

RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

RADIO NEWS

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Viacom-CBS merger defended on Capitol Hill

Viacom (N:VIA) CEO **Sumner Redstone** and CBS (N:CBS) CEO **Mel Karmazin** defended their plans to merge in a joint appearance 10/28 before the Senate Judiciary Committee's antitrust subcommittee.

"Viacom and CBS are not competitors intent on cornering markets," Redstone told the senators. Rather, he and Karmazin emphasized, "The two companies don't compete in most of their businesses. And the combination will enhance cross-media synergies. "All of this, I assure you, will be to the consumers' benefit," Redstone stated.

Rather than focusing on broadcast concentration, Karmazin urged the congress to focus on the need to save over-the-air broadcasting. "Our competition is all of the cable channels. Our competition is Yahoo! Our competition is AOL," Karmazin told the committee.

"His facts are wrong," Karmazin said of testimony from former NBC News President **Larry Grossman**, who had claimed that fewer sources are covering news, regardless of the increasing number of media outlets.

CBS also came under attack from Media Access Project President **Andrew Schartzman**, who criticized the recent merger of Metro Networks into Westwood One (N:WON) for leaving only one radio newscast originator in many markets. Karmazin responded that many radio stations were not even able to afford to do news before deregulation came in 1996 and that the public is better served because so many stations now offer newscasts.

Strangely, a good bit of the hearing focused on local radio competition and whether it has been harmed by deregulation. As Karmazin was careful to point out, the proposed merger will have no impact on radio competition, since Viacom is not in the radio business.—JM

CD Radio chooses Globecomm for repeater network

In a contract valued at \$20M, CD Radio (O:CDRD) has chosen New York-based Globecomm Systems for the buildout of its nationwide terrestrial repeater network, which will fill in reception gaps in urban areas (i.e. street level where buildings will block the view of CD Radio's satellites). Globecomm is expected to build 105 repeaters in 46 markets.

Competitor XM Satellite Radio has chosen LCC International for its repeater network contract (*RBR* 8/2, p.6) and may need up to 1,200 (*RBR* 9/28/98, p.6) repeaters, using two instead of three satellites for its service.—CM

Gore pushes free airtime

In a letter to FCC Chairman **Bill Kennard**, Vice President **Al Gore** attempted to use the transition to digital television as a vehicle to renew efforts to extort free campaign airtime from broadcasters. Gore said, "at the very least," the FCC should consider recommendations from a blue ribbon panel on digital TV (*RBR* 11/16/98, p. 4) that "broadcasters should be encouraged to voluntarily provide five minutes each night for candidate-centered discourse in the 30 days before an election and that blanket bans on the sale of air time to all state and local political candidates should be prohibited." Gore also endorsed proposals from a working group, which were not adopted in the panel's final report, which would require broadcasters to provide free airtime for key political races.

"I urge you to evaluate to what extent the broadcasters are meeting voluntary commitments to improving the public discourse on the airwaves, including free airtime," the Vice President wrote.

For his part, Kennard issued a two-sentence statement saying that he had read the Gore letter "with great interest" and reiterated that he was "committed to a productive dialogue with consumers and broadcasters about the public interest as we transition to the digital age."

RBR observation: Does the Vice President own a dictionary? Does it contain a definition for the word "voluntary?"—JM

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Mel creates small riot in Vegas

At the CBS (N:CBS) Managers and Programmers Meeting last week at the Bellagio in Vegas (10/24-10/26), CBS Chairman **Mel Karmazin**, perhaps spurned by an energetic audience, created a small riot as he was leaving the auditorium. "Mel is probably the best speaker I've ever seen. I mean he totally captivates the room. Everybody was clapping at the end of his speech, semi-standing ovation and the place was long—one of those giant ballrooms," WJMK-FM Chicago GM **Weezie Kramer** tells *RBR*. "He comes walking down the center of the aisle and everybody's clapping louder and louder. He reaches into his pocket—I gather he won a ton of money at blackjack as rumor had it—and starts peeling off \$100 bills and is like throwing them at people. I mean everybody went nuts, it was incredible. A big smile on his face, it was cool."

Weezie, unfortunately, didn't catch one of the bills. Do we hear a nice Christmas bonus in her future?—CM

Clinton vetoes FCC appropriation

As President **Bill Clinton** and the Republican Congress continued to battle over spending priorities, the FCC's appropriation for the new fiscal year (which began 10/1) was one of many vetoed by the President (10/26) and sent back to Capitol Hill. Here is Clinton's explanation of why he rejected the plan to limit FCC spending to \$210M, instead of the requested \$231M:

"The bill fails to include a proposed provision to clarify current law and protect taxpayer interests in the telecommunications spectrum auction process. Currently, \$5.6 billion of bid-for-spectrum is tied up in bankruptcy court, with a very real risk that spectrum licensees will be able to retain spectrum at a fraction of its real market value. The requested provision would maintain the integrity of the Federal Communications Commission (FCC) auction process while also ensuring speedy deployment of new telecommunications services. The bill would also deny funds needed by the FCC for investments in technology to better serve the communications industry. Also, the bill does not provide sufficient funds for the continued operations of the FCC. The Commission requires additional funds to invest in technology to serve the communications industry more effectively."

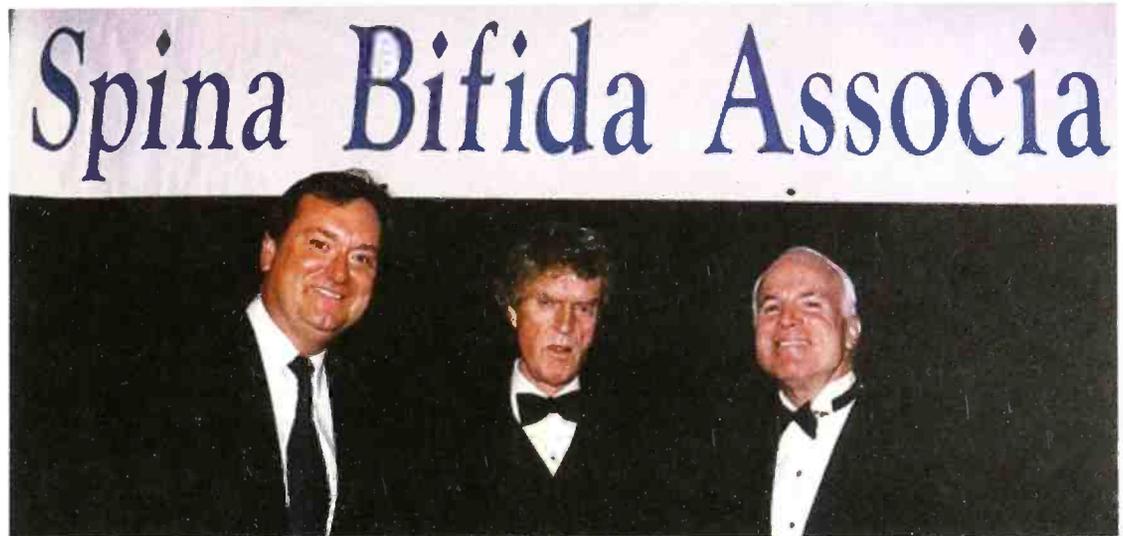
Imus roasted in DC

Raising more than \$250K, Westwood One's (N:WON) morning driver **Don Imus** was roasted in Washington 10/26 at the Spina Bifida Association of America's 11th annual Benefit for spina bifida research. Roastmasters included Sens. **John McCain** (R-AZ and Republican presidential candidate), **John Kerry** (D-MA), **Joseph Lieberman** (D-CT) and **Pete Domenici** (R-NM); **Paul Begala**, co-host of MSNBC's "Equal Time," and co-founders of the event **Al Hunt** of *The Wall Street Journal* and CNN's **Judy Woodruff**. "Meet the Press" host **Tim Russert** emceed the event.

"He's got the endearing shyness of **Donald Trump**, the cuddly warmth of **Pat Buchanan** and the obsession with younger women of **Warren Beatty**," the *Washington Post* reported McCain saying, referring to Imus' younger wife **Dierdre**.

"He's not aging so much as he is decomposing," added Lieberman.

Also in attendance were Federal Reserve Chairman **Alan Greenspan**, Democratic Presidential candidate **Bill Bradley**, Health and Human Services Secretary **Donna Shalala** and Clinton spinmaster **James Carville**.—CM



L-R: Tim Russert, Don Imus, and Sen. John McCain (R-AZ)

Salem Communications Corporation

has agreed to acquire the assets of

WABS 780 AM Washington DC
(Arlington, VA)

from **Radio 780 Inc.**

for **\$4.1 Million**

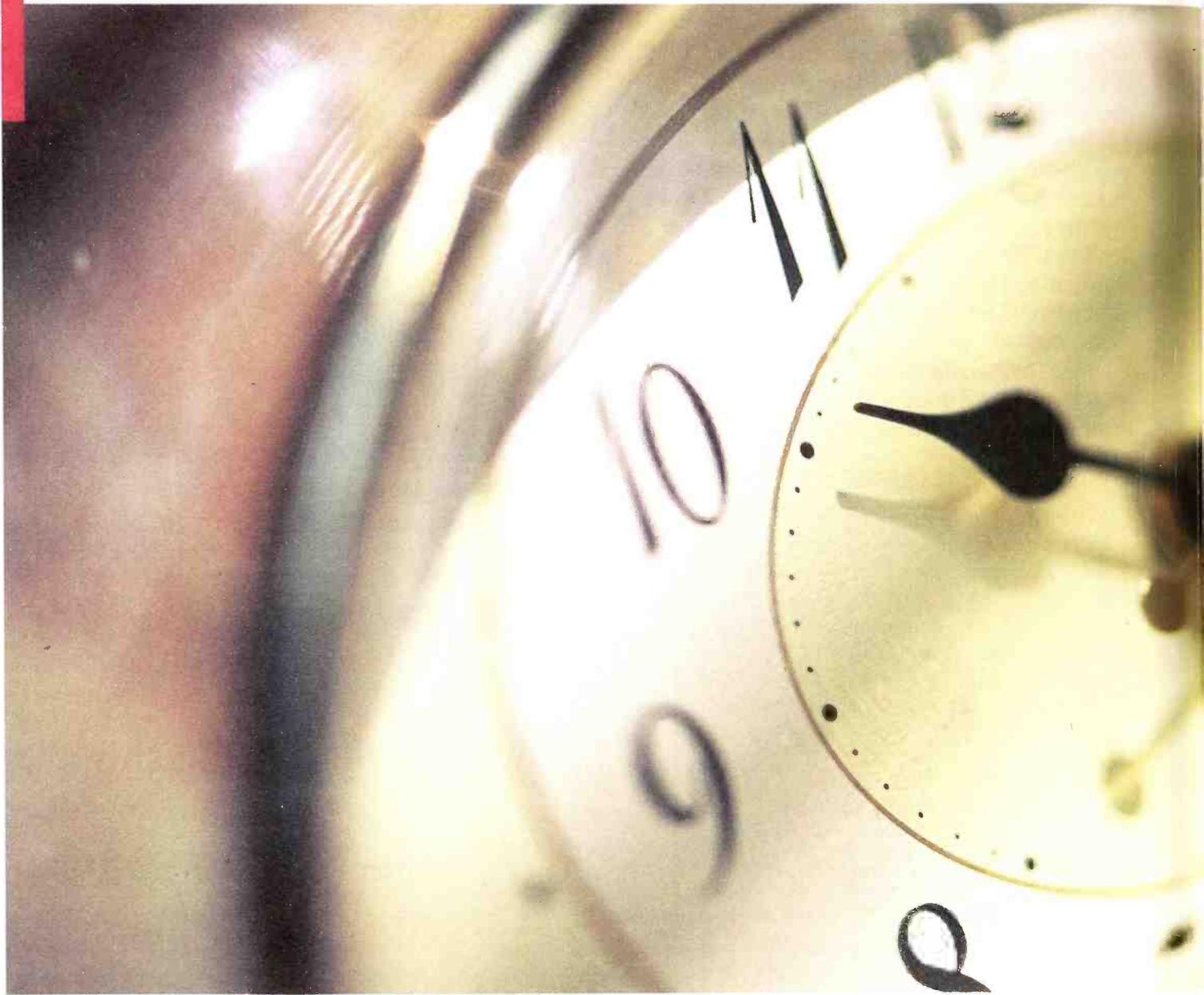
John L. Pierce represented the
buyer in this transaction.

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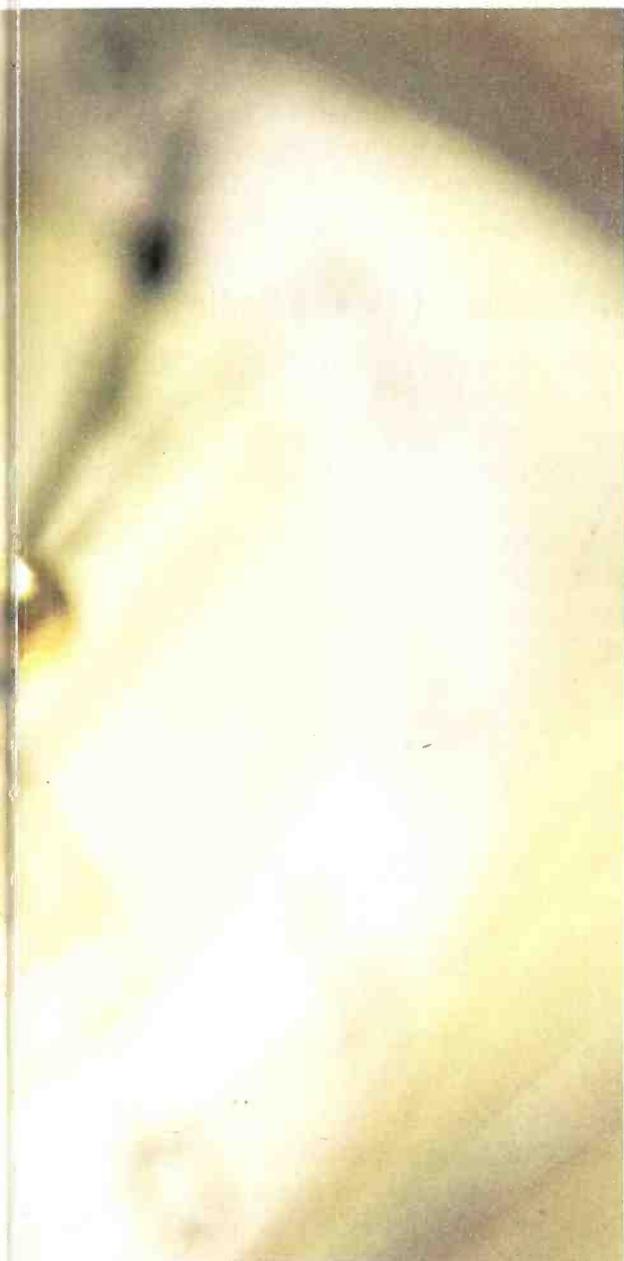
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Lindauer pleads innocent

Former radio group owner **John Lindauer** was not even present in court 10/22 as his attorney entered not guilty pleas to one felony and 22 misdemeanor counts stemming from Lindauer's unsuccessful bid to be elected governor of Alaska. Lindauer is accused of violating the state's strict campaign financing laws by trying to hide the fact that most of the \$1.9M spent on his campaign came from his wealthy wife, rather than from his own funds.—JM

Gingrich to be commentator for Fox News

Former Speaker of the House and Premiere Radio Networks personality **Newt Gingrich** has signed a deal with cable net Fox News to provide political commentary, as confirmed by agent and IMG VP Broadcasting **Sandy Montag**: "He will be a contributor on a number of Fox News programs, as the issues warrant. However, there are no regularly scheduled appearances—the world and national events will dictate when he's on."

Gingrich will start on Fox News next month. "I'm thrilled to have the opportunity to present my views. I look forward to the challenge, it should be great fun," he said.—CM

NBG to offer "Dr. Don Prepsheet"

NBG Radio Network has acquired the rights to syndicate the 10-year-and-running comedy, trivia and show prep "Dr. Don Prepsheet," founded by WYCD-FM Detroit morning host **Don Carpenter**. NBG is offering the service as barter for one minute of inventory per day. The three year deal begins 1/1/00 with 200 affiliates. Premiere currently syndicates the service.—CM

Ackerley invests, divests

The Ackerley Group (N:AK) has invested \$1M in SpotTaxi.com, and Internet start-up that hopes to compete with companies such as DG Systems (O:DGIT) in the electronic delivery of radio spots from agencies and production studios to radio stations. SpotTaxi.com plans to begin operations in early 2000.

Meanwhile, Ackerley struck a deal to sell its Florida billboard business to Clear Channel's (N:CCU) Eller Media for \$300M. Those outdoor advertising assets are in the Miami/Ft. Lauderdale and West Palm Beach markets. Seattle-based Ackerley's only other outdoor operations on the East Coast are in the Boston market.—JM

AMFM names five regional programming execs

Five former Capstar execs have been officially named AMFM SVPs Programming, responsible for product on stations in each market they oversee: **Harve Alan**, former VP Programming Atlantic Star, will manage 90 stations/18 markets in the Northeast, **Alan Furst**, former VP Programming Gulfstar, will manage 75 stations/18 markets in the Southeast; **Buddy Scott**, former VP Programming Sea Star, will also manage 60 stations/19 markets in the Southeast; **Rich Hawkins**, former VP Programming Pacific Star, will manage 60 stations/13 markets in the West; and **David Lange**, former VP Programming Central Star, will manage 43 stations/12 markets in the Midwest.

Each SVP will report to AMFM's Chief Programming Officer **Steve Rivers** and Office of Product and Strategy COO **David Lebow**, but will continue managing programming for the same Capstar stations and remain in the same markets. "It's really a more formal transition to AMFM. They'll be working in the Ops division with Steve, myself, as well as Poleman, Benson, Smith, etc," Lebow told RBR. "As far as their specific responsibilities in markets and stations, that will remain the same. This is more about working with them on joint initiatives of the whole company—StarSystem, research, stuff like that."—CM

USADR conducts WNEW field test at Museum of TV and Radio

USA Digital Radio broadcast a live on-air demo of its FM IBOC system on WNEW-FM at The Museum of Television & Radio in NY 10/25, at its 5th Annual Radio Festival opening reception. Guests and listeners heard **Tom Leykis** talk about the coming age of digital radio and a song clip from **Eric Clapton's** "Change the World."

This was the first IBOC test in NY, part of USADR's final phase of field testing, the data from which will be submitted to the NRSC by 12/15. Along with Infinity's (N:INF) WNEW, WCBS-AM will be field tested in NY. Other field test stations include (RBR 8/9, p.4): WETA-FM, WJFK-FM, WHFS-FM Washington DC; WPOC-FM Baltimore; WNOP-AM Cincinnati; WMMO-FM Orlando; KLLC-FM and KYCY-AM San Francisco.—CM

Broadcastspots.com to rescue your unsold spots

The broadcast and cable industry experiences a spoilage rate of approximately 20-30%. "Similar to hotel rooms and airline seats, media time is a perishable product with no residual value when it goes unsold," says Jeff Trumper, Founder/President/CEO of the company with the solution, broadcastspots.com.

Radio and TV stations and cable systems will be able to post available inventory on the website. Media buyers can go the website and select the market, affiliates and target demos. Then they get to see the avails, prices, CPP and other information tied to the station. A buy is just a click away and the buyer gets a confirmation email or fax within 24 hours of the transaction.

This website is not looking to replace or upstage the traditional sales process. Rather, Trumper says, it is to complement the existing process by allowing buyers to access unsold inventory at a discounted price.

Among Trumper's management team members are John Cravens, SVP; Todd Plunkett, EVP/CFO; Bruce Ward, VP and Director of Technology; Linda Waldman, VP and Director of Marketing and Judy Carlough, VP Affiliate/Agency Relations. Broadcastspot.com will launch in January.—KM

Richland announces Houston supertower

Richland Tower (RBR 9/13, p.4) has announced yet another DTV supertower—this time in Houston at the Missouri City tower farm. The 1,972-ft (2,049 ft. above sea level) candelabra tower will house nine NTSC or DTV and several FM and wireless services antennas. LeBlanc Tower gets the design and construction contract. Construction begins in December and is expected to be completed by 10/00.—CM

by Tiffany Stevens

Putting the CART before the horse

—Citadel Communications nips high turnover rate in the bud



Citadel's new training center in Wexford, PA

Three words that general managers prefer to avoid: high turnover rate. But in a world where job choices are plentiful and so are the college graduates, it's inevitable that the front door is going to turn into a revolving one. New employees are constantly walking in while others are departing to "pursue other opportunities"—so, what's a GM to do but put the CART before the horse.

CART, short for Citadel Advertising Results Training, was designed to cut down on employee turnover before it happens while providing real-world skills to account executives. In less than a year, CART has gone from a mere idea on paper to an actual four-walled training center where account executives are put through a highly intensive training course.

Though the idea of a sales training center is not new, Citadel's version offers a lengthy program that can take up to a year to complete. Other sales training centers, such as the RAB's Training Academy, offer condensed, week-long programs.

"We want people making quality presentations when they hit the street," explains **Stuart Stanek**, Pres. of Citadel's East region. "That's what this is all about—so our new hires are sitting in a classroom for eight weeks, not just a day or two. But at the same time, there's a shorter course to help veterans who have been selling radio for a number of years. It's everything you need to know in a field situation to move that process along toward an order."

Great minds think alike

"I think the statistics that really got it going for us was that we heard, allegedly, workers at Disney World have to be off the street for five days of training before they are even allowed to sweep the streets," says Stanek. "There are a lot of radio sales reps that do not get five days of training. That's an eye-opener when you hear things like that. It's one of the reasons why we started this program. We spent a few months just gathering material—this program was not set up overnight."

Before Citadel ever had its own training center, the company relied upon the GMs and sales managers of each market to customize their own training program. In some cases, there were similarities in the training from market to market, and some cases not.

"What we did, in effect, was take the best of what everybody had to offer and put that into one system—put it into an easy to use and administer program so that everyone in the company is working off of the same page," says Stanek.

The regional presidents of Citadel got together at the corporate office

earlier this year to hold a brainstorming session, according to Stanek. And out of that session came two dominant goals: to have better trained sales staffs and reduce turnover.

"We felt that a training center was the best way to accomplish both of these goals. So this idea actually came out of a brainstorming session. After that meeting, I hired **Bill Parshall** (VP of Sales/East region) to get it going and to introduce the program to the company," Stanek says.

Parshall came on board and CART was officially launched on 7/1 of this year.

"From a company point of view, the turnover in this business is deplorable and we want to stop some of it," agrees Parshall, who has been in the business for over 20 years. "It's no wonder that people are leaving radio, especially if they had the type of training that I had: here's a little bit about the station, here's our rates, now go get 'em tiger!"

He continues: "We want to create true media consultants. In order to do that, we have to be able to help our advertisers grow their business. If we can help sales people be more productive, then job satisfaction will increase on both ends. We're also trying to get on par with some of our competitors in the hiring process. Bigger companies are out there competing for the same people that we're looking for. We want to be able to compete with them and offer something new and beneficial to new employees."

Pushing the CART along

"The people who are being invited to the training are simply those who got hired. They would have to pass muster during an interview at the local radio station level," explains Stanek.

Once new hires pass through the interview process, the next step is to ship them off to the training center in Wexford, PA, a few miles outside of Pittsburgh. To ensure maximum personal attention, class sizes are restricted to 24 persons.



New Citadel AE's will hit the books before they hit the street.

"The students are primarily, but not exclusively, sales people," Parshall points out. "This program has training in it for production people, too—how to write more effective copy. It also involves the business office. We talk about billing and collections, which is a big part of the selling process."

But the majority of the topics focus on the selling process itself. According to Parshall, the program is broken down into "manageable chunks" which are taught during the eight-week course—from the first call to building relationships, from getting the actual appointment to understanding the different types of advertising.

"There are sales activities that the new reps are involved in, but the actual pressure of going out and making their budget is removed for the first 30 to 60 days. They're getting a regular salary while going through the training. This allows them to focus more on the material and the correct procedures," says Parshall.

From an executive standpoint, the program does not require much administration, states Stanek. "It's more of a self-directed deal where they read

material, discuss it with their peers and then get tested on it. It's very comprehensive," he says. "After four weeks, the people are dying to get out of the classroom and start selling. But we are holding them back because we really want this to be a thorough plan."

The eight-week course is then condensed into a four-week course for new account executives that have previous radio experience but are new to a Citadel station.

"The reps with experience are on the street selling at the same time as they are going over our material," Stanek says. "We teach them about strategic planning, prospecting, relationship building, recruitment advertising, ad budgets, etc. It's all pretty standard stuff but we've got to be sure that everyone knows these procedures. I have never seen so much put together into one system and paid so much thorough attention."

After sales reps complete the eight- or four-week training program, they are exposed to the 24 training modules which teach everything from long-term business strategies to creative business solutions. Other elements



"We're running Digital Universe in the studios 24 hours a day, and loving it!"

-David Brown at KALS Radio

KALS Radio needed to do more at their station without adding people. So they had some demanding criteria for their new live assist system. It had to be easy to use and maintain. Flexible enough to handle multiple program sources. And not something that would trash their audio quality with heavy compression.

David Brown, Program Director, selected Digital Universe.

"Digital Universe has made us more productive while reducing the strain on my budget."

Announcers now record their shifts in advance, using Dynamic Voice Tracking to keep KALS sounding live. NetCapture records their satellite programming right into the system. And running linear audio has given them a quantum leap in quality.



"Network Capture is flawlessly recording our satellite programs, and we sound noticeably better on the air."

Its intuitive design makes Digital Universe easy to learn and a breeze to operate. But when KALS has questions, they need answers fast.

"We are very pleased with your customer service. You guys are always there when we have a question, and are pleasant to work with no matter how trivial our questions."

Easy to use, flexible to work with, and designed for the long haul - what can CBSI's Digital Universe do for your station? Call us today to find out more about how broadcasters worldwide are stepping into the future with Digital Universe.

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of the training program include a CD-ROM containing definitions of terms that a salesperson might run across, such as "cume-rating point". The system also includes power-point-presentations where sales reps are taught how to ask clients to switch their ads from television, outdoor or cable to radio.

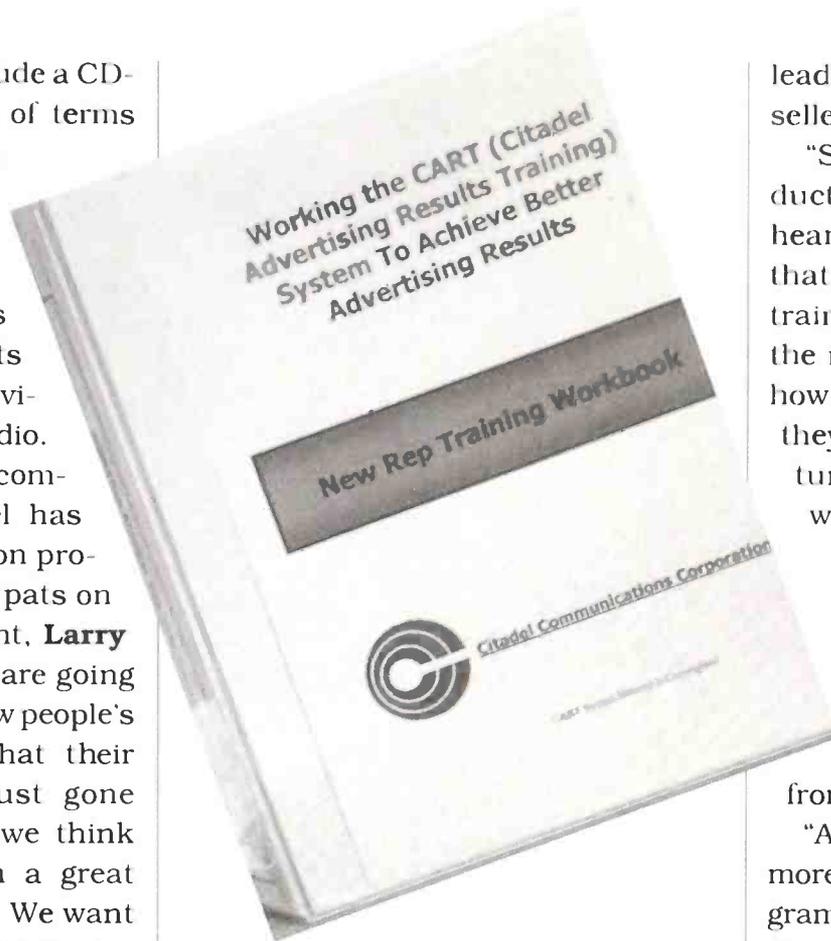
As an added incentive to complete the program, Citadel has also factored-in a recognition program where sales reps "get pats on the back from our president, **Larry Wilson**," says Stanek. "We are going to send letters to all of the new people's clients, informing them that their account executive has just gone through this system and we think you're going to find them a great resource for your business. We want the community to know that our sales people are approaching advertising from an informed standpoint."

But will people actually complete the entire training process? Yes, says Parshall, "but we have not had anybody do that yet as it just launched this past summer. It's actually a year-long process to go through all of the modules. Then we would like to take the people who have graduated and passed the proficiency test and put them into a mentoring program where they are assisting the new hires."

Although the entire Eastern region of the company is using the CART system, not every market is within reasonable driving distance to the center.

"We train at the radio stations and we train at the center here outside of Pittsburgh," Parshall says. "But we also use regional training centers where we rent space. For instance, Wilkes-Barre, PA has a real nice center that we bring people in from Harrisburg, Allentown and Binghamton, NY."

Adds Stanek, "It's very inexpensive for us to get people in here. But it's also viable for us to send Bill (Parshall) out as he is one of the principle instructors of the program. He will make visits to Charleston, SC and Saginaw, MI. He'll do on-site training



for them. It boils down to if you're close enough to Pittsburgh, then you will come here. If not, Bill will come to you."

While the CART system was meant to combine various radio stations' training techniques and topics, the program does encourage "individual in-house training," states Stanek. "Much of what we are doing at the center is to augment or replace what was going on at the stations before. But we still want sales managers to conduct their sales meetings. We want them to continue to walk people through situations they need help with."

Parshall and Stanek both report that the primary focus of CART is just in the Eastern region, but they do expect the program to spread throughout the entire company.

Citadel Advertising Results...

"The 'result' part of this training is that we can prove to the client that radio is working," Parshall explains. "And how are the 'results' measured? They are measured by the client themselves. In most cases, that means increased sales for their businesses."

But, adds Stanek, it also means results for Citadel as well. The company is hoping that the program will

lead to a lower turnover rate plus sellers who sell more.

"Simply put, we want more productive sales people," he states. "I've heard that 41% of people who feel that they are not being mentored or trained want to leave their job within the next year. We are going to track how well our people perform when they first go out and how much turnover there was before and after we implemented this system."

Stanek admits that the industry is continuously changing and that he and his staff will have to continue to update the program to keep it from getting outdated.

"As we get into Internet selling and more non-traditional revenue, our program is designed to evolve with the times," he says. "We will go in and add teaching modules as necessary, such as teaching web advertising. One of the things that we know about our business is that it has changed a lot in the last five years. And I would venture to predict that it is going to change even more in the next five. We have to continually reinvent the way we put sales people on the street—to keep this a fresh system for many years to come."

What Citadel is not doing is using the program as a smokescreen for inexperienced employees. Parshall says that Citadel does feel confident that its managers are up to par, but that there was simply not enough training taking place in the radio industry "inside and out of Citadel," he says.

"What we have actually done is raise the bar," Stanek points out. "The system has become a great recruitment tool for our company, but we still have standards for new hires. We just want to make them better at what they are doing—this just brings them into the next century."

While the Citadel officials were not willing to disclose how much money the company had actually sunk into the training the program, they did admit that it was enough to keep the program alive and to "make an impact on the industry."

BROADCAST INVESTMENTS™

October 27—RBR Stock Index 1999

Company	Mkt:Symbol	10/20 Close	10/27 Close	Net Chg	Pct Chg	10/27 Vol	Company	Mkt:Symbol	10/20 Close	10/27 Close	Net Chg	Pct Chg	10/27 Vol
Ackerley	N:AK	13.938	15.875	1.937	13.90%	71900	Infinity	N:INF	33.063	31.875	-1.188	-3.59%	475600
Alliance Bcg.	O:RADO	0.438	0.500	0.062	14.16%	1000	Jeff-Pilot	N:JP	68.438	72.125	3.687	5.39%	283100
Am. Tower	N:AMT	18.500	17.438	-1.062	-5.74%	1337700	Launch Media	O:LAUN	10.375	10.000	-0.375	-3.61%	58100
AMFM Inc.	N:AFM	64.625	68.375	3.750	5.80%	462400	NBG Radio Nets	O:NSBD	2.375	2.250	-0.125	-5.26%	31000
Belo Corp.	N:BLC	18.375	18.625	0.250	1.36%	66100	New York Times	N:NYT	40.313	38.938	-1.375	-3.41%	413800
Big City Radio	A:YFM	3.438	3.438	0.000	0.00%	5100	Otter Tail Power	O:OTTR	41.125	44.250	3.125	7.60%	23500
CBS Corp.	N:CBS	43.875	45.188	1.313	2.99%	1318900	Pinnacle Hldgs.	O:BIGT	23.063	22.625	-0.438	-1.90%	85700
CD Radio	O:CDRD	26.250	25.063	-1.187	-4.52%	156100	Radio One	O:ROIA	45.125	48.625	3.500	7.76%	135000
Ceridian	N:CEN	20.000	18.875	-1.125	-5.63%	530200	Radio Unica	O:UNCA	25.875	25.750	-0.125	-0.48%	100700
Citadel	O:CITC	41.313	45.625	4.312	10.44%	223100	RealNetworks	O:RNWK	100.313	94.500	-5.813	-5.79%	1020800
Clear Channel	N:CCU	74.063	78.000	3.937	5.32%	950500	Regent Pfd.	O:RGCP	8.375	8.250	-0.125	-1.49%	2700
Cox Radio	N:CXR	61.438	67.188	5.750	9.36%	105600	Saga Commun.	A:SGA	21.313	23.625	2.312	10.85%	10400
Crown Castle	O:TWRS	18.063	19.188	1.125	6.23%	192600	Salem Comm.	O:SALM	27.125	27.625	0.500	1.84%	69400
Cumulus	O:CMLS	34.500	33.688	-0.812	-2.35%	112500	Sinclair	O:SBGI	10.313	9.188	-1.125	-10.91%	1022600
DG Systems	O:DGIT	3.375	3.750	0.375	11.11%	16500	SpectraSite	O:SITE	8.625	8.125	-0.500	-5.80%	69100
Disney	N:DIS	24.750	25.500	0.750	3.03%	5039100	SportsLine USA	O:SPLN	26.125	33.063	6.938	26.56%	166200
Emmis	O:EMMS	56.313	66.750	10.437	18.53%	4247700	TM Century	O:TMCI	0.688	0.688	0.000	0.00%	0
Entercom	N:ETM	43.000	47.563	4.563	10.61%	340000	Triangle	O:GAAY	0.045	0.055	0.010	22.22%	2354400
Fisher	O:FSCI	56.500	57.250	0.750	1.33%	0	Tribune	N:TRB	52.500	54.188	1.688	3.22%	486000
FTM Media	O:FTMM	8.938	8.875	-0.063	-0.70%	0	WarpRadio.com	O:WRPR	3.125	3.000	-0.125	-4.00%	1000
Gaylord	N:GET	29.875	30.500	0.625	2.09%	10400	Westwood One	N:WON	43.188	43.438	0.250	0.58%	183200
Harris Corp.	N:HRS	24.313	22.375	-1.938	-7.97%	393400	WinStar Comm.	O:WCII	40.875	37.938	-2.937	-7.19%	1828400
Hearst-Argyle	N:HTV	23.500	22.938	-0.562	-2.39%	54700	XM Satellite	O:XMSR	14.250	15.625	1.375	9.65%	103700
Hispanic Bcg.	O:HBCCA	77.000	79.000	2.000	2.60%	185100							

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Launch revenues up 101%

Net revenues for Launch Media Inc. (O:LAUN) shot up 101% in Q3 to \$5.3M. Those figures are pro forma for Launch's acquisitions of SW Networks and Musicvideos.com. At the same time, the Internet music site and radio network company said its net loss increased to \$9.3M from \$6.6M (pro forma) a year earlier.

Launch gets 84% of its revenues from advertising, with the remainder coming from subscriptions (6%) and merchandise/other (10%). The company said that Q3 radio ad revenues rose 102% to \$1.9M and that interactive ad revenues (from its Internet operations) rose 99% to \$2.5M.

Radio One selling stock

Radio One (O:ROIA) filed with the SEC to sell 4M new shares of stock, along with 1M shares which will be sold by three venture capital funds: BancBoston Investments, Alta Subordinated Debt Partners III and Fulcrum Venture Capital Corp. Radio One will use its \$171M or so in proceeds for acquisitions and other purposes. Underwriter: CS First Boston

by Jack Messmer & Dave Seyler

AT&T's Liberty Media invests in Emmis and BET radio ventures

For years, people in the radio industry have been speculating on what may happen to radio once high-tech communications growth companies such as Microsoft (O:MSFT), AT&T (N:T) and the Baby Bells identify radio as an investment target. Now it's no longer speculation. Hang on. The next wave of radio deal making may have been launched by last week's (10/25) announcement by AT&T-controlled Liberty Media (N:LMG Class A & B) that it is investing in radio via deals with Emmis Communications (O:EMMS) and BET Holdings Inc.

"We've been looking at the radio business for a while," said Liberty CEO **Bob Bennett** in a conference call with Emmis CEO **Jeff Smulyan**. "We think it's a good business with strong cash flow, lots of free cash flow and strong growth in the coming years.

Also, we think it makes a good strategic fit with some of our other assets—our Internet access with Liberty Digital and our cable programming network assets, such as BET, there could be some strategic relationships that come out of this."

"We see potential synergies with everything Liberty does. We think there are some great opportunities," said Smulyan.

Bennett hailed Emmis' management team and said his company's acquisition of a 14% stake in Emmis for \$150M should help position the radio group to take advantage of the spin-offs now being offered from the merger of Clear Channel (N:CCU) and AMFM Inc. (N:AFM). Although Liberty's bulk purchase has it paying around \$55.55 per share for Emmis' stock, news of the AT&T-related investment sent

Emmis' stock shooting up \$6.813 for the day to close at \$63.313.

On the same day as the Emmis announcement, Liberty also announced an expansion of its long-established relationship with BET founder **Bob Johnson** to back a new venture which plans to acquire stations for a BET radio group. BET announced that it had retained BNY Capital Markets Inc. as its financial advisor for radio deals.

Although BET had previously cut deals with Radio One (O:ROIA) to jointly produce radio programming for XM Satellite Radio's (O:XMSR) digital satellite radio service, Johnson had never acted on often-heard speculation that BET would launch a radio network or buy stations. As a minority-controlled company, BET is obviously hoping to capitalize on the current opportunity to claim major market stations from the Clear Channel-AMFM spin-offs. BET's core operation, Black Entertainment Television, is available in 57.8M US cable households.

RBR observation: It's now or never for BET. There's no obvious group buy it could make (assuming that **Alfred Liggins** won't sell) to give it a national platform in Urban radio to complement its cable and Internet operations. Therefore, Johnson will have to assemble BET Radio station by station. It's hard to imagine how there will ever be more stations up for grabs than the 100+ now being offered by Clear Channel and AMFM.

Other than being a former major league baseball team owner, we can't think of any minority group that Smulyan can claim membership in, so Emmis doesn't have any diversification merit points to offer in the spin-off bidding. Even so, it is in a strong financial position to bid for stations. Liberty is betting on Emmis' management expertise and strong track record—a pretty safe bet from where we stand.

By putting its money behind two strong managers, Johnson and Smulyan, Liberty is hoping to get a double payoff in radio. Not a bad strategy.—JM

Terry S. Jacobs, Chairman,
and William L. Stakelin, President, of
Regent Communications, Inc.

have agreed to transfer the assets of

KAAA-AM & KZZZ-FM Kingman, Arizona
KFLG-AM & FM Bullhead City, Arizona

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Another chip for Love

The last round of Clear Channel spin-offs, when it acquired Jacor, put **Ross Love's** Blue Chip Broadcasting into Louisville, KY in a big way. Now Love is adding a seventh station to his superduopoly with a \$2M deal to buy WXLN-FM from **George Zarris'** Cross Country Communications. The Class A signal is licensed to Shepardsville, KY. **Broker: Scott Knoblauch & George Reed**, Media Services Group—JM

Erie pre-Halloween buy

Carl Hirsch and **Steve Dinetz** did their trick-or-treating early and found two more Erie, PA stations in their bag of goodies. NextMedia will pay a bit over \$10M to add Jet Broadcasting's WJET-FM & WFGL-FM to the four stations already coming from Rambaldo Broadcasting (*RBR* 9/27, p. 12). The sellers are **Myron Jones** and **John Kanzius**, who have owned WJET through five decades.—JM

Turn on your Hartstone? Excalibur expands in Vermont

Excalibur Media Holdings, the radio company formed by veteran owners **Joel Hartstone**, **Jim Champlin** and **Martin Beck**, among others, is creating a small-market Vermont duopoly via a stock deal which will add WWHT-AM & WCVR-FM to Excalibur's station portfolio and \$1.29M to the bank account of **Edward & Margaret Stokes** (\$140K of it in the form of a consulting/non-compete agreement). The FM, licensed to Randolph VT, overlaps Excalibur's WZRT-FM in nearby Rutland. **Broker: Frank Boyle & Co. LLC** (buyer)—DS

Beasley creates an Augusta institution

WRDW-AM, its expanded band sister WAWX-AM and WRFN-FM are not the most significant stations in the Augusta GA market, but for \$810K, they will expand the reach of **George Beasley's** superduopoly cluster, taking it to three AMs and four FMs. Sellers are companies owned by **Don & April Beard**. The Sports format currently running on the stations should fit in nicely with Beasley's News-Talker WGAC-AM. **Broker: Kempff Communications Co.** (buyer)—DS

RBR's Deal Digest

Southern Broadcast Group is buying WTMS-AM & WAOA-FM Melbourne, FL from GEM Broadcasting for \$10M. **Broker: Jim Hoffman**, Explorer Communications (seller); **Ron Swanson**, Satterfield & Perry (buyer)... Journal Broadcast Group is adding to its Boise, ID superduopoly in a deal to acquire Doubledee Broadcasting's KFXJ. **Broker: Jorgenson Broadcast Brokerage**... Tele-Media Broadcasting LLC is buying WKNE-AM & FM Keene, NH and WKVT-AM & FM Brattleboro, VT from **Richard Lightfoot's** LB New Hampshire. **Broker: Robert Maccini & Kevin Cox**, Media Services Group... Tele-Media has also LMA'd Gateway Broadcasting's WHOB-FM Nashua, NH while the parties work out a sale contract... **John Pierce** has left Force Communications to launch his own brokerage company, John Pierce & Co. Pierce, who remains in Florence, KY, was the broker for last week's \$4.1M sale of **Ed Tornberg's** WABS-AM Washington, DC to Salem (*RBR* 10/25, p. 14).

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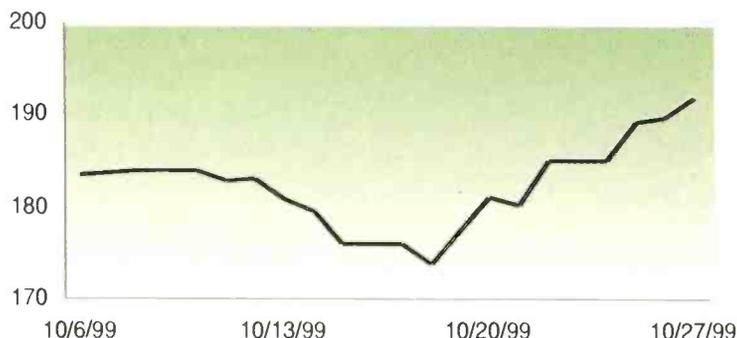
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The Radio Index™

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RADIO NETWORK

The Radio Index™ pushed past the 190 mark for the first time and closed 10/27 at 191.92, up 10.88 from a week earlier, as radio companies reported strong Q3 earnings.



SBS scores high with IPO

Raul Alarcon's Spanish Broadcasting System (O:SBSA) made its Wall Street debut in grand style. The nation's second largest radio group targeting Hispanics priced its IPO a dollar above the expected range for \$17-19, selling 21,787,400 at \$20 each. Due to the strong demand, it's likely that the underwriters will also pick up the green shoe of an additional 3,268,110 to cover overallocments.

SBS sold 17.5M new Class A shares to the public. The remainder of the shares sold in the IPO came from Alarcon, **P.R. Alarcon Sr.**, father-in-law, **Jose Grimalt** (the three will still own all of the super-voting Class B stock) and various Wall Street firms which owned warrants from past SBS financings. Underwriters: Lehman Bros., Merrill Lynch, CIBC World Markets—JM

Big media groups post Q3 gains

Pure radio companies were basking in the glow of Wall Street adoration (see page 15), but it was also a strong quarter for big media companies—at least for those with a strong radio component.

- Clear Channel Communications (N:CCU) reported yet another record quarter, with gross revenues up 104% to \$887.9M. Cash flow (EBITDA) gained 91% to \$300.4M. CEO **Lowry Mays'** favorite barometer (and increasingly the measuring stick Wall Street prefers for media companies), after-tax cash flow, increased 36% to \$224M. Clear Channel's results, of course, do not yet include would-be merger partner AMFM Inc. (N:AFM), which will report this Thursday (11/4). That mega-merger isn't expected to close until the latter half of 2000.
- Radio and outdoor, which are held by majority-owned Infinity Broadcasting (see below) were the principal contributors to an impressive Q3 for CBS Corp. (N:CBS). "Infinity continued its long trend of record operating performance with double-digit revenue and cash flow growth," said CEO **Mel Karmazin**. "I am particularly pleased with this quarter's profits at the Television and Cable segments." Karmazin went on to note ratings growth for the CBS Television Network and said that "robust scatter market pricing" bodes well for the TV sector. Overall, CBS Corp. saw Q3 net revenues rise 8% to \$1.7B. Operating cash flow (EBITDA) gained 51% to \$406M. After-tax cash flow gained 73% to \$201M.
- Infinity Broadcasting (N:INF), which is controlled by CBS (see above) posted a 16% gain in Q3 net revenues to \$534M, with gains coming from both its radio and outdoor operations. Radio net revenues rose 14% to \$477M and outdoor gained 23% to \$142M. On a pro forma basis, the radio gain was 16% and outdoor 17%. Operating cash flow (EBITDA) rose 23% to \$282M, with radio up 22% to \$245M and outdoor gaining 26% to \$37M. On a pro forma basis, radio cash flow gained 23% and outdoor 22%. The quarter was less rosy for media companies with only a small radio segment.
- Hearst-Argyle Television (N:HTV) said Q3 revenues rose 75.5% to \$166.7M, broadcast cash flow grew 76.4% to \$71.8M and after-tax cash flow gained 69.3% to \$33.7M. However, after adjusting for a series of acquisitions, Hearst-Argyle said same station results were essentially flat for both revenues and cash flow.
- Belo (N:BLC) reported broadcast revenues (including TV and radio) up 3.7% and cash flow 10.1% as the overall company saw Q3 net revenues rise 5.1% to \$345.3M and cash flow gained 12.8% to \$109.9M.

Cumulus selling stock

Cumulus Media (O:CMLS) filed (10/26) with the SEC to sell 3M new shares and 600K shares from insiders—mostly from two early financial backers, The State of Wisconsin Investment Board and the BA Capital Co. The company expects to net around \$100M from the stock sale. It said the proceeds will be used to fund pending acquisitions.

Citadel takes on Partners to fortify the Northeast

Larry Wilson's Citadel Communications (O:CITC) is expanding with the \$190M purchase of Broadcasting Partners Holdings L.P., which consists of 36 stations in 11 markets (nine of them Arbitron-rated). The purchase will mainly enhance Citadel's presence in the Northeast section of the US, which is currently anchored by its superduopoly cluster in Providence.

Citadel will add stations in Providence's closest neighbors, getting a 1AM/2FM duop in New London CT and an AM-FM combo in New Bedford-Fall River MA. But the plums in this group are in upstate New York, including a 2AM/3FM superduop good for 3rd place in Buffalo and a 1AM/3FM cluster which holds down 2nd place in Syracuse. Citadel also gets an AM/FM combo in tiny Ithaca NY.

Rounding out the Northeast part of the deal are a 1AM/2FM duop in Atlantic City, which is effectively a superduopoly due to an LMA with WKOE-FM which will carry over to Citadel. In Maine, there is a 2AM/2FM full-bore duop in Augusta-Waterville, and four more FMs in unrated portions of Down East.

Finally, Citadel will add a very unusual 4AM/1FM cluster in Tyler-Longview TX and a 4FM superduop in Monroe LA.

Broadcasting Partners is a fairly unusual group, basically a group of groups, including Mercury, Pilot, Spring and Sound Broadcasting. The group's backer is VS&A Communications Partners II L.P., a private equity fund associated with Veronis, Suhler & Associates Inc. and led by chairman/CEO **Lee Simonson**.

RBR observation: Is this a warm-up session for Larry Wilson? Is he practicing his check-writing skills to get ready for the Clear Channel-AMFM spin-off derby? Our other question is, does he regret selling his small-market stations to Marathon (*RBR* 1/18/99, p.16) or are the smaller markets from this purchase going to go on the block? One thing does seem certain. Although our tea leaves do not indicate anything specific, they are saying that Citadel's dealing days are far from over.—DS

Clear Channel shopping in UK?

Dow Jones—US media group Clear Channel Communications (N:CCU) is eyeing Ginger Media, the radio and television group controlled by popular British broadcaster **Chris Evans**, the *Financial Times* said 10/27. The newspaper also said the company has expressed an interest in buying Odeon Cinemas, the 75-strong cinema chain being auctioned by Rank Group PLC for around 300M British pounds (\$495M).

Clear Channel's interest is a sign that it would like to replicate its U.S. growth strategy in Europe, the FT said.

Other companies that have been mentioned as possible suitors for Ginger include Scottish Media Group PLC, BSkyB PLC and French radio operator NRJ SA. Ginger is said to be valued at more than 200M British pounds (\$330M).

Earlier this year, Ginger appointed Goldman Sachs to examine options for the company after it received several takeover approaches. Ginger owns Virgin Radio and makes popular television programs such as "TFI Friday."

No one at Ginger Media was available for comment.

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Radio earnings wow Wall Street

Is it any wonder radio stocks have been shining stars in a lackluster stock market? Cox Radio (N:CXR) kicked off the series of Q3 earnings reports by beating analysts' estimates. Then Saga Communications (A:SGA) stepped up to the plate and did the same thing. Batter number three, Entercom (N:ETM), also hit one out of the park.

- Cox Radio's net revenues grew 15.3% to \$79.8M, taking broadcast cash flow up 24.5% to \$33.3M. On a same station basis, Cox said revenues rose 14.9% and cash flow 26.7%.

- Saga's net revenues rose 19.8% to \$23.9M and cash flow gained 20.2% to \$9.8M. After-tax cash flow gained 22% to \$5.3M. On a same station basis, Q3 revenues increased 4.7% and cash flow 8.9%.

- Entercom's net revenues shot up 44.7% to \$59.2M as cash flow increased 67.1% to \$23.3M. On a same station basis, revenues were up 22.2% and cash flow 59%. After-tax cash flow more than doubled to \$14.9M after adjusting for the company's conversion to a C corp. prior to this year's IPO. On a per share basis (including the IPO), after-tax cash flow grew 33.3% to \$0.40.

- Radio One (O:ROIA) posted record results for Q3. Gross revenues rose 75.8% to \$27.6M. Broadcast cash flow gained 79.1% to \$12M and after-tax cash flow shot up 131% to \$6.7M. On a same station basis, not including acquisitions within the past year, net revenues gained 23.5% and cash flow 33.4%.

- Citadel Communications (O:CITC) reported a 43.2% increase in Q3 net revenue to \$51.4M. Cash flow rose 51.3% to \$18M. After-tax cash flow per share rose 18.2%. On a same station basis, including stations owned for at least a year but excluding the stations which Citadel is selling to Marathon, net revenues were up 17.4% and cash flow 26.5%.

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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.

\$16,375,000—* KRTR-FM, KXME-FM, KGMZ-FM, KEMZ-AM Honolulu (Kailua, Kanoeha, Aiea, Honolulu) from NPR Hawaii L.P., a subsidiary of New Planet Radio (Jerry Clifton, pres) to CXR Holdings Inc., a subsidiary of Cox Radio (N:CXR) (Robert F. Neil, pres). Cash. Existing **superduopoly**. Broker: Kalil & Co. Inc. (seller)

\$13,000,000—* KLUK-FM Laughlin NV from H&R Broadcasting Inc. (William J. Jaeger, Donald Jaeger, Virginia Ann Hine, Babette I. Jaeger) to Mag Mile Media LLC, related to Marathon Media (Christopher F. Devine, Bruce Buzil, Andrew Barrett). \$200K escrow, \$8.9M cash at closing. H&R also receives KAAA-AM & KZZZ-FM Kingman AZ, KFLG-AM Bullhead City AZ and intellectual property of KFLG-FM Bullhead City AZ, to which RBR has assigned an estimated value of \$3.9M. Mag Mile is also liable for up to \$50K to move transmitter site of KZZZ-FM. **Duopoly** with KFLG-FM. Broker: Norman Fischer (seller)

\$13,000,000—* KAAA-AM & KZZZ-FM Kingman AZ, **KFLG-AM** Bullhead City AZ from Mag Mile Media LLC, related to Marathon Media (Christopher F. Devine, Bruce Buzil, Andrew Barrett) to H&R Broadcasting Inc. (William J. Jaeger, Donald Jaeger, Virginia Ann Hine, Babette I. Jaeger). H&R also receives \$9.1M cash and intellectual property of KFLG-FM Bullhead City AZ, to which RBR has assigned an estimated value of \$3.9M. Mag Mile is also liable for up to \$50K to move transmitter site of KZZZ-FM. In return for stations and cash, Mag Mile receives KLUK-FM Laughlin NV. **Superduopoly** with KBAS-AM Bullhead City, KNKK-FM Needles CA. Broker: Norman Fischer (seller)

\$6,500,000—* WFIR-AM & WPVR-FM Roanoke-Lynchburg (Roanoke VA). 100% of the stock of Jim Gibbons Radio Inc. from James L. Gibbons and six others to Mel Wheeler Inc. (Leonard Wheeler et al). \$350K escrow, balance in cash at closing. **Superduopoly** with WSLC-AM,

WSLQ-FM, WXLK-FM, WLYK-FM. Broker: William B. Schutz Jr. (buyer)

\$6,400,000—* KICD AM-FM, KIGL-FM Spencer IA from Iowa Great Lakes Broadcasting Inc. (William R. Sanders) to Saga Broadcasting Corp. (A:SGA) (Ed Christian et al). \$250K escrow, balance in cash at closing. Existing **duopoly**.

\$5,140,000—* KQOD-FM Stockton CA from Carson Group Inc. (Susan V. Carson) to Capstar TX L.P., a subsidiary of AMFM Inc. (N:AFM) (Tom Hicks et al). \$257.5K escrow, balance in cash at closing. Combo with KJAX-AM, and also overlaps stations in Modesto and Sacramento. LMA until closing. Carson is also selling KWG-AM Stockton to Immaculate Heart Radio (RBR 9-27-99). Broker: Media Venture Partners (seller)

\$5,000,000—* WVNA-AM Florence-Muscle Shoals AL (Tuscumbia AL) from Elton H. Darby to Cumulus Media Inc. (O:CMLS) (Richard Weening, Lew Dickey Jr.). \$250K escrow, balance in cash at closing. **Superduopoly** with WLAY AM-FM, WKGL-FM. LMA since 8/31. Florence-Muscle Shoals will debut as an Arbitron-rated market during the Fall 1999 survey. Broker: Don Sailors & Assocs. (buyer)

\$3,945,500—* WLJV-AM West Palm Beach (Royal Palm Beach FL). 100% of the stock of South Florida Radio Inc. from Carl J. Auel, Robert A. Jones and Scott L. Smith to James Crystal Licenses LLC (James C. Hilliard). \$150K escrow, approximately \$3.1M cash at closing (of which \$263K will be paid to a charity of Mr. Smith's choosing), approximately \$850K promissory note. **Superduopoly** with WJNA-AM, WDJA-AM, WRLX-FM, WRMF-FM. WLJV also overlaps WFTL-AM in the Miami-Ft. Lauderdale market.

\$3,365,000—KUMU AM-FM Honolulu from Pacific West Broadcasting Corp. (Jeff S. Coelho) to ECRP Hawaii LLC, a subsidiary of Emerald City Radio Partners L.P. (Paul W. Robinson et al). \$185K escrow, balance in cash at closing.

\$3,050,000—* KSJJ-FM, KXIX-FM, KXUX-AM Bend OR from Stewart Broadcasting Corp. (Sande Stewart) to GCC Bend LLC (John, James & Herbert Gross). \$150K escrow, balance in cash at closing. **Superduopoly** with KICE-FM Redmond OR. LMA since 9/15. Broker: William A. Exline Inc. (seller)