markets where Cumulus has been creating superduopoly clusters, many of the stations being acquired had previously been forced to depend on satellite programming to keep their overhead down.

**RBR observation:** The theory of the "big lie" seems to be working for radio's opponents. If you say over and over again that consolidation has resulted in fewer formats and less program diversity, the public will begin to believe it, despite evidence that precisely the opposite is true. In re-

cent years we've seen the emergence of Smooth Jazz, Sports/Talk, Hot Talk, Children's, AAA and a host of new Spanish formats, just to name a few of the programming innovations. Also, cluster owners are introducing niche formats, such as Urban, Gospel and those named above into smaller and smaller markets, where previously listeners could select only from maybe three competing Country stations, three nearly identical AC stations and, if they were really lucky, a Rock station.

It was heartening to hear an aide to Vice President **Al Gore** finally recognize that program diversity is growing, rather than shrinking (*RBR* 10/19, p. 4). Unfortunately, the big lie is still getting newsprint—and lots of politicians aren't hearing the truth about programming innovation.

## Microradio nightmare won't go away

by Jack Messmer

The laws of physics may be in for amendment by Washington politicians. Despite facing an unsympathetic audience at the NAB Radio Show in Seattle (10/16), FCC Chair **Bill Kennard** (D) stood firm in his support for microradio.

"We cannot deny opportunities to those who want to use the airwaves to talk to their communities just because it will be inconvenient for the incumbents," Kennard declared.

The FCC chief said there is "a tre-

mendous need" for the agency to figure out how to manage spectrum more efficiently so that more voices can be broadcast. However, in a move to placate his audience, Kennard added, "We will not undermine the integrity of the FM band."

Many broadcasters, however, believe that the two goals—adding lots of low-power stations and not creating interference—are mutually exclusive. In a question-and-answer period following his speech, Kennard said he couldn't offer any specifics about how many microradio stations the FCC might license, or how much it will cost to regulate the newcomers.

Microradio is fast becoming Kennard's answer of choice for a host of persistent problems—minority ownership, program diversity and now AM improvement. Asked what the FCC might do to help AM standalone owners, Kennard suggested "microradio may hold some promise for you."

**Microradio praised by Wyden**  
Creating lots of new low-power radio stations also drew support from Sen. **Ron Wyden** (D-OR) on the show's final day (10/17).

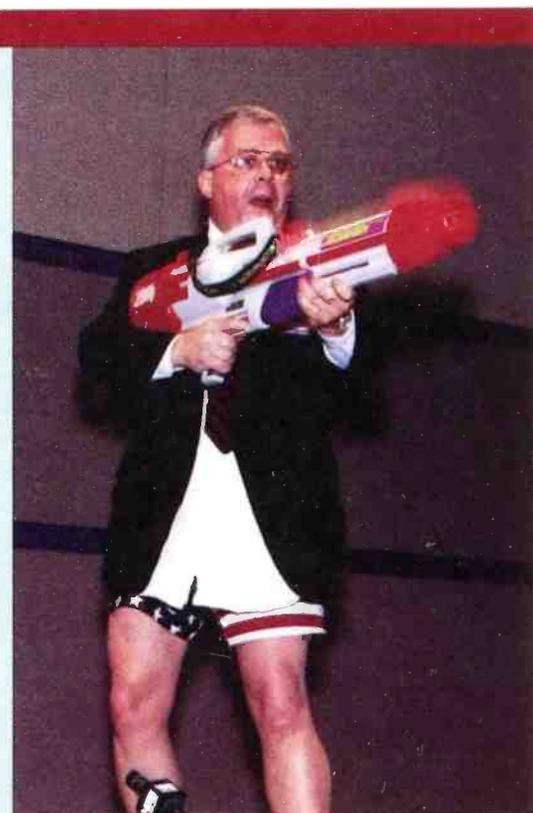
"I can't believe that there's a broadcaster in the country who would want to be opposed to the churches and others that will be involved in this," Wyden

## from NAB Radio Show



ABC rocked the NAB Radio Show with "10,000 Maniacs"...

...Jacor needed only one. CEO Randy Michaels debunked claims that there's no fun left in radio.



said when questioned about microradio. Like Kennard, Wyden said the new FM service should be developed without causing interference to existing stations—a “do no harm” approach.

From the other side of the political divide on Capitol Hill, Sen. **Slade Gorton** (R-WA) offered little solace to broadcasters who fear that the FM band may be headed toward the same signal degradation that drove many listeners away from AM. The issue of microradio, he said, is directly related to the deregulation that allowed consolidation.

“Exactly to the extent that you are getting your way [on consolidation] you increase, proportionately, the demand for other alternatives,” Gorton said.

Both senators, who sit together on the Commerce Committee, condemned the current duplication of efforts by the DOJ’s Antitrust Division and the FCC in evaluating radio advertising concentration. Gorton said he would prefer to have the FCC as the only agency evaluating radio market concentration, but Wyden said “I would give it to the Justice Department.”

### FCC flags deals

The FCC is collecting comments on Cumulus Media’s (O:CMLS) proposed purchase of WGLF-FM Tallahassee from Tallahassee Broadcasting. While Cumulus presently controls 29% of the market’s radio revenues with its four stations, that figure would climb to 45% with WGLF, according to BIA. The only other big player in town is Clear Channel (N:CCU), with five stations and 32%.

Separately, the FCC is worried about Connoisseur controlling too much of the Mercer, PA ad market, a TSA county in the Youngstown-Warrenton, OH market. Connoisseur wants to buy GBS Communications’ WLLF-FM and WWIZ-FM. According to BIA, Connoisseur already controls 48% of the radio ad dollars with its six sticks, which would rise to 50% if the two GBS stations are added.

However, two other strong players are in the market. Jacor has four stations, controlling 30% of the ad dollars, while GOCOM has four stations and 18% of the market’s radio revenue.—FS

**More news on page 6**

## \$20B radio market just four years away

US radio advertising is projected to cross the \$20B barrier in 2002, according to the latest forecast by Veronis, Suhler & Associates, and if the New York investment bank’s projections are just a tad too conservative, the mark could be crossed in 2001.

VS&A is forecasting that 1999 will see local radio ad sales rise 9%, national spot 9.3% and network 7.4%—resulting in an overall gain of 9%. The big news, though, is 2000—an election year, Olympic year and the start of a new millennium. VS&A is expecting double-digit growth at all levels except network: local 13.2%, national spot 13.6%, and network 7.7%—an overall gain of 13%.

For the five year period from this year through 2002, VS&A is projecting radio revenues to average growth at a compound annual rate of 9.3%, duplicating the growth rate for the five years that ended last year. That would give radio a faster ad growth rate than its biggest competitors, daily newspapers (7.2%) and TV (6.1%), but less than cable (15.9%) and online (48.3%). Even with its rapid growth rate, the Internet advertising market is projected to be only about one-third the size of radio by 2002.—JM

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## Zell bids farewell to radio

"The future for this industry is extraordinarily good," Jacor (O:JCOR) Chairman **Sam Zell** declared in his first speech to the radio industry (10/16). The keynote speech to the Seattle convention was likely his last to the industry as well, since Zell recently agreed to merge Jacor into Clear Channel (N:CCU), reducing the ownership of the Zell/Chilmark investment fund to less than 5% of Clear Channel's stock (RBR 10/12, p. 2).

"I'm going to miss being involved in this industry," said Zell, who bailed Jacor out of a financial near-meltdown in 1991. Among other things, Zell said he'll miss being asked

## Congress-lite goes home

by Frank Saxe

Two years and nearly 5,000 bills later, the 105th Congress came to a close last week without any celebration or fanfare. After passing a \$520B federal budget, most marched back to their districts in preparation for election day. Critics labled it a "do nothing Congress" and a review of bills shows little was done which directly affects radio.

"I think this Congress has accomplished typically what Congresses do," said **Alac Netchvolodoff**, VP/Public Policy, Cox Enterprises—the parent company of Cox Radio (N:CXR).

Not all lobbyists chastized lawmakers for taking up just a very small percentage of bills introduced. "Less legislation is a good thing," assessed **Mark Hyman**, VP/Government Relations, Sinclair (O:SBGI), who added, "We'd rather focus on healthy stations to build our markets."

Seven bills directly affecting broadcasting were introduced during the session. Each were promptly sent to committee where they languished and died. Among the victims was a bill sponsored by retiring Rep. **Scott Klug** (R-WI), which would have repealed the newspaper cross-ownership rule. An aide to Klug said their goal was not so much about passing the bill, as it was getting its point across. "The Commerce Committee tried to work with the FCC without passing additional regulation," she said.

### Predictions for the 106th

The 106th Congress will bring new debate on unsolved issues, such as regulation of cable TV, the Internet and public broadcasting—and insid-

whether KISS-FM L.A. should have **O.J. Simpson** as a guest DJ and trying to explain the evolution in US society of "Bubba the Love Sponge."

"I'm gonna miss threatening **Randy [Michaels]**," Zell said, noting that the Jacor CEO likes spending money to buy radio stations more than raising cash on Wall Street. "Most of all, I'm going to miss dealing with the Justice Department"—a comment that drew groans throughout the hall.

"This is the most creative and interesting industry that I've ever been involved with," said the famed investor, whose financial plays have ranged from real estate and auto dealerships to bicycles and broadcasting.—JM

ers believe radio will largely remain off the radar screen.

Instead, the FCC will be locked in the crosshairs. Both Sen. **John McCain** (R-AZ) and Rep. Tauzin have said they want to reorganize what they say has become a "horse and buggy" agency.

"There's nothing wrong with Telcom, it's the way the law is interpreted by the FCC," said Johnson. Hearings will be held next year, although Tauzin plans to hold off introducing legislation until Jan. 2000.

McCain (R-AZ) is also hinting he would like to reopen the 1996 Act to deal with a lack of phone competition, but that may be a tougher sell on the Hill.

## Bell wants to return to the airwaves

by Carl Marcucci

As promised, **Art Bell** made a short statement last Monday (10/19) on his show "Coast to Coast AM" explaining his abrupt resignation from radio (RBR 10/19, p. 4). Bell denied that his departure was a hoax and said he needs time to resolve some pressing family issues. "Although there is no immediate danger to my family, what did occur then absolutely requires my full-time attention now. And to not give it right now would surely be negligent and neglectful of those I love."

Santa Cruz-based 35-year Talk radio veteran **Hilly Rose** took the first week as fill-in for Bell.

Will he be back? The final word from Bell was supposed to come last Friday (10/23). "We're not exactly sure what the outcome will be," Premiere Radio Networks President **Kraig Kitchin** said at RBR's deadline.

## RBR News Briefs

► An amendment that would have barred the FCC from considering mandating free time for candidates failed to make it into the \$520B budget approved by Congress last week. The measure was sponsored by Sen. **Judd Gregg** (R-NH) and Rep. **Harold Rogers** (R-KY), who gave FCC Chair **Bill Kennard** (D) a tongue-lashing during an Appropriations Committee hearing March 25.

► Surprising many Washington insiders, FCC Chair **Bill Kennard** (D) did not select a political insider as his new chief of staff. Instead, Common Carrier Bureau Chief **Kathryn Brown** will succeed **John Nakahata**, who resigned last month. Many believe Kennard's trouble in Congress has stemmed from a lack of staffers with Capitol Hill experience.

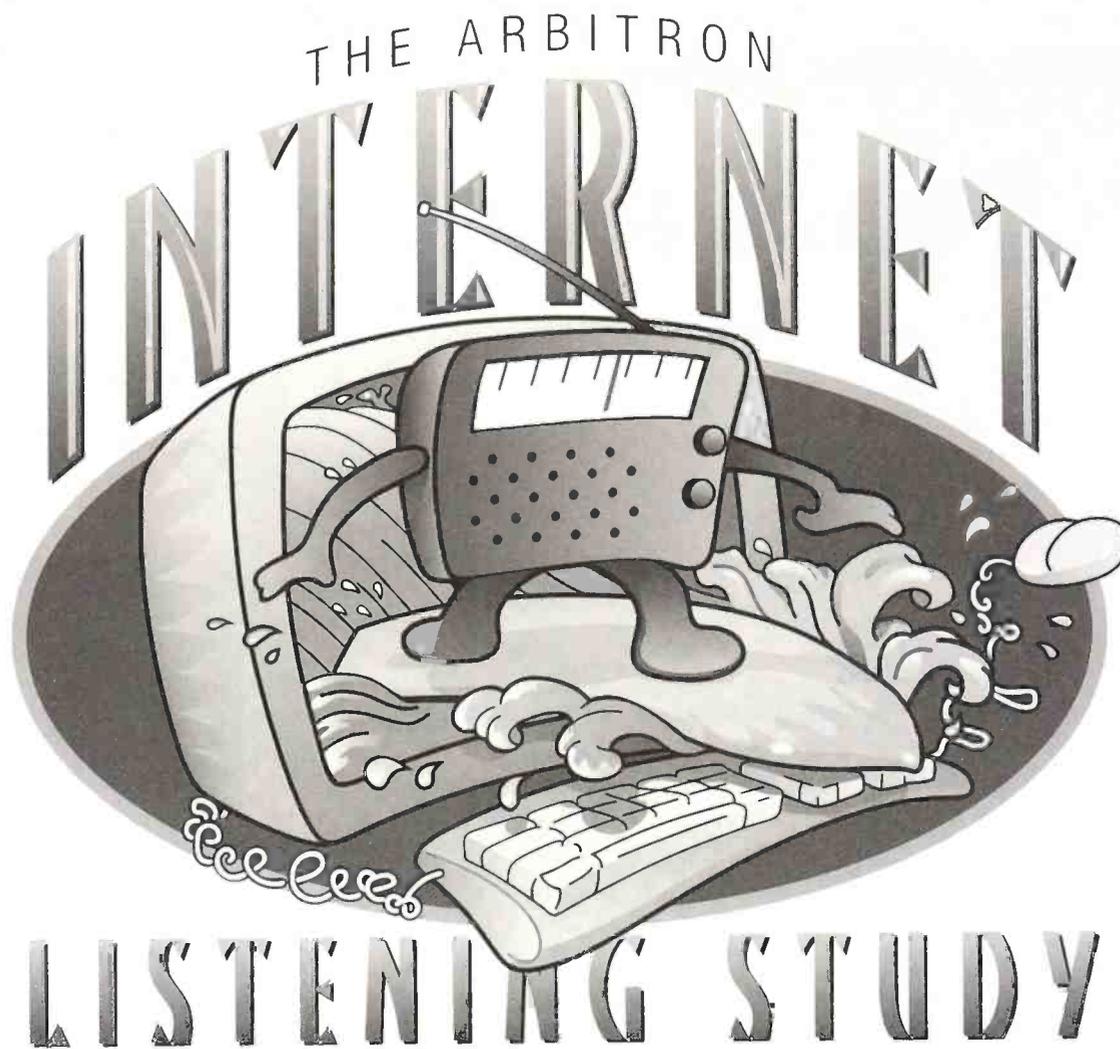
► The FCC has tentatively concluded that it will use either a lottery or a point system to award non-commercial (NCE) radio and TV licenses between competing applicants. The Balanced Budget Act allows the FCC to use a method other than auction for NCE stations. If a point system is adopted, the FCC would award extra points to promote local diversity. The FCC has still not decided how it will handle NCEs competing for commercial signals.

► CBS' (N:CBS) cross-selling strategies are becoming less talk and more reality. Co-CEO **David Pearlman** says a new unit will sell advertisers each of the network's six divisions, including radio. The new unit will be called CBS Plus, and will be formally announced in early November.

► WNNC-AM Newton, NC News Director **Al Mainess** was among four reporters held hostage and ordered to sprawl on a sidewalk by a shotgun-wielding suspect. The reporters were intercepted on their way out of a news conference at the Hickory, NC police department. The situation ended peacefully. Mainess told the *Hickory Daily Record*, "We report a lot on other people. You really don't know what they're going through."

► Former radio group owner **John Lindauer**, who wants to be Alaska's next governor, once again lost the endorsement of the state's GOP last week (10/20). Party members are upset with Lindauer's explanations about his self-financed campaign (RBR 10/5, p. 10).

► After many complaints, the NAB Board of Directors summer meeting will be shorter, just two days, when it is held next June 22-23.



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# When bears attack

## Stocks beaten down in Q3

By Jack Messmer

THE WALL STREET JOURNAL

RADIO NETWORK

Three months ago you read here that the stock market had begun to climb after coming out of a holding pattern in Q2. Fears of a US fallout from Asia's financial crisis had dissipated and happy days had returned to Wall Street. We stand corrected—**bigtime!**

Instead, the hint of a Q3 recovery gave way to wave after wave of panic selling. Asia was scary. Russia was scary. One international hedge fund discovered that its foolproof methods for turning consistent profits by placing big bets with borrowed money against the gaps created by "inefficiencies" in various linked markets weren't so foolproof after all. Oops, a little mistake of a few billion dollars that had to be worked out by its bankers and the Federal Reserve. That woke up other bankers who decided they really didn't want to loan so much cash to hedge funds anymore. That snowballed an already declining stock market as hedge funds dumped stocks—good stocks, bad stocks, any stocks that they could find a buyer for—to meet the margin calls on their bank loans.

It was a wonderful time for bottom-fishers and others with the stomach for taking big risks in the belief that they were right and everyone else was wrong. Perhaps getting the Pepto-Bismol franchise for Wall Street would have been the only sure bet.

### Who lost the least?

It wasn't really a question of who gained the most in Q3, but rather who lost the least. As you look through RBR's charts of the best performing radio and broadcast-related stocks year-to-date (right and pages 9 & 10), you'll notice that not a one was at its highest point as the quarter ended. Instead, most had peaked in June or July and fallen 30% or more by the end of September.

Stock prices were attempting another rally this month, cheered on by

### Q3 radio stock performance by category

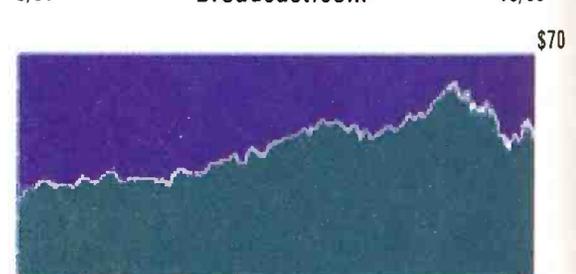
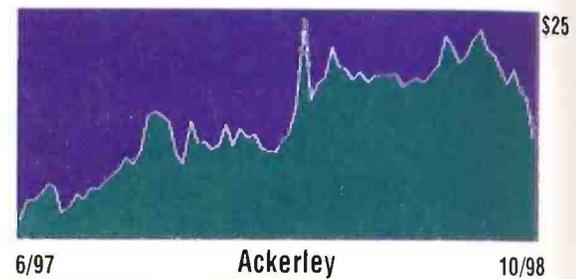
Radio Companies	9/30/98 Close	YTD Gain/Loss	Pct. Gain/Loss
Alliance Bcg.	1.062	0.812	324.80%
Citadel	20.437	4.437	27.73%
Jacor	50.625	-2.500	-4.71%
Triathlon	10.000	-0.500	-4.76%
Saga Commun.	15.750	-1.250	-7.35%
Cox Radio	35.125	-5.125	-12.73%
Childrens Bcg.	3.312	-0.750	-18.46%
Heftel Bcg.	37.750	-9.000	-19.25%
Big City Radio	4.500	-3.625	-44.62%

Radio IPOs	9/30/98 Close	YTD Gain/Loss	Pct. Gain/Loss
Capstar	15.437	-3.563	-18.75%
Regent Pfd.	4.000	-2.000	-33.33%
Cumulus	8.125	-5.875	-41.96%

Radio Networks	9/30/98 Close	YTD Gain/Loss	Pct. Gain/Loss
Metro Networks	36.625	3.875	11.83%
Westwood One	17.875	-19.250	-51.85%

Stock Indices	9/30/98 Close	YTD Gain/Loss	Pct. Gain/Loss
The Radio Index™	89.820	-10.180	-10.18%
Dow Industrials	7842.620	-65.630	-0.83%
Nasdaq composite	1693.840	123.470	7.86%
S&P 500	1017.010	46.580	4.80%

Radio-related Companies	9/30/98 Close	YTD Gain/Loss	Pct. Gain/Loss
American Tower	25.500	16.187	173.81%
RealNetworks	34.687	20.812	150.00%
Westower	21.500	9.750	82.98%
SportsLine USA	17.437	6.687	62.20%
OmniAmerica	18.875	6.125	48.04%
Jones Intercable	24.875	7.438	42.65%
Ceridian	57.375	11.563	25.24%
Jeff-Pilot	60.500	8.583	16.53%
Fisher	68.250	8.250	13.75%
DG Systems	2.750	0.250	10.00%
Otter Tail Power	37.250	-0.625	-1.65%
WinStar Comm.	23.750	-1.187	-4.76%
TM Century	0.500	-0.125	-20.00%
Harris Corp.	32.000	-13.875	-30.25%
Pacific R&E	2.250	-1.125	-33.33%



a second interest rate cut from the Federal Reserve Board. Is this rally for real or just another false start? We're not going to try making another prediction. Been there, done that—got the scars to prove it.

If stock prices continue to strengthen, two big radio IPOs are waiting to pop out of the IPO pipeline—**Joe Field's** Entercom, which will trade on the NYSE as ETM (RBR 8/17, p. 13), and **Mel Karmazin's** 20% spin-off of Infinity Broadcasting from CBS (N:CBS), which will also trade on the NYSE as INF (RBR 9/28, p. 12).

Even with the Q3 rampage of Wall Street's bears, investors who've hung in there have been rewarded by triple-digit gains YTD by four companies. Only one, though, is a radio group owner—and a thinly-traded penny stock at that—**Joe Newman's** Alliance Broadcasting Group (O:RADO), which was up 325% in 1998 through Q3.

RBR calculated that former American Radio Systems shareholders have gotten a 174% stock price gain YTD

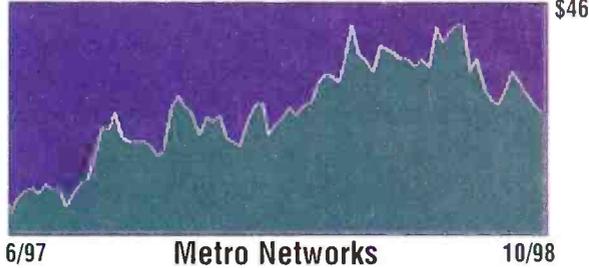
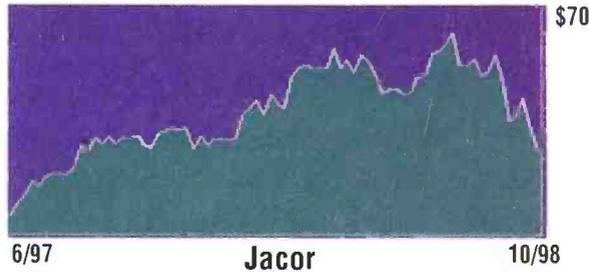
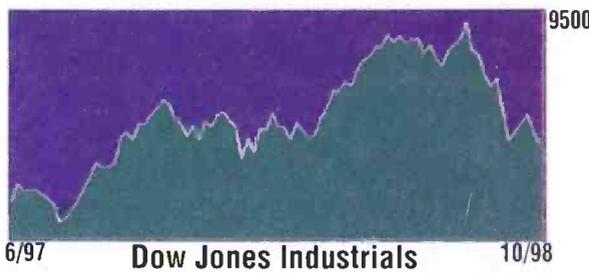
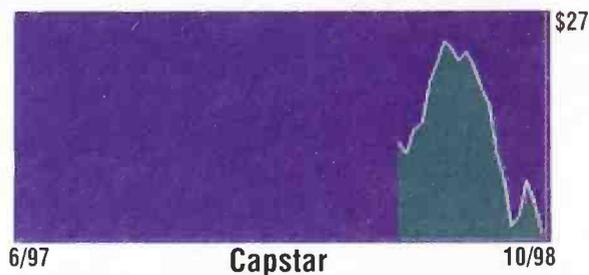
*Quarterly Stocks continued on p. 10*

	9/30/98	YTD	Pct.
Media Companies	Close	Gain/Loss	Gain/Loss
Pulitzer	79.125	16.313	25.97%
Clear Channel	47.500	7.781	19.59%
Ackerley	19.750	2.813	16.61%
Gaylord	29.812	-2.126	-6.66%
Chancellor	33.375	-3.938	-10.55%
New York Times	27.500	-5.563	-16.82%
Emmis Comm.	37.750	-7.875	-17.26%
CBS Corp.	24.250	-5.188	-17.62%
Tribune	50.312	-11.938	-19.18%
Disney	25.312	-7.688	-23.30%
Belo Corp.	20.000	-8.063	-28.73%
Granite	6.375	-2.687	-29.65%
Sinclair	16.250	-7.063	-30.29%
News Comm.	0.687	-0.750	-52.19%

	9/30/98	YTD	Pct.
Radio Net IPOs	Close	Gain/Loss	Gain/Loss
NBG Radio Networks	1.031	0.364	54.65%
Triangle	0.050	-0.575	-92.00%

	9/30/98	YTD	Pct.
Satellite DAB	Close	Gain/Loss	Gain/Loss
CD Radio	19.000	2.063	12.18%
AMSC	5.250	-1.750	-25.00%

	9/30/98	YTD	Pct.
Radio-related IPO	Close	Gain/Loss	Gain/Loss
Broadcast.com	40.375	22.375	124.31%
Crown Castle	9.625	-3.375	-25.96%



### Bull market corraled

Wall Street Journal—This was the quarter when the eight-year bull market finally tripped up.

Both the Dow Jones Industrial Average and the Standard & Poor's 500-stock index fell 19.3% from their record July 17 closes to their troughs on Aug. 31. Each avoided the most common definition of a bear market—a 20% decline—by a bare 0.7 percentage point. But they still suffered their worst declines since 1990.

Regardless of what you call the current market tumult, the question now is what—and how long—it will take to get out. Was this just a slip in a long stampede, and are stocks already rebounding? Or are stocks now going to cool off or even plummet, ending their remarkable three-year string of double-digit annual gains?

What gives a lot of traders pause is that the worries that finally drove down stocks—sagging corporate earnings, foreign economic troubles, overheated markets, speculative investing and turmoil in Washington—are still with us. US stocks may no longer be priced to require "perfection" in the economy, but they still are expensive for such an unstable world.

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## Fuller-Jeffrey Radio of Maine, Inc.

*has closed on its purchase of radio station*

### WCLZ-FM

*Brunswick, Maine*

*from*

### Riverside Broadcasting, L.P.

*for*

## \$3.2 Million

*Robert J. Maccini and Kevin C. Cox*

*of Media Services Group, Inc.*

*represented the seller in this transaction.*

*Robert J. Maccini: Providence, RI*

*Tel: (401) 454-3130 Fax: (401) 454-3131*

*Kevin C. Cox: Philadelphia, PA*

*Tel: (610) 695-9339 Fax: (610) 695-9340*

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at **Steve Dodge's** latest company, American Tower (N:AMT), after adjusting for the sale of ARS's radio stations to CBS (N:CBS).

The other big winners were two radio-related Internet stocks—RealNetworks (O:RNWK), up 150%, and Broadcast.com (O:BCST), still 124% ahead of its IPO price, despite a sharp drop from its highest levels.

**Fickle, fickle, fickle**

Radio stocks were Wall Street's darlings in 1996 and '97 as consolidation created larger stations groups than had ever been seen before and cash flow numbers continued to climb higher and higher.

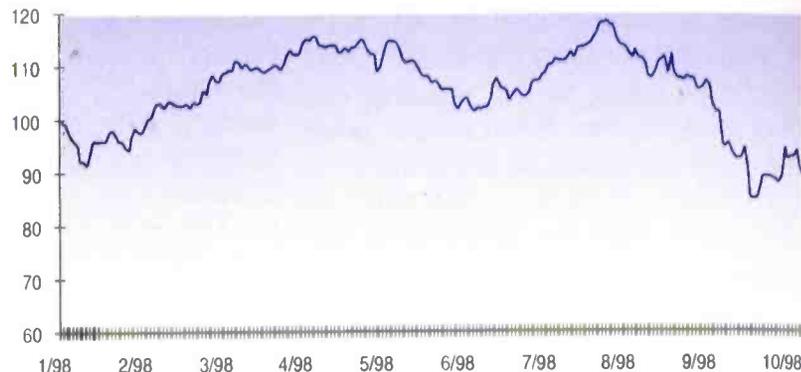
What's happened to end that love affair? Nothing in the real world. Radio groups are still reporting record financial results, with no end in sight. Radio executives look at their internal forward paces and see more records ahead. Then they look at the RBR/Miller Kaplan Market sell-out percentage report (page 2) and see that the rest of the industry is holding strong as well.

On Wall Street though, investors see the ad market softening for TV and newspaper and fear that radio

**The Radio Index™**

The Radio Index™, compiled daily by Dow Jones Indexes for RBR and the Wall Street Journal Radio Networks, was well below its base point of 100 (set 12/31/97)

in Q3, but the worst was yet to come. The index of 15 major radio stocks dipped below 80 in early October, before turning back up as the stock market rallied.

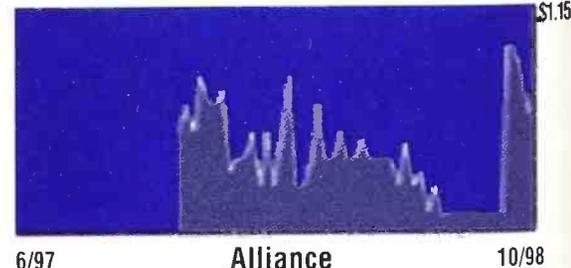
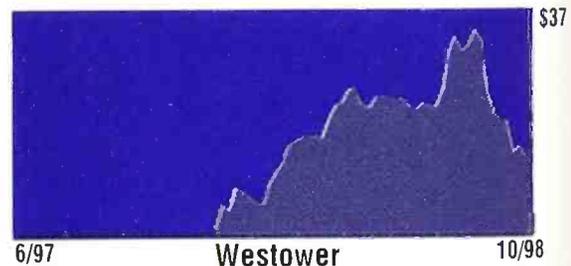
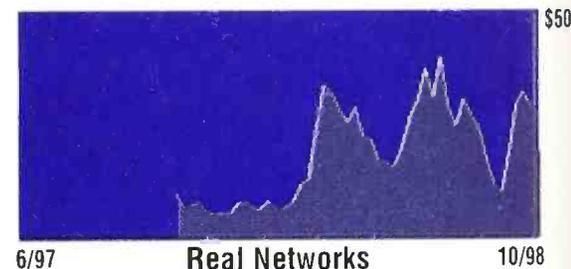
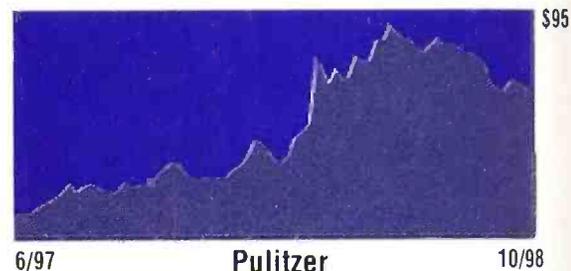


will follow the same path. They don't believe the analysts' and industry executives' assurances that radio will hold up better than other media in a recession—if one comes along soon, which is by no means certain.

Radio executives are frustrated by their companies' stock prices, but there's not much they can do about Wall Street psychology. The advice being given by virtually every expert is to stick to your business plan, keep posting records, and let the investment community become convinced that you were right and they were wrong (al-

though it's probably not a good idea to state it so undiplomatically).

As the Zen Master recently observed, "If there is a recession, we refuse to participate."



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# BROADCAST INVESTMENTS™

## October 21—RBR Stock Index 1998

Company	Mkt:Symbol	10/14 Close	10/21 Close	Net Chg	Pct Chg	10/21 Vol (00)	Company	Mkt:Symbol	10/14 Close	10/21 Close	Net Chg	Pct Chg	10/21 Vol (00)
Ackerley	N:AK	16.812	19.000	2.188	13.01%	104	Harris Corp.	N:HRS	29.125	34.875	5.750	19.74%	4162
Alliance Bcg.	O:RADO	0.750	0.625	-0.125	-16.67%	0	Heftel Bcg.	O:HBCCA	34.125	38.000	3.875	11.36%	1078
Am. Tower	N:AMT	16.937	20.000	3.063	18.08%	2500	Jacor	O:JCOR	43.750	50.125	6.375	14.57%	4195
AMSC	O:SKYC	4.062	4.937	0.875	21.54%	79	Jeff-Pilot	N:JP	58.875	61.125	2.250	3.82%	3141
Belo Corp.	N:BLC	14.625	17.187	2.562	17.52%	5411	Jones Intercable	O:JOINA	24.000	25.937	1.937	8.07%	624
Big City Radio	A:YFM	3.250	3.812	0.562	17.29%	9	Metro Networks	O:MTNT	29.312	34.687	5.375	18.34%	344
Broadcast.com	O:BCST	36.250	40.375	4.125	11.38%	411	NBG Radio Nets	O:NSBD	1.100	1.200	0.100	9.09%	154
Capstar	N:CRB	11.937	14.812	2.875	24.08%	1269	New York Times	N:NYT	22.312	27.812	5.500	24.65%	5695
CBS Corp.	N:CBS	20.562	25.250	4.688	22.80%	20976	News Comm.	O:NCOME	0.562	0.500	-0.062	-11.03%	7
CD Radio	O:CDRD	25.000	28.000	3.000	12.00%	2676	OmniAmerica	O:XMIT	17.000	22.125	5.125	30.15%	64
Ceridian	N:CEN	53.875	54.812	0.937	1.74%	9383	Otter Tail Power	O:OTTR	38.812	38.500	-0.312	-0.80%	49
Chancellor	O:AMFM	26.312	33.125	6.813	25.89%	12095	Pacific R&E	A:PXE	2.250	2.000	-0.250	-11.11%	0
Childrens Bcg.	O:AAHS	3.062	3.187	0.125	4.08%	4652	Pulitzer	N:PTZ	65.812	70.000	4.188	6.36%	128
Citadel	O:CITC	18.250	19.687	1.437	7.87%	11	RealNetworks	O:RNWK	33.875	40.250	6.375	18.82%	9771
Clear Channel	N:CCU	36.187	44.625	8.438	23.32%	5893	Regent Pfd.	O:RGCIP	3.500	3.625	0.125	3.57%	0
Cox Radio	N:CXR	27.812	36.250	8.438	30.34%	260	Saga Commun.	A:SGA	14.625	15.500	0.875	5.98%	1
Crown Castle	O:TWRS	7.562	10.000	2.438	32.24%	1560	Sinclair	O:SBGI	10.375	14.000	3.625	34.94%	5851
Cumulus	O:CMLS	5.000	8.937	3.937	78.74%	388	SportsLine USA	O:SPLN	9.250	11.125	1.875	20.27%	2640
DG Systems	O:DGIT	2.718	2.500	-0.218	-8.02%	267	TM Century	O:TMCI	0.375	0.437	0.062	16.53%	0
Disney	N:DIS	24.500	27.562	3.062	12.50%	50909	Triangle	O:GAAY	0.055	0.037	-0.018	-32.73%	14123
Emmis	O:EMMS	26.875	31.500	4.625	17.21%	1192	Triathlon	O:TBCOA	9.875	9.375	-0.500	-5.06%	0
Fisher	O:FSCI	59.250	65.000	5.750	9.70%	15	Tribune	N:TRB	49.250	56.687	7.437	15.10%	6207
Gaylord	N:GET	22.625	24.625	2.000	8.84%	373	Westower	A:WTW	14.250	16.875	2.625	18.42%	1
Granite	O:GBTVK	4.125	5.250	1.125	27.27%	1720	Westwood One	O:WONE	16.625	19.000	2.375	14.29%	2223
							WinStar Comm.	O:WCII	14.000	19.562	5.562	39.73%	9077

### Tribune beats estimates

Dow Jones—Tribune Co. (N:TRB) posted a 7% increase in Q3 earnings per share before one-time items, helping the media company beat Wall Street estimates.

Tribune said revenue gains in some segments and fewer shares outstanding aided in the improvement. The company, which publishes the *Chicago Tribune* newspaper and holds a 25% stake in the WB television network, said Q3 diluted earnings rose to 60¢ a share from 56¢, excluding a one-time gain, in the year-ago quarter. Net income rose 5% to \$83M from \$79M, the company said. First Call's analyst consensus predicted earnings of 59 cents a share.

**Michael Beebe**, who follows newspaper companies for Goldman Sachs & Co., said Tribune's broadcast business performed better than he had expected "and better than most of the industry, as far as I can tell."

Tribune said operating profit in its broadcast segment fell 3% to \$69M from last year's \$71M, while operating revenues rose 6% to \$291M from \$274M.

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10/26/98 RBR

# FILED

September 1998

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to

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Lowry Mays, Chairman

We represented the seller in this transaction.

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by Jack Messmer

## Randy finds two more Ohio stations he doesn't yet own

If **Lowry Mays** ever dreamed of owning radio stations in every nook and cranny of Ohio, **Randy Michaels** is making sure that dream will be fulfilled when Jacor (O:JCOR) merges into Clear Channel (N:CCU) next year (*RBR* 10/12, p. 2).

Jacor is paying \$2.4M to add WTTF-AM & FM Tiffin to its stable of Ohio signals. Tiffin is in Seneca County—adjacent to Jacor's holdings in the Toledo market (Arbitron #76) and un-rated Sandusky. **Broker:** Jorgenson Broadcast Brokerage

## Portland price published

We now know how big of a check mega-billionaire **Paul Allen** is writing to acquire KXL-AM & FM Port-

land, OR (*RBR* 10/12, p. 34). The FCC filing discloses that the Microsoft (O:MSFT) co-founder will pay \$55M cash for the assets, plus \$2M to **Lester Smith** and \$1M to **Alexander Smith** under non-compete agreements. The total of \$58M is well above the \$40M-ish estimates from *RBR* and elsewhere. No broker, no escrow—and probably no problem at all coming up with the cash.

## Dodge deals add sticks

**Steve Dodge's** American Tower (N:AMT) announced a series of deals which will add 322 towers to its inventory for a total of approximately \$100M. •141 owned and 25 managed towers in the Atlanta area from Wauka Communications and Grid Site Services for approximately 1.5M shares of American Tower stock.

- 133 towers from KN Energy's (N:KNE) KN Telecommunications subsidiary, providing line-of-sight microwave links across nine South-west and Midwest states.
- 23 PCS towers in Michigan from NPI Wireless.

## Fox IPO ready to go

The recovering stock market has encouraged **Rupert Murdoch** to pull News Corp.'s (N:NWS) spin-off IPO of 13% of its US TV and movie operations off the back burner (*RBR* 10/19, p. 11). Fox Entertainment, which will trade on the NYSE as "FOX," is projecting that the 85M shares will bring \$21-\$24 each. Strong demand for the Fox offering could set the stage for IPOs by CBS' (N:CBS) 20% spin-off of Infinity (N:INF, IPO pending) and the Wall Street debut of Entercom (N:ETM, IPO pending).

# \$4,277,840,000 1998 YTD...

### Pinnacle Broadcasting Company, Inc.

<sup>10</sup>  
Connoisseur  
\$6,000,000  
— ★ —

### Scottsdale Talking Machine

<sup>10</sup>  
New Century  
\$7,000,000  
— ★ —

### Chancellor-Capstar

\$637,500,000  
— ★ —

### Zapis Communications

<sup>10</sup>  
GOCOM  
\$2,600,000  
— ★ —

### Connoisseur

<sup>10</sup>  
GOCOM  
— ★ —

### LBJ-S Broadcasting, LP Merger

\$80,000,000

### Capstar Broadcasting

<sup>10</sup>  
Heftel Broadcasting  
\$54,000,000  
— ★ —

### Capstar Broadcasting

<sup>10</sup>  
Cox Radio  
\$48,000,000  
— ★ —

EXCL-ARS  
\$120,000,000  
— ★ —

### ARS-Entercom Swap

\$40,000,000  
— ★ —

### Bonneville International Corp.-

Chancellor Media  
\$740,000,000  
— ★ —

### Capstar Broadcasting- Chancellor Media Exchange

\$54,000,000  
— ★ —

### Children's Broadcasting Corporation

<sup>10</sup>  
Catholic Radio Network  
\$57,000,000

### Children's Broadcasting Corporation

<sup>10</sup>  
Salem  
\$2,700,000  
— ★ —

### American Cities Broadcasting

<sup>10</sup>  
Starradio  
\$1,440,000  
— ★ —

### Children's Broadcasting Corporation

<sup>10</sup>  
1090 Investments  
\$2,000,000  
— ★ —

### SFX

### Hicks, Muse, Tate & Furst and Capstar

\$2,100,000,000  
— ★ —

### Park Lane Group

<sup>10</sup>  
Regent Communications  
\$23,500,000  
— ★ —

### Continental Radio Broadcasting

<sup>10</sup>  
Regent Communications  
\$3,600,000

### Ruby/Topaz

<sup>10</sup>  
Regent Communications  
\$7,150,000  
— ★ —

### Jacor-Capstar Broadcasting Swap

\$6,000,000  
— ★ —

### El Paso & Lubbock

<sup>10</sup>  
Renaissance Broadcasting  
\$150,000  
— ★ —

### Oasis Radio

<sup>10</sup>  
Regent Communications  
\$1,600,000  
— ★ —

### Legend Broadcasting

<sup>10</sup>  
Barnstable Broadcasting  
\$4,000,000  
— ★ —

### Zapis Communications

<sup>10</sup>  
Chancellor  
\$275,000,000

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Transactions announced or closed in 1998

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## The "R" word

Jacor (O:JCOR) Chairman **Sam Zell** dared to utter the dreaded "R" word at the NAB Radio Show in Seattle. Although the renowned investor expects a recession in early 1999, he's still bullish on radio. "Radio should and will get a larger piece of the pie in difficult times," Zell stated.

Most radio executives responded to recession questions by paraphrasing or quoting comments CBS (N:CBS) President **Mel Karmazin** made recently at a Wall Street conference: "If there is a recession, we refuse to participate."

Even at Jacor, not everyone agrees with the boss. "I don't see any recession out there," said President **Bobby Lawrence**. Like most group heads, he is seeing strong demand for radio inventory as far out as his company's software can project.

"The recession, if it comes, is a self-fulfilling prophecy," noted Chancellor Media (O:AMFM) CEO **Jeff Marcus**. If Wall Street talks the country into a recession, Marcus said, it will provide an opportunity to prove that radio is recession-resistant.

"There's too much panic out there," said Citadel (O:CITC) CEO **Larry Wilson**. "Radio is not dependent on Asia or Russia. We're just going to go on selling spots."

Like many of his colleagues on Wall Street, analyst **William Meyers** of BancBoston Robertson Stephens thinks financial difficulties overseas could have a greater impact on the US economy than broadcasters believe. If the current turmoil is merely a "blip," he said, broadcast stocks could race upward again. "But if there is a recession, these stocks are still pretty expensive."

### Q3 good for Internet

Two radio-related Internet firms reported strong financial results for Q3. RealNetworks (O:RNWK) said net revenues rose 91% to \$17.2M. SportsLine USA's (O:SPLN) revenues were up 107% to \$7.4M. Both also reported a decline in their net loss for the quarter—still a rarity for the young Internet sector.

### GM strike chips Granite's cash flow

**Don Cornwell's** Granite Broadcasting Corp. (O:GBTVK) reported that Q3 broadcast cash flow fell 10% to \$14.6M as revenues slipped 3% to \$35.9. Adjusted for the sale of two TV stations and purchase of one, Granite said same station cash flow grew

3% and ad revenues 6%.

"We are pleased with our results in a quarter which was heavily affected by the lingering impact of the strike at General Motors," said Cornwell. He's predicting double-digit Q4 growth on a same station basis for both cash flow and revenues.

Granite owns ten TV stations and WEEK-FM Peoria.

### Pulitzer cash flow slips

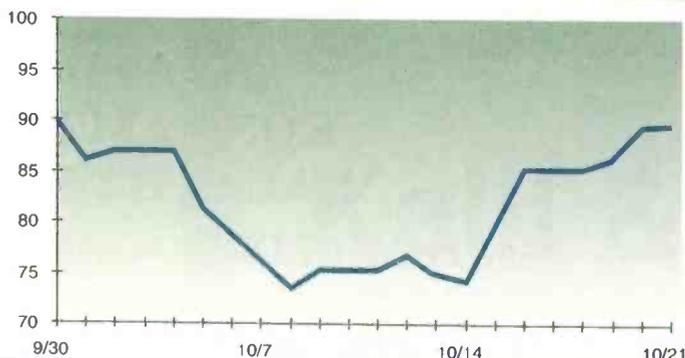
Pulitzer Publishing (N:PTZ) has begun reporting its broadcasting group's results as "discontinued operations," pending a merger with Hearst-Argyle TV (N:HTV). Pulitzer's nine TV and five radio stations saw Q3 revenues gain 0.3% to \$53.9M, while cash flow declined 0.7% to \$23.3M.

## The Radio Index™

**RADIO BUSINESS REPORT**  
VOICE OF THE RADIO BROADCASTING INDUSTRY

**THE WALL STREET JOURNAL**  
RADIO NETWORK

A rising tide lifts all ships, so radio stocks are moving higher with the rebounding stock market. The Radio Index™ closed Wednesday, 10/21 at 89.57, a strong gain of 15.42 from the previous week. That's the good news. For a look back at Q3's bad news, see pages 8-10.



# SOLD!

WNDU-AM/FM  
South Bend, Indiana  
from  
Michiana  
Telecasting Corp.  
wholly owned  
subsidiary of the  
University of Notre Dame  
Jim Behiing, President  
to  
Artistic  
Media Partners, Inc.  
Arthur A. Angotti  
President and Chairman

George I. Otwell  
and  
Elliot B. Evers  
represented the seller.

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WNFT-AM, Boston, MA \$5 million  
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**T** **RANSACTION** **D** **IGEST**

by Jack Messmer & Dave Seyler

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.

**\$89,900,000—\* KFYI-AM & KKFR-FM Phoenix** (Phoenix-Glendale AZ) from The Broadcast Group Inc. (Fred Weber) to Chancellor Media/Shamrock Radio Licenses LLC (Jeff Marcus), a subsidiary of Chancellor Media (O:AMFM). \$89.9M cash. **Superduopoly** with KISO-AM, KOY-AM, KMLE-FM, KOOL-FM, KYOT-FM & KZON-FM. LMA in place.

**\$58,000,000—KXL-AM & FM Portland OR** from Alexander Broadcasting Co. (Lester M. & Alexander M. Smith) to Rose City Radio Corp. (Paul G. Allen). \$55M cash at closing for assets, \$2M to Lester Smith and \$1M to Alexander Smith under non-compete agreements.

**\$16,500,000—KZSF-FM San Francisco** (Alameda CA) from KZSF Broadcasting Inc., a subsidiary of Z-Spanish Media (Amador Bustos), to Citicasters (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$800K escrow, balance in cash at closing. LMA upon antitrust clearance. **Broker:** Media Venture Partners

**\$7,000,000—WVPO-AM & WSBG-FM Allentown-Bethlehem** (Stroudsburg PA) from Nassau Broadcasting Partners LP (Louis Mercatanti Jr.) to Multicultural Radio Broadcasting Inc. (Arthur & Yvonne Liu). \$350K escrow, balance in cash at closing.

Note: The seller will LMA the stations back from the buyer. **Broker:** Glenn Serafin, Serafin Bros.; William B. Schutz Jr.

**\$5,000,000—WNFT-AM Boston** from CBS Radio Inc. (Dan Mason, pres.), a subsidiary of CBS Corp. (N:CBS), to Mega Communications of Boston Inc. (Alfredo Alonso, Adam Lindemann), part of the Mega Communications group. \$500K escrow, balance in cash at closing. **Broker:** Gary Stevens, Gary Stevens & Co.

**\$3,650,000—\* WSGL-FM Ft. Myers-Naples** (Naples FL) from Sterling Communications Corp. (Bruce Timm) to Renda Broadcasting Corp. of Nevada (Anthony Renda), a subsidiary of Renda Broadcasting Corp. (Frank A. Renda, trustee for an Irrevocable Trust Agreement for the benefit of Catherine R. Renda). \$182.5K escrow, balance in cash at closing. **Superduopoly** with WWGR-FM & WGUF-FM. LMA since 10/1/97. **Broker:** Media Services Group

**\$2,500,000—\* KSVA-FM Albuquerque** (Coralles NM) from LifeTalk Broadcasting Association (Paul Moore & others) to KZSS License LP, a subsidiary of Trumper II Corp. (Jeff Trumper). Tax-free exchange for KZSS-AM & KHTZ-AM (page 15) and \$1.5M cash. Total value estimated by *RBR*. **Broker:** Force Communications

**\$2,000,000—\* WSSJ-AM Philadelphia** (Camden NJ) from WSSJ Broadcasting LP (Pasquale Delsignore) to Mega Communications Inc. (George L. Lindemann Sr., Adam Lindemann, Alfredo Alonso). **Duopoly** with WURD-AM. **Broker:** Force Communications

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**\$1,700,000—WYLA-FM** LaCombe LA and **WYLK-FM** Folsom LA from The Radio Company Inc. (Charles K. Winstanley) to Styles Broadcasting of Louisiana Inc. (Kim Styles, Colonial Elkhead of New Orleans LLC). \$10K non-refundable downpayment, \$50K escrow, \$1.39M (less escrow) in cash at closing, \$250K note. LMA since 9/14.

**\$1,650,000—\* KVAN-AM** Portland OR (Vancouver WA) from Vancouveradio Inc. (Richard & Mary Granger) to Pamplin Broadcasting-Washington Inc. (Robert Boisseau Pamplin Jr.), a subsidiary of R.B. Pamplin Corp. (various Pamplin family trusts). \$100K escrow, \$825K (less escrow in cash at closing), \$825K note. **Duopoly** with KPAM-AM.

**\$1,400,000—\* WIZD-FM** Wausau-Stevens Point (Rudolph WI) from Wizard Communications Inc. (James Schuh, Art Gaulke, Walter Bergman) to WRIG Inc. (Duey "Duke" Wright), part of the Midwest Communications group. \$1.4M cash. **Superduopoly** with WDEZ-FM & WIFC-FM. No contour overlap with WRIG-AM, WSAU-AM & WOFM-FM.

**\$1,325,000—\* WPCF-FM** Panama City (Panama City Beach FL) from Winstanley Broadcasting Inc. (Charles K. Winstanley) to Styles Broadcasting of Alabama Inc. (Kim Styles). \$9K non-refundable downpayment, \$40K escrow, \$1.026M (less escrow) in cash at closing, \$250K note. **Duopoly** with WDLF-AM & WYOO-FM. LMA since 9/14.

**\$1,275,000—\* WNNZ-AM** Springfield (Westfield MA) from Celia Communications (Curt & Celia Hahn) to Clear Channel Radio Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$1.275M cash. **Duopoly** with WHYN-AM & FM. Note: The letter of intent also calls for the buyer to employ Curt Hahn as a morning host for three years at a salary of \$25K per year. **Broker:** Glenn Serafin, Serafin Bros.

**\$1,000,000—\* KZSS-AM & KHTZ-AM** Albuquerque from KZSS License LP and KDZZ License LP, subsidiaries of Trumper II Corp. (Jeff Trumper), to LifeTalk Broadcasting Association (Paul Moore & others). Tax-free exchange as partial payment for KSWA-FM (page 14). Value estimated by RBR. **Broker:** Force Communications

**\$807,486—KWKY-AM** Des Moines from Norseman Broadcasting Corp. (Keith & Charles Putbrese, Patricia Magner) to Putbrese Communications Ltd. (Charles & Ella Mae Putbrese). \$507,486 to cash out selling stockholders, \$300K debt assumption. Note: Charles & Keith Putbrese are brothers.

**\$700,000—KCUB-FM** Stephenville TX from M&M Broadcasters Ltd. (Gary L. Moss) to Reese Broadcasting LLC (Marilyn

Reese). \$35K escrow, additional \$630K in cash at closing, \$35K to broker. **Broker:** George Moore & Associates

**\$605,000—KSLM-AM** Salem OR from Willamette Broadcasting Corp. (Michael Firth) to Entercom Portland License LLC (Joe & David Field), a subsidiary of Entercom Communications Corp. (N:ETM, IPO pending). \$50K escrow, balance in cash at closing. Combo overlap with KGON-FM, KKSX-FM & KRSC-FM Portland. No overlap with Entercom's other Portland stations. **Broker:** Andy McClure, The Exline Co.

**\$565,000—KVLL-AM & FM** Woodville TX from Trinity Valley Broadcasting Co. Inc. (Kenneth Paul Bond) to Radio Woodville Inc. (Edward Seeger, Andrew Guest, James Fort). \$50K escrow, balance in cash at closing. **Broker:** American Media Services

**\$500,000—WKAM-AM & WZOW-FM** Goshen IN from Northern Indiana Broadcasters Inc. (Lynn Bradley, Estate of William Udell) to Van Hawke-Johnson Communications LLC (R. Douglas Hawkes, Mary A. Hawkes, Carl Klosinski, Marilyn M. Johnson). \$6K downpayment, balance in cash at closing.

**\$450,000—\* KDRS-AM & KLQZ-FM** Paragould AR from Paragould Radio Broadcasting LLC (Harold Sudbury) to Pressly

Enterprises LLC (Robert & Elizabeth Pressly). \$25K escrow, balance in cash at closing. **Superduopoly** with KDEZ-FM Jonesboro AR, KDXY-FM Lake City AR & KJBX-FM Trumann AR. **Broker:** Bill Cate, Sunbelt Media

**\$300,000—KBEL-AM & FM** Idabel OK from Estate of Curtis L. Cochran (Nona Sanders, Trustee) to Harold E. Cochran. \$15K escrow, \$100K advance payment, balance in cash at closing. LMA in place.

**\$190,000—WUCO-AM** Marysville OH from Jack L. Frost to Frontier Broadcasting LLC (Bart E. Johnson, George Edwin Johnson, Julie Ann Johnson, Thomas A. Pierce). \$10K escrow, balance in cash at closing. LMA since 7/27.

**\$182,000—KTJS-AM** Hobart OK from Altus Radio Inc. (Galen O. Gilbert) to Fuchs Broadcasting Co. (A.R., Chad & Jeanice Fuchs). Exchange of radio station assets for \$182K reduction in balance due on 1996 note in the original amount of \$500K. LMA since 9/1. Note: The seller is retaining KQTZ-FM.

**\$115,000—WFAD-AM** Middlebury VT from Pro Radio Inc. (Mark Brady) to Lakeside Media Inc. (L. Kathryn Messner). \$5K escrow, balance in cash at closing. **Broker:** Kozacko Media

## CUMULUS BROADCASTING, INC.

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**KLYV-FM**

**KXGE-FM**

**WJOD-FM**

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for

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