Free airtime? Kennard is sketh for Sen. Steven’s potshots

The Senate Appropriations Committee chair scolded FCC Chairman Bill Kennard for trying to use his bureaucracy to legislate; Sen. McCain’s blocking move is on hold.

Kennard finds low power radio at the end of the Rainbow

Spot pacing keeps up with 1997

Jones throws its hat into the custom syndie ring

Network radio’s RADAR blip is steady

Radio’s revenue pie: 50 groups claim 50%

In-car listening to be measured in Phoenix

Surging Dr. Laura gives Limbaugh the bum’s Rush

When Jacor says “Good night, John Boy,” it means for good

Kasem legal eagle moves to slip out of WW1 web

1997 national media up 9.7%; Radio’s top advertisers

Smulyan is smiling about Emmis acquisition plans

Heftel has hefty revenue gains; Sinclair stock on the block

Breakfast of Champions? Capstar into three more markets

Capstar’s GulfStar unit is picking up 10 stations in three markets—Odessa-Midland, Amarillo and Alexandria LA—for $11.3M. All three are superduopolies.

Journal journeys to Boise for AGM superduop

Tex-Mex? Clear Channel buys 40% of Mexico’s Grupo Acir

Cumulus pursues Monroe doctrine in Toledo, pays Fee in Grand Junction

Shaw ‘nuff: Centennial picks up Sinclair’s Big Easy spin-offs

Johnson takes over Bonneville stations

Bloomington buyout valued at nearly $67M

Dr. Laura’s rush makes her queen of the Talkers.
enough said!

The (very independent) Michael Reagan Show

The Dr. Dean Edell Hour

THE RUSH LIMBAUGH SHOW

COAST TO COAST AM WITH ART BELL

For information contact our talk division at (312) 214-4545
Congress 1, White House 1
The free time fight continues

by Frank Saxe

FCC Chair Bill Kennard (D) traveled to Capitol Hill last week to talk about the FCC’s FY99 budget. But while sitting before the Senate Appropriations Committee, he instead got an earful on his efforts to force radio and TV stations to give candidates free time. “The FCC apparently believes it can take an edict from the Vice President and start to legislate,” bellowed chair Ted Stevens (R -AK), who went on to tell Kennard he is making the case for people that wanted to destroy the FCC when the Telcom Act was passed. “I hope you wake up,” said Stevens. Kennard will go before the House Appropriations Committee later this week.

Kennard believes the FCC has the authority to require free time as part of the public service obligation, and the Commission may release its free time proposals next month.

Meanwhile, the White House successfully neutered a Congressional effort to block free time from moving forward, at least for the time being. Sen. John McCain (R-AZ) had planned to tack an amendment onto an emergency spending bill funding the Bosnian peace keeping mission, which would bar the FCC from launching a free time campaign. But late last week, McCain said his effort was on hold, fearing a presidential veto. Some on the Hill say McCain is afraid holding up the Bosnian bill could be used against him when he runs for reelection this Fall or perhaps for president in 2000.

“The Senator remains committed to introducing an amendment that would prevent the FCC from mandating free time,” said McCain press secretary Nancy Ives.

Kennard sees the Rainbow

By Frank Saxe

FCC Chair Bill Kennard (D) says broadcasters are “missing the point” when in it comes to how consolidation is leaving minorities behind. During a speech to Jesse Jackson’s Rainbow Coalition, Kennard rejected arguments that minorities can become owners through buying shares in publicly traded radio companies.

“Reverend Jackson calls it the resegregation of the American media. And it is real. That’s why this year I plan to complete a proceeding to explore new initiatives to promote minority media ownership,” said Kennard. Specifically, he wants to restore tax certificate programs to “bona fide” minority ventures. Kennard said low power broadcasting is another way small businesses, churches and community groups can use the airwaves (RBR 3/9, p.3).

Jackson’s plan backs microradio, tax credits and minority contracting requirements on radio and TV stations.

Spring pacing on par with last year

Demand for radio time is neck and neck with 1997. According to the latest RBR/Miller Kaplan forward pacing report, as of March 15, April is pacing slightly ahead of last year and is more than 58% sold, while May, at 46.1% sold, is slightly behind last year’s 47.2%.

Washington Briefs

• The FCC, as part of its regulatory streamlining initiative, has changed the filing date for EEOC reports to Sept. 30 in order to match the filing date for similar reports filed with the EEO Commission.

• The tobacco industry is returning to radio, legally, for the first time since the 1960’s. The nation’s leading cigarette makers are advertising the details of the comprehensive tobacco agreement negotiated last June between the industry and several states.
JRN ups virtual competition
by Katy Bachman

The latest entrant to jump into the customized syndication biz is Jones Radio Network (JRN). Last week JRN announced it will launch in Q2 Jones Radio Programming Services to be headed by Tom Watson, managing director.

Jones’ move comes at a time when customized program services to complement syndicated programming, formats or local shows, are springing up right and left. "We never expected we’d be alone. Other companies see similar opportunities and we’re gratified by that," said Eric Hauenstein, president, JRN. The trend began last year when Capstar’s GulfStar group created its Stars system (RBR 9/15/97, p. 10) and The Research Group unveiled its Virtual Radio Programming product (RBR 4/21/97, p. 4). Beating JRN by one week, Broadcast Programming just announced Total Radio (RBR 3/16, p. 4).

Best known for its dozen 24-hour formats, JRN continues to diversify. Last year it took on several syndicated shows and added to its portfolio last week with “Nashville Nights,” a weekday 7P-Mid Country show. “We recognized for a number of years we had to diversify, but we won’t reject our core [formats] business. We knew we had the resources to enter the syndication business,” said Hauenstein.

What was once 100% of its business, JRN’s formats now make up 70%. “During the last few years, we were realizing a modest attrition rate, losing 10-15% of our [format] customers at the end of every three-year [contract] cycle. Starting about one and half years ago, that rate nearly doubled and at 25-30%, created significant challenges for us,” said Hauenstein. Through research, Jones found its customers weren’t going to competitors, but because of decreasing technology costs, could assume control over their own programming.

Jones’ new division offers stations delivery of “assisted programming”—content, playlists, local voice tracking via satellite, ISDN, or combination. It also offers talent coaching, research and on-site assistance, as well as customized playlists. Like all Jones programming, the programming services are available for cash, barter, or a combination.

So far, none of the three companies offering "virtual" services has the definitive answer nor extensive customer contracts—it’s too early. JRN believes that’s in their favor, as the largest of the three companies with 1,000 affiliates and more programming resources. “There’s no textbook on any of this and we’re going to take advantage of that,” said Hauenstein. “But our customers know conceptually what they want to accomplish and we’re going to let them realize their vision with us.”

Network audiences hold steady
by Katy Bachman

Network audiences were down a mere 0.4% to 22.3M in the latest RADAR 56 (Fall ’97), holding steady after audiences surged 7.6% in RADAR 55 (RBR 9/15/97, p. 7). That puts audiences about on par with the high achieved in Fall ’94 with RADAR 50 (see graph, below right).

Young Adult networks were up 6.3%, but Adult networks took the biggest hits in audience loss, down 2.9%. Two of ABC’s (N:DIS) three adult networks—Platinum (-4.6%) and Galaxy (-12.5%)—were down, and three Westwood One (O:WONE) nets targeting Adults—Variety (-13.5%), Spectrum (-4.2%), and CBS (-4.7%)—suffered losses.

The results of Westwood One’s reconfiguration of three of its seven networks (RBR 7/7/97, p. 3) show up for the first time in RADAR 56 and all three nets—NBC (1.3%), NeXt (6.9%), and Source (10.4%)—plus CNN (1.5%), were up.

Continuing to gain momentum, American Urban Radio Networks posted a 3.6% increase on top of the 2.7% increase in RADAR 55. Among Black audiences in all demos, AUR ranks #1.

ABC’s Paul Harvey is secure in his position as the #1 ranked personality in network radio. ABC also has 10 of the top 10 programs and 19 of the top 20, with only CBS’ (WW1) Osgood File breaking in at #14.

RBR Observation: The next RADAR, due in June, will reflect several changes in the network radio biz. It will be the first time Chancellor’s (O:AMFM) AMFM Radio Networks will be included in the survey and it will be the first RADAR survey to mark the start of quarterly measurement of network radio.

With this RADAR, we also note that the Guru of Network Radio Research, ABC’s Bill McClenaghan is retiring at the end of the month. RADAR after RADAR, Bill has meticulously pulled apart the data and analyzed network radio. We’ll miss him and his incompa-rable analyses.

Network audience trends
(instrillions)

Top 50 radio groups have half of the business

by Dave Seyler

BIA has released its new group lineup based on 1997 revenue estimates. Although there has been a great deal of change in the names of those listed, the percentage of industry revenues controlled by the top 50 has registered only a modest increase over 1996.

The top five groups have increased their share of the business from 23.22% to 30.37%. For the top ten the increase is from 31.4% to 37.63%; top 20 from 38.55% to 44.52%; top 30 from 42.65% to 47.35%; top 40 from 45.13% to 49.22%; and top 50 from 46.84% to 50.64%.

The total number of stations belonging to the top 50 groups is 2,341, which is almost exactly 48% of the 4,876 stations which RBR's Source Guide database attributes to Arbitron-rated markets. This means that on the whole, the stations of the top 50 groups are only getting slightly more than their fair share of the radio revenue pie.

Most of the 12 companies which have exited the list have been swallowed up by now bigger fish. Four of them were the basis for the new Capstar, which also got part of a fifth (SFX), which it is divvying up with Chancellor. CBS, Jacor, Clear Channel, Sinclair and Citadel also feasted at the merger/acquisition banquet table.

Many groups new to the list are established radio companies which have moved up into the vacancies created by the merged groups above. The exceptions are Capstar (4), Cumulus (16) and Broadcasting Partners (32), which have all acquired their way onto the list.

RBR observation: The percentages in this study are derived from BIA's group revenue estimates as compared to the RAB's estimate of $13,646 Billion in total radio revenues for 1997. As rapidly as radio's new supergroups have been snapping up stations, it is amazing that 50% of the business is still in the hands of smaller operators. One thing that this means is that there remains ample opportunity for the growth and/or formation of new groups, particularly if the current lull in station trading results in lower prices.

There is nothing in these numbers to set off any anti-competitive alarm bells. Coke or McDonald's or General Motors would sneer at CBS's industry-leading 11 share. And all of the dollars being bandied about here represent only about 7% of the advertising business as a whole. In short, there are plenty of companies competing with radio in general and within radio itself.

<table>
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<th>Rank Group</th>
<th>Est. 1997 Rev (000)</th>
<th>Total Rev %</th>
<th># Stations</th>
<th>1996 Rank</th>
<th>Combined Rev (000) /Pct</th>
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<td><strong>Top 5</strong> $4,143,925</td>
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<td>2 Chancellor</td>
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<td>6 ABC</td>
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<td>7 Cox</td>
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<td>19</td>
<td>n/a</td>
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Sources: Broadcast Investment Analysts, Radio Advertising Bureau, RBR Source Guide database
Angeles broadcasters are "anxious" to
in early April. Christian says that Los
schedule to deliver data to customers
tracts in Phoenix yet,
and marketing agreement.
and Mobi1TRAK also share a sales
for patent violation. MobiTRAK is not
testing the service in Toronto and
passing cars.
provides next-day, hour by-hour-
with the debut of Mobi1TRAK in the
ting into the data collection business
Tapscan CEO Jim Christian is get-
by Katy Bachman and Carl Marcucci

Tapscan CEO Jim Christian is get-
ting into the data collection business
with the debut of Mobi1TRAK in the
Phoenix (#17) market. Mobi1TRAK pro-
vides next-day, hour-by-hour mea-
sures of in-car listening shares to FM
stations using stationary units (called
electronic measurement units or
EMUs) that electronically detect sig-
nal emissions from radios tuned in
passing cars.

Christian, along with partner Dave
Worthy, the inventor of the technol-
ogy, have been working up to the
product's debut for about four years,
testing the service in Toronto and
suing Albuquerque-NM-based ARM
for patent violation. Mobi1TRAK is not
part of Tapscan, although Tapscan is
responsible for the tabulation soft-
ware that will deliver the data. Tapscan
and Mobi1TRAK also share a sales
and marketing agreement.

Although there are no signed con-
tracts in Phoenix yet, Mobi1TRAK,
with 30 EMUs in the market, is on
schedule to deliver data to customers
in early April. Christian says that Los
Angeles broadcasters are "anxious" to
be the next Mobi1TRAK market and
that 15-20 more markets are cleared
for installation. "We're under the
assumption everyone wants it," he said.
"We do get commitments before we go
into a market, but we don't ask them
to sign a contract before they see
data."

To hear Christian tell it, broadcast-
ers are clamoring for a next-day read-
ing of station performance and will
pay, depending on station and mar-
ket size about $3,000-4,000 monthly.
"This is the missing piece of the puzzle.
This is what happened yesterday, not
what happened over the average of
three months ago," said Christian.
"This will help stations refine their
research services."

Mobi1TRAK may have particular
appeal to destination retailers. Said
Lucius Stone, director of marketing,
Mobi1TRAK: "You put a Mobiltrak unit
in front of a Home Depot and they
know whether last week's campaign
was listened to by their customers.
We can prove to these companies like
WalMart that don't buy much radio
that radio works."

Rush knocked from #1
by Frank Saxe

The man who many credit with the revival
of AM radio has fallen from the top spot, as
Rush Limbaugh ranks third in total lis-
teners, according to Talkers Magazine's
"Talk Radio Research Project." The Talk
format has seen a revival since it hit bot-
tom last Spring, with Schlessinger and
Stem benefitting most. "Rush has been on
a downslide for two years, and they've
been hot as firecrackers," says Michael
Harrison, editor, Talkers.

The numbers are in stark contrast to the
7% increase for Limbaugh reported by his
syndicator, Premiere Radio Networks (RBR
Midweek News Brief, 3/11). They point
out, on an AQH basis, Rush still reigns
supreme. "Dr. Laura has been extraordi-
nary air personality. Premiere would like
to congratulate her on becoming the first
women in the history of radio to achieve
this pinnacle of success," added Steve
Lehman, president, Premiere.

RBR Observation: Kudos to Harrison
for an independent analysis of Talk
listenership, absent Arbitron doing the
work. With so many syndicators holding

their affiliate counts close to the vest, it's
difficult to get an objective evaluation of
the syndie marketplace, something the
business could use in the face of fierce
competition.

Radio's top Talkers
(Weekly 12+ cume in Millions)

<table>
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<th></th>
<th>Spring '97</th>
<th>Fall '97</th>
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<td>Dr. Laura Schlessinger</td>
<td>15.50</td>
<td>18.00</td>
<td>14%</td>
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<td>Howard Stern</td>
<td>12.00</td>
<td>17.50</td>
<td>31%</td>
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<td>Rush Limbaugh</td>
<td>19.50</td>
<td>17.25</td>
<td>-13%</td>
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<td>Art Bell</td>
<td>8.50</td>
<td>8.75</td>
<td>3%</td>
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<td>Dr. Joy Browne</td>
<td>8.50</td>
<td>8.75</td>
<td>3%</td>
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<td>7.50</td>
<td>0%</td>
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<tr>
<td>Jim Bohannon</td>
<td>6.50</td>
<td>6.50</td>
<td>0%</td>
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<tr>
<td>Bruce Williams</td>
<td>7.50</td>
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<td>-15%</td>
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<td>G. Gordon Liddy</td>
<td>5.00</td>
<td>4.50</td>
<td>-11%</td>
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<td>Ken &amp; Daria Dolan</td>
<td>3.00</td>
<td>3.75</td>
<td>20%</td>
</tr>
<tr>
<td>Michael Reagan</td>
<td>4.00</td>
<td>3.75</td>
<td>-7%</td>
</tr>
<tr>
<td>Dr. Dean Edell</td>
<td>3.00</td>
<td>3.00</td>
<td>0%</td>
</tr>
<tr>
<td>Bob Grant</td>
<td>3.00</td>
<td>3.00</td>
<td>0%</td>
</tr>
<tr>
<td>Johnand Ken</td>
<td>N/A</td>
<td>2.00</td>
<td>-</td>
</tr>
<tr>
<td>Doug Stephan</td>
<td>N/A</td>
<td>2.00</td>
<td>-</td>
</tr>
<tr>
<td>Oliver North</td>
<td>2.50</td>
<td>N/A</td>
<td>-</td>
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Source: Talkers Magazine

Petrocelli spins WW1's Kasem case
by Carl Marcucci

The WW1/Kasem/Chancellor saga
continues to unfold with the motion
for a preliminary injunction against
Kasem and Chancellor scheduled
March 30. Daniel Petrocelli, Kasem's
attorney told RBR that WW1 "at-
tempted to circumvent Kasem's right
of termination [the show's not hitting
$6M annually] by booking a transac-
tion in the last few days of the year
with CBS-TV for ad spots. They said
'Well, we've got $6M in the wire for
'97—CBS is giving $2.25M and a
chunk of that is for '98.'" Petrocelli
questions how the $2.25M could have
been applied at all to '97. WW1 had
no comment.
National media post strong year, up 9.7%

National spot radio's 15.1% growth is second only to the percent increases enjoyed by cable TV nets and outdoor, according to year-end data from Competitive Media Reporting (CMR). Network radio only grew by 7.4%, pacing behind total media growth.

Newspapers still rank first in total expenditures, up 13.3% to $15.7B. Add in national newspapers and the figure climbs to more than $17.4B.

Radio's top advertisers for 1997

Chrysler replaced Sears as radio's top network radio advertiser, spending more than $43.8M and increasing its budget more than 75% in 1997. Sears, as the top radio network advertiser in 1996, spent more that year than #1-ranked Chrysler in 1997. Sears decreased its spending in 1997 by 26.3%. Advertisers in the top 10 that increased their spending in 1997 include: Warner-Lambert, Procter & Gamble, Chattem (Gold Bond Medicated Powder), Reading Genius, AT&T, and Tandy. Not among the top 10 in 1996, Wrigley increased its spending by almost 71%. GM Corp. spent less as did Visa, which dropped out of the top 10.

National spot radio

The top 10 national spot advertisers spent 16.9% more than the top 10 in 1996. MCI topped the list of national spot radio advertisers, spending close to $53M in 1997, almost 71% more than the #1 advertiser in 1996, News Corp. Advertisers that increased spending 1996 v. 1997: National Amusements, Bell Atlantic, SBC Communications, US West, GTE and COMPUSA. While Chrysler spent less in national spot, it upped its expenditures in network radio. Also spending less: News Corp., GM, and Disney.

TV up 4% in 1997

Even without political and Olympic advertising, TV posted a 4% increase in 1997 pulling in about $32.5B, almost three times radio's $13.6B. According to a TVB analysis of Competitive Media Reporting data, Syndication had the best year, up 8%, followed by Local TV, up 5%. Spot TV and Network TV both gained 3%. However, Network TV (figures include UPN and WB) still brought in the lion's share of the dollars, more than $15.2B or close to half of TV's total revenues.

Johnson ups BET bid

Black Entertainment Television founder and CEO Robert Johnson and Liberty Media (O:LBTHA) sweetened their bid to buy out other shareholders of BET Holdings (N:BTVM) to $63 per share and won acceptance from Johnson's fellow board members. His original bid of $48 last September was rejected as too low.

Johnson and Liberty, which is controlled by cable giant TCI (O:TCOMA), already own more than 45% of BET's stock, so the $630M (total value) deal will really cost less than $350M to buy out the remainder. The deal still has to be approved by BET shareholders.

Bud's buying binge goes on

Paxson Communications (A:PAX) CEO Bud Paxson is continuing to shuffle stations for his August launch of PAX Network as the nation's seventh TV network (RBR 11/24/97, p. 10). Paxson is buying KBSP-TV, Ch. 22, Portland, OR, giving the new net an outlet in Nielsen market #24.

In a rare move, Bud is actually selling a station. Paxson will sell its option to buy WNGM-TV, Ch. 14, Springfield, MO. The family, whose ownership involvement dates back to the launch in 1953. Broker: Bill Cate, Sunbelt Media

$62M for Missouri affiliate

Former RayCom Media honchos Stephen Burr and Ken Hawkins are building their new company, U.S. Broadcasting, with a $62M buy of KOLR-TV (Ch. 10, CBS) Springfield, MO. The station is being sold by the Cooper family, whose ownership involvement dates back to the launch in 1953. Broker: Bill Cate, Sunbelt Media
Emmis:
A radio group in transition to become a multi-faceted media company

This may be the year that Emmis Broadcasting (O:EMMS) acquires lots of new assets and becomes a multi-billion-dollar company. That's what CEO Jeff Smulyan has been saying for the past few months—telling anyone who will listen that Emmis is poised to spend $1B or more on acquisitions in 1998 (RBR 12/15/97, p. 12).

Don't look for all that cash to go into radio buys, though. Skeptical of the prices being demanded for many radio properties, Emmis has been branching out. In recent months it paid $20M for a controlling stake in a start-up radio group in Hungary, acquired two state radio networks for $750,000 and paid $37M for Texas Monthly, the fourth title for its magazine division. Emmis has made passes at TV properties in recent years and there are rumors now that it is a bidder for SF Broadcasting, a group of five VHF Fox affiliates owned by Barry Diller's USA Networks (O:USAII).

The bottom line for Emmis is operating profitable businesses. Each property has to make sense as a standalone and Smulyan is skeptical of projected gains through synergy. If they happen, so much the better, but each acquisition had better be able to turn a profit on its own.

That philosophy has resulted in a unique radio group—still the core business—at Indianapolis-based Emmis. The company has superduopolies in New York, Indianapolis and St. Louis, but still retains standalone FMs in Los Angeles and Chicago.

"I'd rather have a greater position in the market, there's no doubt about that, but there's always a cost-benefit analysis," said Smulyan. "There are deals we've passed on in our markets because we said, 'we can't make those numbers work'—and if other people can, by golly, they'll be fine. If they can't, then there'll probably be opportunities for future acquisitions out there."

Just as there's no single pattern to Emmis' acquisitions, there's likewise no cookie-cutter approach to management. "The key is how each property operates. If I've got eight stations in a market and one of them isn't performing, it doesn't matter that they've got seven stations to prop it up," said Smulyan. "We feel like every radio station we run has to maximize its own position."

As a result, Emmis has three GMs for its five stations and two networks in Indianapolis, two GMs for three stations in St. Louis and yet only one VP/GM, Judy Ellis, for its three stations in the biggest market of them all, New York. "Everybody under her has more responsibility than they might on a standalone basis," explained Smulyan. "Judy might be the exception. Judy might be the one person who can be everywhere at once."

One area where Emmis has moved quickly to take advantage of synergy savings is real estate. The St. Louis stations are now housed in two adjacent buildings, the New York stations will soon be in a single facility and Emmis is building a corporate headquarters in Indianapolis which will house its stations, networks, Indianapolis Monthly magazine and all corporate operations, with some room left over for future growth. The $25M structure should be ready for Emmis to move in by late 1998.

All other studio and office space is leased, but Smulyan said it made sense to own a building in Indianapolis because the company's space requirements are so large. Also, the city offered some attractive incentives for building on the downtown site.

Emmis has already begun to realize some synergistic benefits in Indianapolis from last year's purchase (RBR 9/1/97, p. 11) of Network Indiana and AgriAmerica, statewide radio networks which were already based in the Hoosier capital. "It was a perfect fit," said Tom Severino, VP/GM of WIBC's weekend Indiana/Midwest voice. "It was a perfect fit, and if other people can, those numbers work'—"

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WIBC already had the state's largest radio news department, nine full-timers, and that's now grown to 13, plus part-timers, for the combined operation. Sales, however, are being kept separate, although there may be some accounts sold jointly, with WIBC now designated as the flagship for the networks.
The magazine biz

While other radio groups have been expanding into networks, syndication, TV, tower management and foreign broadcasting, Emmis is the only one that's targeted the regional magazine business for diversification and growth. That began ten years ago with the acquisition of Indianapolis Monthly.

"We got into it originally because we said, look, you've got a magazine with roughly the same audience as your FM radio station [WENS] in Indianapolis, boy there ought to be synergy," said Smulyan. "In theory it was a great idea, in practice there was some synergy, but not nearly as much as we thought there should have been. But the fact is it's a very good property that works very well. It's grown dramatically and probably has some of the best results of any city magazine in the country."

The experience may explain Smulyan's reluctance to bank on "synergy" to make money, but he clearly likes the city magazine business. "Ideally" he'd like to buy in markets where Emmis has stations, but each magazine's ability to make money on its own remains the key and all subsequent acquisitions have been standalone publications. Emmis added Atlanta Magazine in 1994, Cincinnati Magazine last year and now has a deal pending to buy its largest circulation magazine yet, Texas Monthly, for $37M (RBR 2/2, p. 15).

"We like the genre. We've been pretty successful at it while others have struggled," Smulyan said. He remains in the market for further regional magazine acquisitions. Launching a start-up, though, is much tougher, he says, and not something Emmis is likely to try.

Keep your passport handy

Launching start-up radio stations, however, is a different story, given the depth of Emmis' management and programming expertise. Few opportunities exist in the US, but lots of new stations are being licensed overseas, so Emmis is going global.

Emmis' first international venture was a disappointment, but also a learning experience. After repeated disagreements with its partners on how to program and sell a News/Talk station in London, Emmis cashed out its minority stake.

That experience didn't sour Smulyan on international expansion, only on being a minority partner. "We're operators. We're not very good at being passive."

Emmis is the controlling partner in Hungaria Radio Rt., headed by veteran Emmis GM Randy Bongarten (RBR 11/17/97, p. 17). The company began broadcasting from FM transmitters throughout Hungary early this month.

What's the stock really worth?

Smulyan is clearly disappointed that Emmis' stock has risen only modestly (see chart, below), while other radio stocks have been shooting toward the stars. Wall Streeters have been less enthusiastic about the stock because Smulyan hasn't gone out snapping up hundreds of radio stations for hundreds of millions of dollars and neither has he hung a "for sale" sign on Emmis' highly-desirable stations. Emmis did make station acquisitions in New York, Indianapolis and St. Louis which would have been considered gigantic in pre-Telcom Act years, but paled in comparison to the billions being spent by some mega-groups.

As Emmis' largest shareholder, Smulyan knows it's his money at risk if he overpays for an acquisition. Many Emmis employees are also stockholders and they appear to be willing to stick with the boss' conservative approach to build value over the long haul.

"We are going to clearly grow in international radio. We're going to grow in magazines and we're probably going to take a foray into some other allied industries. I think you'll see us grow in other areas—and we want to be opportunistic with radio. When there are things that make sense, we'll step up," said Smulyan.

And if they don't make sense, he'll walk away. He's done it before.

View from Wall Street

Here's what a couple of Wall Street's top broadcasting analysts have to say about Emmis:

"The company is getting more aggressive on growth," said Tim Wallace of Lehman Bros. He likes the idea of leveraging Emmis' strong radio management to buy and build up an underperforming TV group. "They're well known for thinking out of the box."

He expects to see more US groups get into broadcasting overseas and says the Hungarian investment is "a smart thing to do."

"Emmis should be viewed more as a diversified media company than as a radio company," Wallace said.

He ranks the stock as expected to "outperform" the market—Lehman Bros.' second-highest ranking of five. Wallace's current target price is $51.

"Emmis is a company that clearly has too few assets relative to the scope of their management team," said Harry DeMott of CS First Boston, who's also hoping for Emmis to do something to grow. "These guys could be running a much larger company."

Although DeMott thinks Emmis would probably do well in TV, he's not touting diversification as the best course to growth. "I would rather see them in the radio business."

DeMott ranks Emmis' stock a "buy," the second-highest of four categories at CS First Boston. His target price is $55.
Emmis and PR&E: Planning a powerhouse

by Carl Marcucci

Planning to take full advantage of consolidation at the new HQ, Emmis announced a $2M facilities integration contract with Pacific Research and Engineering (RBR 1/19, p. 4). PR&E (A.PXE) will be supplying audio equipment to include 21 Integrity digital consoles, nine stereo mixers, custom studio furniture, cabinetry, wiring and complete systems integration for the December 1st on-air target date. A total of 21 studios will be built to house the Indianapolis (#37) superduopoly (WENS-FM, WNAP-FM, WIBC-AM, and WTLC-AM/FM), Network Indiana and AgriAmerica Network into the seven-story building under construction at Indianapolis' Monument Circle.

Consolidating five stations and two networks from three broadcast facilities into one building takes a lot of planning. Christine Woodward-Duncan, SVP, market manager for Emmis' Indy group and GM for WENS and WNAP, said plans for this consolidation have been ongoing for almost three years now: "We're consolidating everything for communications purposes. It's going to give us an advantage—putting together packages, servicing clients, and producing more creative things with everyone in one building. With the resources all together they can kind of play off of each other." She sees business functions and traffic to benefit the most, with sales and promotions a close second.

Currently, WTLC AM & FM is at one facility, WIBC-AM and the networks at another and WENS-FM, WNAP-FM and Emmis corporate offices at the third. What will it take? "A

Emmis Broadcasting's new $25M building under construction on Monument Circle in downtown Indianapolis is literally a world headquarters, owing to the company's recent expansion into Hungarian radio. (Artist's rendering)

Emmis' Indy systems consolidation: the choices so far

<table>
<thead>
<tr>
<th>Equipment Type</th>
<th>Choices</th>
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</thead>
<tbody>
<tr>
<td>On-air consoles</td>
<td>PR&amp;E's Integrity</td>
</tr>
<tr>
<td>On-air digital storage</td>
<td>BE's AudioVault or Orban's Air Time</td>
</tr>
<tr>
<td>Digital audio workstations</td>
<td>A choice between the Spectral Prisma, Orban Odyssey and Digi-Design's Pro-tools</td>
</tr>
<tr>
<td>Traffic system</td>
<td>Marketron, facility-wide</td>
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<tr>
<td>Newsrooms</td>
<td>PR&amp;E stereo mixers</td>
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<tr>
<td>STL</td>
<td>A digital path leaning toward a T1 with microwave backup. More than likely Intraplex. The other possibility: Moseley's StarLink</td>
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<tr>
<td>Processing</td>
<td>Optimod's 8200 (already in place at most of the stations)</td>
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<tr>
<td>Mics</td>
<td>A tossup between ElectroVoice RE-27, Shure SM-7 and a few SM-5s</td>
</tr>
<tr>
<td>Mic processing</td>
<td>Symetrix 528-E</td>
</tr>
<tr>
<td>Exciters and transmitters</td>
<td>Continental (keeping from other facilities)</td>
</tr>
<tr>
<td>Digital switchers</td>
<td>Sierra Audio Systems (SAS)</td>
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Heftel cash flow up 124%

Heftel Broadcasting (O:HBCCA) is continuing to reward investors who have bet on rapid growth in Hispanic media advertising. For 1997 Heftel has reported net revenues up 88.2% to $136.6M and broadcast cash flow up 124.4% to $54.5M. After tax cash flow from continuing operations was $41.5M, compared to a negative $22.4M for 1996.

Look for more growth from this group. "Start-up stations will remain an important part of our operational focus for the foreseeable future," said CEO Mac Tichenor.

Sinclair selling more stock

Sinclair Broadcast Group (O:SBGI) is heading back to Wall Street to sell another 6M shares of common stock. After expenses, the company expects to net $329M. An additional 2M or more shares will also be sold by BancBoston Investments, Pyramid Ventures, Boston Ventures and Marcus Investments, all early backers of River City Broadcasting, which merged into Sinclair in 1996. Lead underwriter: Salomon Smith Barney
Champion retires as Hicks brothers add more stars to their cap

Bid farewell to Champion Broadcasting, headed by William Coogan and managed by Don Kidwell. The two-year-old company's three superduopoly markets (see chart, right) are about to become a part of Capstar's GulfStar group, headed by John Cullen.

The $11.3M buy will give Steve and Tom Hicks three new markets for Capstar, including two in their Lone Star home state. One of the stations, KCHX-FM Midland-Odessa, was once owned by Tom and another brother, Bill Hicks, as part of their Sonance group. Broker: Bill Whitley, Whitley Media

<table>
<thead>
<tr>
<th>New Hicks holdings</th>
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<tr>
<td>Midland-Odessa, TX (#173)</td>
<td></td>
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<tr>
<td>1997 market rev.: $8.3M*</td>
<td></td>
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<tr>
<td>KCDQ-FM Classic Rock</td>
<td></td>
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<tr>
<td>KMRK-FM Tejano</td>
<td></td>
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<tr>
<td>KCHX-FM CHR</td>
<td></td>
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<tr>
<td>Amarillo, TX (#189)</td>
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<tr>
<td>1997 market rev.: $7.9M*</td>
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<tr>
<td>KIXZ-AM Nostalgia</td>
<td></td>
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<tr>
<td>KMML-FM Country</td>
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<tr>
<td>KBUY-FM Country</td>
<td></td>
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<tr>
<td>KNSY-FM Hot AC</td>
<td></td>
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<tr>
<td>Alexandria, LA (#199)</td>
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<tr>
<td>1997 market rev.: $6.5M*</td>
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<tr>
<td>KDBS-AM News/Talk</td>
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<tr>
<td>KRRV-FM Country</td>
<td></td>
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<tr>
<td>KKST-FM AC</td>
<td></td>
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<tr>
<td>KZMZ-FM Classic Rock</td>
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</tbody>
</table>

*Source: Whitley Media

Journal adds Boise bunch

The Brandon brothers' American General Media is selling its recently-assembled Boise superduopoly to Journal Broadcast Group. The sale for approximately $16M will give Journal three AMs and four FMs spread out across two counties in Idaho and one in Oregon. It's the fifth radio market for employee-owned Journal. Broker: Kalil & Co.

Clear Channel crosses border

Heading south from Clear Channel's (N:CCU) corporate HQ in San Antonio, Lowry Mays has cut a deal to buy 40% of one of Mexico's largest radio groups for $57.5M. Grupo Acir owns 164 stations in 72 Mexican cities, including seven stations in Mexico City, where the group is based.

If you're keeping track, Clear Channel now has radio operations in six countries.

Back to Wall Street

Meanwhile, Lowry is making another trip to Wall Street to pick up cash for even more expansion. Clear Channel has filed to sell 5.5M shares of stock (a tad over $500M worth at recent prices) and $500M in senior convertible five-year notes.

Cumulus update

Nary a week goes by without Cumulus Media buying a few stations, and this week is no exception.

Cumulus is adding to its Toledo superduopoly with a $2.8M buy of Lesnick Communications' WTWR-FM Monroe, MI.

In Grand Junction, CO Cumulus is doubling the number of signals in its superduopoly with a $2M buy of KQIL-AM, KEXO-FM & KKNN-FM from Paul Fee's Mustang Broadcasting Company. Broker: Jody McCoy, McCoy Broadcast Brokerage

At deadline...

Allen Shaw's Centennial Broadcasting is buying Sinclair's (O:SBGI) New Orleans spin-offs—WBHY-AM, WRNO-FM & KMEZ-FM—for $16M.
Corporate suites reshuffled

New COO for Bonneville

GMs at all 15 Bonneville International radio stations (and its lone TV outlet) now report to a new boss, Robert Johnson, who was named Exec. VP and COO by President and CEO Bruce Reese.

"Bob has earned this appointment through strong performances as Sr. VP and as General Counsel," said Reese.

Johnson joined Bonneville in 1991 as VP/General Counsel and moved up to the Sr. VP post a year ago. Prior to joining the Mormon Church-owned broadcasting company, Johnson practiced law in Washington, DC and Salt Lake City.

Holmes adds prez stripes

After two years running NBG Radio Network as GM and overseeing the transition to public stock trading (O:NSBD), John Holmes III has officially received the title of President. NBG now syndicates 23 radio programs to about 1,500 radio stations. Holmes is now working to expand the company with acquisitions and development of new programs.

L'Esperance to VS&A

Francis L'Esperance III is bringing his Wall Street experience to Veronis, Suhler & Associates as Managing Director and head of the Broadcasting and Entertainment Group. The veteran investment banker had headed the media department at SBC Warburg Dillon Read since 1993.

"This is a good time to bring all of our broadcast and entertainment activities under one group and with it a professional who will help maximize opportunities in what is a media super-segment," said John Suhler, VS&A's President and co-CEO.

Prior to his Wall Street career, which included stints at Lehman Bros. and Prudential-Bache, L'Esperance had been director of planning and development for CBS in the mid-1980s.

Checking price tags...

FCC filings reveal that:

• The total value of a management-led buyout of Bloomington Broadcasting (RBR 3/2, p. 3) is $66,812,850—$57,252,750 for the common stock, $2.06M for the preferred stock and $7.5M in assumed debt. BIA's latest estimate (see p. 5) put the group's revenues at $23.35M last year. Broker: Media Venture Partners

• Cumulus is paying $14.848M for Louisiana Media Interests' Lake Charles superduopoly (RBR 2/23, p. 12). Broker: Americom

• Journal Broadcasting's deal to acquire KIQI-AM San Francisco (RBR 3/9, p. 13) is a stock buy for $12M—half cash and half in a five-year note.

Setting things straight...

Entravision does not yet own KMXX-FM & KWST-FM Brawley-Imperial, CA (RBR 3/16, p. 14-15), but is buying them along with KAMP-AM El Centro, CA for $2.4M. Only the AM application, including duopoly maps, had appeared in the FCC's public reference room at the time of publication.

RBR's deal digest

The Boyd Family's Glenwood Communications (formerly Home News Co.) is paying Hugh Gwyn's Summit Broadcasting $1.65M to add WMEV-AM & FM Marion, VA to its chain of duopolies in the Johnson City-Kingsport-Bristol market. WKPT-TV (Ch. 19, ABC) Kingsport, TN's Grade A contour just misses Marion, so no waiver of the one-to-a-market rule is needed. Broker: Scott Knoblauch & George Reed, Media Services Group... Andrew & Jeffrey Davis, Davis Radio Corp. is acquiring WORC-AM Worcester, MA in a $790,000 deal with Chowder Broadcast Group, headed by Eric Seltzer. Broker: Mike Rice, New England Media... P. Gene Hood's Pilgrim Communications is buying KLMO-AM Denver-Longmont, CO for $575,000 from the W.G. & L.J. Stewart Partnership. Broker: Satterfield & Perry
The deals listed below were taken from FCC filings made public during the week from Wednesday, March 11 through Tuesday, March 17. 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.

**$72,000,000—** WWDC AM-FM Washington DC from Capitol Broadcasting Co. (Morton A. Bender, pres) to WGAY License Corp. (O:AMFM). $4M escrow, balance in cash at closing. Superduopoly with WMZO-FM, WASH-FM, WBIG-FM, WWRC-AM. (see RBR 3/9, p. 12)

**$3,900,000—** WWLC-FM El Centro (Douglas Kiel, pres.), a subsidiary of Journal Communications Inc. (Robert Kahlor, chair; owned by the Meissner family and the Journal Employees Stock Trust). $250K escrow, additional $5M in cash at closing, $6M note. LMA since 3/1.

**$6,500,000—** KQXI-AM San Francisco, 100% stock sale of Oro Spanish Broadcasting Inc. from Rene de la Rosa to Radio Unica of San Francisco Inc., a subsidiary of Radio Unica Corp. (Joaquin F. Blaya, Herbert M. Levin, Andrew Goldman, Warburg, Pinkus Ventures LP). $1M escrow, additional $5M in cash at closing, $6M note. LMA since 3/1.

**$7,000,000—** WZLQ-AM Sacramento, 100% stock sale of WZLQ-AM/FM to Cox Radio Inc. (Calvin J. & Lois A. Mandel) to Entravision (Walter Mandel). $250K escrow, additional $4.8M in cash at closing, $750K upon FCC grant of new translator to cover the southwest foothills of the Santa Catalina Mountains north of Tucson, $50K under non-compete agreement. Superduopoly with KFFN-AM, KMXZ-FM & KZPT-FM. LMA since 2/17.

Tom Gammon would like to visit with you at the NAB Convention in Las Vegas. Please do us the honor of calling our office to schedule a time so that we can renew acquaintances or just enjoy talking about some of the fun times we have had.

Las Vegas Hilton, Suite 2800

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by Jack Messmer & Dave Seyler

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**$42,500,000—** 25 stations (see RBR 3/9, p. 12) from James Ingstad Broadcasting Inc., Hometown Wireless Inc., Radio Iowa Broadcasting Inc. & Ingstad Mankato Inc. (James Ingstad) to Cumulus Licensing Corp., a subsidiary of Cumulus Broadcasting Inc. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). $2.125M letter of credit as escrow, $42.5M in cash at closing. Transfer of existing duopolies and superduopolies in Rochester MN, New Ulm MN, Mankato MN, Faribault MN, Owatonna-Waseca MN & Mason City IA. Broker: Elliot Evers & George Otwell, Media Venture Partners

**$12,000,000—** KIQL-AM San Francisco, 100% stock sale of WCBY-FM & WGFM-FM, WIDG-AM, WTEM-AM and WWRC-AM. (Richard Weening, Lewis Dickey Jr.) to Cox Radio Inc. (Calvin J. & Lois A. Mandel) to Entravision (Walter Mandel). $250K escrow, additional $5M in cash at closing, $6.382M cash at closing. Superduopoly formed by WGFM-FM, WJZJ-FM, WMKC-FM, WCBY-AM and WIDG-AM. Duopoly formed by WJZJ-FM and WJZJ-AM. Note: WJZJ-AM Mackinaw City is noted in the engineering study and application for its transfer from Reynolds' Power Pager to Calibre was filed under its own cover letter, but it was not mentioned in main body of this contract.

**$6,300,000—** WPWT-AM, WCLR-FM & WZLR-FM Dayton (Piqua-Xenia OH) from Xenia Broadcasting Inc. (Charles Giddens) to Cox Radio Inc. (N:XR, Bob Neal, pres.), $6.3M cash. Superduopoly with WHIO-AM & WHKO-FM. LMA since 12/1/97. Note: The buyer is requesting a waiver of the one-to-a-market rule to own these stations in the same market with WHIO-TV (Ch. 7, CBS).

**$5,800,000—** KLQB-FM Tucson (Oracle AZ) from Desert West Air Ranchers Corp. (Ted Tucker) to Journal Broadcast Group Inc. (Douglas Kiel, pres.), a subsidiary of Journal Communications Inc. (Robert Kahlor, chair; owned by the Meissner family and the Journal Employees Stock Trust) $250K escrow, additional $4.8M in cash at closing, $750K upon FCC grant of new translator to cover the southwest foothills of the Santa Catalina Mountains north of Tucson, $50K under non-compete agreement. Superduopoly with KFFN-AM, KMXZ-FM & KZPT-FM. LMA since 2/17. Broker: Calibre.

**$2,400,000—** KAMP-AM, KWST-FM & KMXX-FM El Centro-Brawley-Imperial CA from KAMP Radio Inc. and Brawley Broadcasting Co. (Calvin J. & Lois A. Mandel) to Entravision Holdings LLC (Walter F. Ulloa, Philip C. Wilkinson, others). $50K downpayment, balance in cash at closing. Existing duopoly, Entravision is seeking a waiver of the one-to-a-market rule to acquire these radio stations in the same market with KVYE-TV (Ch. 7, Univision)El Centro CA. Broker: Media Venture Partners

**$1,975,000—** WRCP-AM Providence, 100% stock transfer of NETO Communications Inc. from Anthony Cruz to The Executive Committee of the Trustees of Brown University (Earl C. Cooley, chair; John Silber, chancellor). $300K escrow, balance in cash at closing.

**$1,800,000—** WAQE-AM & FM & WYLC-FM CP (104.9 mHz) Rice Lake-Balsam Lake WI from Red Cedar Broadcasters Inc. (Thomas F. Beschta, pres.) and Thomas F. Beschta, individual permit holder, to Northwoods Broadcasting Inc. (Thomas A. Koser, Dane Jensen, Robert F. Koser, Thomas A. Walker). $10K downpayment,
$225K escrow for settlement which will allow Northwoods to build a new FM in Barron WI, additional $1.465M in cash at closing, $100K note. **Superduopoly** with proposed FM on 97.7 mHz in Barron WI

$1,700,000—* WOCN-FM Cape Cod (West Yarmouth MA) from Cape Cod Broadcasting Corp. (Donald P. Moore) to Sandab Communications LP II (Stephen D. Seymour, pres). $170K escrow, $1.03M cash at closing, $100K note. **Superduopoly** with WQRC-FM.

$1,650,000— WABZ-FM Charlotte (Albemarle NC) from JC Acquisition LLC, a subsidiary of The Diversified Group Inc. (James Haber) to Susquehanna Radio Corp. (David E. Kennedy, pres). $100K escrow, balance in cash at closing. Note: Seller is purchasing stock in station from Jenni Communications Inc. prior to sale to Susquehanna. **Duopoly** with WQRC-FM.

$1,260,000—* WCRS-AM, WCRS-FM & WCBH-FM Effingham-Carley II from Effingham Broadcasting Co. (Joseph E. McNaughton), part of the McNaughton Stations group, to Discovery Group LLC (Steve Samet, Roger Coleman). $125K escrow, balance in cash at closing. Existing **duopoly**.

$1,200,000—* WJJP-AM & WSUX-FM Salisbury-Ocean City MD (Seaford DE) from Connor Broadcasting Delaware Co. (J. Parker Connor, Susan C. Connor) to Great Scott Broadcasting (Faye Scott and family). $500K escrow, balance in cash at closing. **Superduopoly** with WJWL-AM, WJYN-FM, WOCQ-FM & WJNE-FM. Note: No more than three FMs overlap at any point. LMA since 2/23.

$800,000—* WWPA-AM & WVRJ-FM Williamsport (Williamsport-Jersey Shore PA) from Williamsport Radio Corp. (Carol O'Leary, Kerby Confer, Donald Alt) to DHRB Inc. (Sabatino Cupelli, Gary Menett). $50K escrow, $100K (less escrow) in cash at closing, $700K note. **Superduopoly** with WQBR-FM & WZRZ-FM. LMA since 1/21.

$790,000— WORC-AM Worcester MA from Davis Radio Corp. (Andrew & Jeffrey Davis) to Chowder Broadcast Group LLC (Eric Seltzer, Jon R. Powell). $415K in cash at closing, $300K note, $75K under non-compete agreement. Broker: Michael Rice, New England Media

$767,000— WFWL-AM & WRJB-FM Camden TN from Valleywide Broadcasting Co. Inc. (Ray Smith, John Latham) to Community Broadcasting Services (Ron Lane, Charles Ennis, John Latham, Kenny Madrey, Ray Smith, Stanley Medlin, Shane McGrady, Buck Morton, Pat Ennis). $767K note. LMA since 9/30/94.

Boston University has entered into a stock purchase agreement with Neto Communications, Inc. to purchase

WRCP-AM
Providence, Rhode Island
for

$1.975 Million

Robert J. Maccini and Stephan C. Sloan of Media Services Group, Inc. represented Boston University in this transaction.

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