April 13, 1998
Volume 15, Issue 14

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RADIO BUSINESS REPORT
VOICE OF THE RADIO BROADCASTING INDUSTRY

RADIO NEWS
Kennard to make minorities a major priority
State of the industry: In his address to the NAB Convention, FCC Chair Bill Kennard vowed to reverse declining minority broadcast ownership.

Study finds $6.85B in 1997 broadcast PSAs
Pacing: April going, going...and June's almost half sold
News nuggets from the NAB confab
Syndication? Winnowing the Talk show herd of the unheard
CBS divisions a-Mel-gamated under Karmazin
Hollywood Hamilton, RuPaul may be headed to AMFM

RADIO AD BIZ
Brew-ha-ha: Radio gets set for Summer beer wars
Red Lobster: Feed the DJ, then let him speak
Kodak finds continuity in top 20 radio flight
Howard, Rush find Snapple back in the fold
Ad Biz interview: Ad exec on radio's place in the media mix

BROADCAST INVESTMENTS
Lowry Mays: "Please sir, I want some More"
Debenture venture: Times on the buyback trail

MEDIA MARKETS & MONEY
Missouri takes dimmer view of simmering Zimmer clusters
One group of Zimmer brothers is trying to build a superduop in and around MO capital, while still more brothers build a duop. State attorney general says not so fast.

Cape Fear orders a NC superduop off Howard Johnson's menu
Swapstar: A scorecard for the ongoing Capstar/Chancellor deal
FCC considers blacking out deal details

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RUSH LIMBAUGH
SHOW

THE
JIM ROME SHOW

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The Kennard challenge; FCB priorities become clearer at NAB

by Frank Saxe

FC Chair Bill Kennard (D) challenged broadcasters at last week's NAB Las Vegas Convention to present him over the next two months with ideas toward increasing minority ownership. "The industry probably won't have a concrete plan to give to Kennard in 60 days," said NAB President Eddie Fritts, adding, "We're willing to explore new options." Kennard said tax certificates may be the way to go, and he and Fritts agreed ambush-proof system is needed.

Kennard was presented with the results of the NAB survey showing radio & TV stations gave $1.2B for various charities. To one station aired 122 PSA's a week, although he has expressed some support for low power stations as a way to increase the diversity of voices. Fritts, echoing broadcasters' general view, strongly disagreed, and last week called them "interference" which will clutter the airwaves.

Q2 pacing picks up

Demand for radio time usually picks up in Q2 and this year is no exception. According to the latest RBR/Miller Kaplan forward pacing report, as of April 1, May is running only slightly behind last year at 62.3% sold and June with 44.8% of inventory sold, is running slightly ahead.

RBR observation: Lots of grumbling in the TV network world that a soft scatter market could lead to a soft upfront market. So far, few are expecting that will have an adverse affect on radio—early signs are that Q2 is looking strong.—KB

RBR/Miller Kaplan Market sell-out percentage report

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<td>April</td>
<td>75.6%</td>
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<td>May</td>
<td>62.9%</td>
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<td>June</td>
<td>44.8%</td>
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RBR observation: While we don't doubt Cathy Hughes' heart is in the right place, if she wasn't making money she wouldn't be the successful owner she is.

Programs to recruit minorities are something broadcasters have been taking very seriously, as evidenced by the RAB's Radio Careers Fair, which, through workshops in more than 40 cities have increased the size of recruitment pools by nearly 25,000 individuals, 40% of them minorities.
News Briefs from NAB '98

Behind closed doors at the NAB, CBS, the company known for its traffic & billing software, was demonstrating its Digital Universe, an on-air digital system offering uncompressed or compressed audio storage from a single server.

RCS is integrating AP NewsDesk into its Master Control on-air system.

Broadcast Electronics will market Auditronics' digital consoles, becoming Auditronics' largest dealer.

Harris Broadcast (N:HRS) and Arrakis Systems have teamed up to introduce Audiometrics Sound Source digital workstation.

The pair are urging TV and radio to "clean up their act."

Sen. Joseph Lieberman (D-CT) and conservative commentator William Bennett urged broadcasters to bring back the NAB Code of Conduct, which was dropped in the 1970's amid a DOJ investigation. The pair are urging TV and radio to "clean up their act."

Sen. John McCain (R-AZ) said the FCC is taking a "Nehru-jacket approach" to public interest obligations and expanding minority ownership. He said its "tinkering" may create more problems than it solves.

Concern over pirate radio remains high, and several broadcasters gave FCC Chair Bill Kennard an earful during the Chairman's breakfast. Roughly two dozen pirate supporters protested outside the convention.

Survival Analysis

Survival gets tough for syndie shows

by Katy Bachman and Carl Marchetti

Last month syndicated shows were dropping like flies as hundreds of affiliates were told shows would be dropped. Among those shows packing it in: SJS's "The Ed Lover and Dr. Dre Morning Show," Westwood One's (O:WONE) "The Mary Matalin and Adrienne Berg Shows" and United Stations "The Victoria Jones Show" (RBR 3/16, p. 2).

"We were hoping that the fate of our Talk programming would be brighter than it is today," said Andy Denemark, VP programming, United Stations Radio Networks. "If you notice, most of the latest programs being dropped are Talk. We've found many stations are in contract to be sold, and they are reluctant to sign 15 hours per week of programming—Talk programming takes up more time. Talk also takes the longest to build an audience, and many pull the plug before a show is given a chance.

United Stations isn't alone in its disappointment. Consolidation gave birth to the belief among many execs that demand for syndicated programming would climb exponentially. Instead, demand has remained fairly stable, and the sheer number of shows has led to a soft advertising marketplace. As a result, those radio groups that own radio programming, such as Jacor (O:JCOR) with Premiere, look to their own stations for distribution of programming. "People like Randy Michaels and Mel Karmazin are smart. They're absorbing their own products on their stations, but they're not saying you can't clear somebody else. They recognize that the smaller syndicators may be coming up with stuff that's really hot," said ProStar Entertainment President Bob Dane.

Some smaller syndicators are staying afloat through mergers and marketing agreements. Late last year, Prime Sports merged with Radio Shows (RBR 12/15/97, p. 8), which recently merged its PrimeSports overnight programming with Sports Byline (RBR 3/16, p. 2). United Stations is also transitioning Barry Farber to Talk America, but may continue repping the show. NetStar is adding the rep business to its repertoire to put money in the bank while it continues to build audiences for Susan Powter (RBR 3/30, p. 4).

Distribution power aside, even well-established players are facing the crunch, both from smaller competitors jumping into the market and from large radio groups using their station portfolios to get their programming distributed. Said Dane: "Syndicators like WW1 have overhead that you and I can't even imagine. They've got a bunch of shows that they have to roll out, while maintaining older ones. For a guy like me, I've got an electric bill, a computer and a fax line and not a whole lot else. I'm light and fast on my feet. If I can grab hold of something that has a tremendous talent level and is well-niched, I can move it to market a lot faster than the big guys can."

Mel moves up to #2 spot

by Katy Bachman

There's no question who's in charge at CBS these days and now Mel Karmazin has the title to prove it. As the new President and Chief Operating Officer of CBS Corp., the Zen Master heads all broadcasting operations which includes the CBS Radio group, the CBS TV Group, TDI, CBS Cable, and CBS Television, including the TV network. Already reports are saying Karmazin is the heir apparent to CBS.

Leslie Moonves gets a new title—President/CEO, CBS Television—and as head of programming for CBS, will report to Karmazin.

Since he sold Infinity Broadcasting to CBS for $4.9B, Karmazin has been on the CBS corporate fast track. It didn't hurt that his total CBS shares—19.8M—are nearly 10 times those of his boss, Michael Jordan. Analysts applauded the new management, but CBS stock price was virtually unchanged. Jordan, still in the #1 spot, made these management changes a little less than a year after he put Karmazin in charge of the CBS TV O&Os, ousting long-time CBS vet, Peter Lund (RBR 5/26/97, p. 3).

More AMFM shows in the works

Chancellor's (O:AMFM) AMFM Radio Networks has two shows in development for syndication: Hollywood Hamilton, morning personality on WKTR-FM NY, could be headed for a countdown show while WKTR guest host, RuPaul, is likely to have a show featuring dance music. No launch dates have been set. —KB
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Suds up!
Radio hops for brew battle

by Frank Saxe

Radio has always been a battleground for beer makers, and we've noticed several brewmeisters are stepping up their use of radio just in time for the all important Summer selling period. Competitive Media Reporting data, provided by Interep, shows beer spending on radio traditionally peaks in Q3, with June the biggest single month.

Last year, national spot beer ads totaled $15.96M—that is more than newspapers and syndicated TV got. The lion's share still goes to network TV, which got $423M in 1997.

Radio links beer & tattoos

Want to create a buzz with a limited budget? A White Fish, MT brewery has discovered the power of radio thanks to a promotion that had tattoo-clad guys competing for a Hog. Hal Riney & Partners Inc. ran Black Star Beer spots in San Francisco and Montana on Alternative, Sports, AC and Classic Rock stations aimed at its core demo, Men 21-35. The offer? Whomever donned the biggest Black Star logo tattoo wins a Harley Davidson Heritage Springer bike worth $20K. The winner now sports a 23 inch Black Star logo on his back. (below)

Black Star's budget was a mere $15K spread over three weeks, but it created enough of a buzz to make a splash. "We didn’t do it big at all, we were really just literally testing to see how it would work," says Marni Feld, brand manager.

More radio is in Black Star's future, says Feld. "TV is great but it doesn't really work until you have sampling and people are familiar with who you are. I think in radio we can relate who we are and it's a pretty good way to laser in who your target is."

Spring break, radio style

DJs from nine stations around the country spent a week last month at Club Med Turks & Caicos in the British West Indies broadcasting live and singing the praises of Boston Beer Co.'s new Samuel Adams White Ale as part of a $1.5M product launch which included live remotes, radio giveaways, spot buys, a national sweepstakes, and POP displays.

In the two weeks leading up to the trip, the company gave away 40 trips for two on Rockers WKLQ-FM Atlanta, WAAF-FM Boston, WQXR-FM Chicago, KTCL-FM Denver, KLLC-FM San Francisco, WRQX-FM Minneapolis, WAXQ-FM New York City, WTRA-FM San Diego and WARW-FM Washington, DC and Talk KLSX-AM Los Angeles, which sent Westwood One's Tom Leykus to the isle. His syndicated show took the White Ale message nationwide.

It took the installation of 33 phone lines, bringing a satellite uplink to the remote island, even stringing phone lines through trees to Leykus' computer—but the brewer says it added up to a successful product launch. "Disc jockeys are some of the most crazily energetic, wildly funny, immensely talented people that I've ever met in my life," says Jim Koch, founder of Boston Beer, which plans more radio promotions.

"Our afternoon DJs were totally inspired by all the experiences and activities happening on the island," adds Ann Marie Blood, promotions director, WAAF-FM Boston.

Continued on p.8
Our Country reaches the country!

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Other examples of beer companies using radio to reach targeted demos include these campaigns planned for 1998:

- **Beck’s Beer** is stepping up its radio buys and expanding its TV buys, while scrapping its sweepstakes and contest focus. Beck’s will try outdoor for the first time too. Budget is estimated at $10M. **Agency:** Rapp Collins, NYC

- **Labatt Blue** launched a new beer spot April 6 on radio, TV & print. Budgets are up four-fold, to $5-7M. **Agency:** Ammirati Puris Lintas, Toronto & NYC

- The Mexican brew battle heats up, with Labatt USA upping spending for its Tecate beer to include Hispanic radio. **Agency:** Carretel Creativo, San Antonio

- **Red Stripe Beer** will use snippets of Jamaican radio for its US spots. Tagline: “Soak it up.” **Agency:** North Castle Partners, Stamford, CT

- **CBS’ Charles Osgood** pushes Anheuser-Busch’s new Black & Tan beer during Thursday and Friday “Osgood Files” broadcasts. **Agency:** Leap Partnership, Chicago

- Radio is in the plan for Molson beer this summer, when its “Camp Molson” spots will play up the brew’s Canadian heritage. **Agency:** Young & Rubicam, NYC

- **Pete’s Extra Smooth Pub Lager** is hitting radio airwaves with its “almost as easy to drink as free beer” campaign. **Agency:** Black Rocket, San Francisco

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**Radio cracks Red Lobster**

Hearing PM drive talent go on about the sweet meat of lobster was the thrust of Red Lobster’s radio campaign last month. The restaurant chain used radio in top 20 markets during its “Lobster Fest” promotion.

“We have found that disc jockeys reading in their own words and speaking about their own personal experience is a very effective way to personalize a promotional message,” says Red Lobster spokesman **Andrew Dunne**. The chain targeted Adults 25-54, and bought Country, AC, Urban and Hispanic formats. The live reads cost more but Dunne says, “you get what you pay for.”

Red Lobster is continuing the promo through the Summer in Cleveland, Miami, Pittsburgh and Norfolk, VA—four markets where its nationwide turnaround has been lagging. **Agency:** Local Marketing Corp., Cincinnati

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**Kodak pictures more radio**

Man-on-the-street interview spots promoting Eastman Kodak’s new Max film are running through year’s end in the top 20 markets where Kodak retailer activity is the strongest. The radio spots highlight photography problems, with the solution being Kodak’s new all-purpose Max film.

“We are using radio this year from a continuity point of view,” says **Marianne Samenko**, marketing communications manager for Kodak’s Consumer Imaging division. “It gives us a presence in all the markets that are important to us for the year.”

The budget is not being released but Kodak is aiming at delivering at least 25% more GRPs, according to a spokesman. Samenko says the radio spots will tie into key retailers. **Agency:** Ogilvy & Mather Worldwide, NYC

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**Snapple returns to radio**

Radio talkers **Rush Limbaugh** and **Howard Stern** will once again be touting Snapple beverages, since both have been chosen for Triarc Beverage Corp.’s new ad campaign. The radio flight runs through the Fall. The radio budget is not being released, although a combined radio, TV and print spending is estimated to be $30M. Triarc bought the Snapple line from Quaker Oats Co. last year, and has had some success at reversing its downward spiral. **Agency:** Deutsch, NYC.

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Last September 2nd, CILQ, Toronto’s Q-107, added Howard Stern’s weekday syndicated show in morning drive. MOBILTRAK’s daily information enabled the station to see the seismic impact of the programming change virtually immediately. MOBILTRAK showed that Q-107 went from a typical 6-7 share to an 18.5 share within the first hour of the show. In the second hour they had a 19 share, and by the last hour they were pushing a 20! The next morning the station went to a 22 share overall in morning drive, with a peak hour of 23.4! PD, Pat Cardinal, was able to use MOBILTRAK’s next-day data to immediately confirm the success of his programming strategy, and was even able to see that the Stern audience was carrying over into other dayparts. The impact on other stations in the market was also quickly apparent...

MOBILTRAK’s U. S. rollout is now under way. Call 1-888-772-TRAK for information on MOBILTRAK’s installation status in your market. You can also visit MOBILTRAK’s website at www.mobiltrak.com.

1-888-772-TRAK
AdBiz Interview:
Amy Nizich
by Frank Saxe

Amy Nizich is Media Director of Western International Media Corp.'s Los Angeles office. Western had 1996 billings of $2.35B, with $300M in national spot and network radio. Among its biggest clients are Acura, Bell South, Home Depot, Jenny Craig and Walt Disney.

Nizich has 18-years of national and local buying experience. Aside from her years at Western, she has worked with Eisaman Johns & Laws Advertising, Vista Advertising and Grey Advertising.

Why do you use radio?
We tend to use it when someone cannot afford other types of defensive forms of media, such as outdoor and print. Radio also stands alone especially in a retail situation where they're trying to do something quickly.

Do you think radio should post like TV?
Radio doesn't vary seasonally like television does, which is the basic principle behind TV estimations. Things are going to change in TV ratings seasonally because viewing goes up and down so you adjust your ratings and you make predictions on how things are going to appear in the next book. In radio, what we find is that even if the ratings fluctuate a little, they're still going to be the same top ten stations.

It might come back if technology were to change radically and it became something that became predictive.

Have you noticed any effects of radio consolidation?
We used to have tons of companies. We now have relatively few companies; in most of the top markets; companies are now dominating markets. I worry about it, I think it's reason for concern. So far we haven't seen a lot of bad things happening. You talk to the station groups they'll tell you they're going to be able to offer better programming and more choice.

Of course I look at it as they have higher debt service—so what are they going to do to service that debt? What are they going to do to rates? So far I haven't found it to be a huge problem, but we keep a good eye on it.

J. Walter Thompson's Jean Poole says she's seen 5% to 50% rate hikes in top 5 markets. Have you seen a similar trend?
I haven't seen it for myself here in Los Angeles, not for Western. I know there are some bumps in a couple of markets but I haven't seen anything like she describes.

Could consolidation allow radio to play hardball?
That's what everyone is concerned about. CBS now has 173 stations and Capstar now owns 324 stations, the idea is that they could start consolidating in that way. So I think there is some reason to keep an eye on them and I think the whole industry feels that way.

But there are other reasons that you're going to see some problems with radio. It is just the growth of radio itself. Spending on radio is expected to grow 40% by 2000. Markets used to be wide open, regardless of consolidation, now there will be less inventory. This is another issue that comes into pricing. Radio is now big business.

What do your clients want from radio?
They expect it to sell product just like they expect everything you place for them to. They are concerned about formats and rating point delivery. That is the method we use to sell the widgets.

I don't really have favorite formats in terms of buying. We try not to do that here, we don't think that's a smart way to approach radio. We want to buy what is going to sell the product for our client and address their targeting needs.

What do you think of network radio?
We do a lot of network radio. It gives you national coverage. Of course you have the problem with uneven delivery, but for national accounts it is very cost effective and you can do spot along with it much like television.

With the new AMFM Radio Networks there's going to be a lot more competition. We were down to two networks. When Westwood One and CBS merged, all we had was ABC and Westwood One, and now with Chancellor coming in with AMFM Networks, this is going to create more competition in the network area which I think is great.

Has radio ever failed you?
There have been a couple of times when we didn't have enough budget to do it correctly that it hasn't worked well, and I usually try to direct clients out of wasting their money that way. But when you buy it correctly, it tends to work as long as the message is good.
April 8—RBR Stock Index 1998

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<td>Otter Tail Power</td>
<td>O:OTTR</td>
<td>37,375</td>
<td>36,656</td>
<td>-0.719</td>
<td>-2.19%</td>
</tr>
<tr>
<td>Pacific R&amp;E</td>
<td>A:PXG</td>
<td>4,750</td>
<td>5,000</td>
<td>0.250</td>
<td>5.26%</td>
</tr>
<tr>
<td>Pulitizer</td>
<td>N:PTZ</td>
<td>80,312</td>
<td>83,000</td>
<td>2.688</td>
<td>3.35%</td>
</tr>
<tr>
<td>RealNetworks</td>
<td>O:RNWK</td>
<td>32,500</td>
<td>34,000</td>
<td>1.500</td>
<td>4.62%</td>
</tr>
<tr>
<td>SagaComm.</td>
<td>A:SGA</td>
<td>20,875</td>
<td>21,500</td>
<td>0.625</td>
<td>2.99%</td>
</tr>
<tr>
<td>SFX Bcg.</td>
<td>O:FXSB</td>
<td>97,500</td>
<td>99,750</td>
<td>2.250</td>
<td>2.31%</td>
</tr>
<tr>
<td>Sinclair</td>
<td>O:SBGI</td>
<td>58,125</td>
<td>56,563</td>
<td>-1.562</td>
<td>-2.69%</td>
</tr>
<tr>
<td>SportsLine USA</td>
<td>O:SPLN</td>
<td>31,500</td>
<td>29,625</td>
<td>-1.875</td>
<td>-5.95%</td>
</tr>
<tr>
<td>TM Century</td>
<td>O:TMCI</td>
<td>0.437</td>
<td>0.406</td>
<td>-0.031</td>
<td>-7.09%</td>
</tr>
<tr>
<td>Triangle</td>
<td>O:TBCS</td>
<td>0.125</td>
<td>0.100</td>
<td>-0.025</td>
<td>-20.00%</td>
</tr>
<tr>
<td>Triathlon</td>
<td>O:TBCOA</td>
<td>10,000</td>
<td>10,063</td>
<td>0.063</td>
<td>0.63%</td>
</tr>
<tr>
<td>Tribune</td>
<td>N:TRB</td>
<td>70,187</td>
<td>69,188</td>
<td>-0.999</td>
<td>-1.42%</td>
</tr>
<tr>
<td>Westover</td>
<td>A:TW</td>
<td>26,125</td>
<td>26,188</td>
<td>0.063</td>
<td>0.24%</td>
</tr>
<tr>
<td>Westwood One</td>
<td>O:WONE</td>
<td>30,000</td>
<td>29,000</td>
<td>-1.000</td>
<td>-3.33%</td>
</tr>
<tr>
<td>WinStar Comm.</td>
<td>O:WCCI</td>
<td>43,000</td>
<td>43,250</td>
<td>0.250</td>
<td>0.58%</td>
</tr>
</tbody>
</table>

Clear Channel still wants More

Clear Channel Communications (N:CCU) hasn't raised its bid for More Group Plc in the face of a higher bid by France's Decaux SA (RBR 4/9, p. 20), but did extend its offer until today (4/16). **Lowry Mays** and company may be hoping that shareholders will prefer to take the sure thing, rather than risk getting nothing if British antitrust officials nix the sale to Decaux, whose acquisition of More Group would give it near total control of certain types of outdoor advertising in Britain.

Times buying back debt

Being able to borrow money at 8.25% would seem like a dream come true for many radio groups, but The New York Times Company (N:NYT) considers that rate too expensive in the current environment. The Times Co. has offered to buy back any or all of its $1150M face value in outstanding 8.25% debentures which will be due March 15, 2025. Sellers who take the company up on its offer will be paid a premium price of $1,143.81 per $1,000 face value.

4/13/98 RBR
Missouri attorney general attacks Zimmer deal

The Attorney General of Missouri, Jay Nixon, has jumped into the continuing national debate over radio ownership concentration, urging the FCC to hold off on letting any member of the Zimmer family acquire more stations in the Jefferson City, MO area until the impact of concentration is examined.

Although Jefferson City isn’t an Arbitron metro, it is the capital city of Missouri, which may explain why the AG is taking notice.

In a filing with the FCC by Assistant Attorney General J. Robert Sears, the AG asks the Commission to hold off acting on two applications: 1) By Zimmer Radio of Missouri (ZRM) to buy KLIX-AM & KTXY-FM for $6.625M; and 2) By MVP Radio to buy KATI-FM for $1.05M—all from Brill Media (RBR 11/3/97, p. 15). ZRM is owned by brothers Jerry, Don, John and James Zimmer, while MVP is owned by two additional brothers, David and Tom Zimmer. The deals would give ZRM a 2 AM/4 FM superduopoly and MVP a 1 AM/2 FM duopoly.

"Commission approval of the applications should be delayed pending an investigation of the effect on listeners in Cole County and on competition for advertising time on the stations involved," Sears wrote. "The market served by the stations whose licensing is at issue is already highly concentrated, and the proposed purchasers already control a major portion of that market. The proposed acquisitions will significantly increase the degree of concentration. Commission approval of the applications, by increasing the concentration of the market, may result in the substantial decrease of variety of opinion offered in the Cole County area and in the increase in the cost of advertising on radio in that same area."

According to the AG, the proposed sales by Brill would result in the various Zimmer entities increasing their share of radio revenues from 44% to 85%, including a 96% share of ad revenues for the Country format. The source of the AG’s figures was not identified.

In response to the AG’s filing and a petition to deny by Columbia FM, the owner of a competing superduopoly, ZRM and MVP have affirmed that the two companies are separate and independent. They say there is no basis for the FCC to accept their opponents’ claims that ZRM will control the MVP stations.

ZRM also takes issue with its opponents’ focus on Cole County and notes that Arbitron’s Columbia market has a TSA of 13 counties with service from 68 stations. If you look only at the metro (Boone County), ZRM notes that Columbia FM has the highest 25-54 ratings.

On a second front, ZRM’s FCC filing included a dozen letters to the Attorney General from Jefferson City advertisers who support the KTXY acquisition. Several stated that rates have gone down since ZRM assembled its station group and applauded being able to deal with fewer account reps. "I implore your office to take a positive view of the recent consolidation and allow free enterprise to survive!" wrote Barbara Hayden, CFO, Starline Inc.

Fear strikes Kinetic

John Dawson’s Cape Fear Radio is buying WRCQ-FM Fayetteville, NC from Howard Johnson’s and Jon Peterson’s Kinetic Communications. The deal will give Cape Fear a four station superduopoly. Broker: Michael Bergner, Bergner & Co.
Capstar swap scoreboard

As Capstar prepares to close its $2.1B SFX buy and sell its IPO (RBR 4/6, p. 18), CEO Steve Hicks won’t be looking forward to a rest. Rather, he’ll be back on the acquisition trail with a deadline of 2/20/2001 to cover $637.5M in tax-free swaps with Chancellor Media (O:AMFM), which is getting 11 large market SFX stations (RBR 3/2, p. 12).

Hicks’ agreement with Chancellor CEO Scott Ginsburg specifies values for each station, along with monthly LMA fees to be paid to Capstar by Chancellor for each until the swaps close. So far, Capstar has only designated swap transactions for one of the 11 stations—KODA-FM Houston (RBR 4/6, p. 19).

Here’s a list of the stations and the values specified in the 2/20/98 deal. Look for RBR to run an update once several more swaps are announced.

<table>
<thead>
<tr>
<th>Station going to</th>
<th>Value</th>
<th>Station(s) going to</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chancellor Media</td>
<td>[Monthly LMA fee]</td>
<td>to Capstar</td>
<td></td>
</tr>
<tr>
<td>KODA-FM Houston</td>
<td>$143.25M</td>
<td>KVET-AM &amp; FM &amp; KASE-FM Austin</td>
<td>$90.25M</td>
</tr>
<tr>
<td></td>
<td>[$1,193,750]</td>
<td>WAPE-FM &amp; WFYV-FM Jacksonville</td>
<td>$53.00M</td>
</tr>
<tr>
<td>KKRW-FM Houston</td>
<td>$83.25M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$693,750]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KQUE-FM Houston</td>
<td>$15.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$125,000]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KBFB-FM Dallas</td>
<td>$55.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$458,333]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KTXQ-FM Dallas</td>
<td>$55.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$458,333]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KYXY-FM San Diego</td>
<td>$83.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$691,667]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPLN-FM San Diego</td>
<td>$35.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$291,667]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WDVE-FM Pittsburgh</td>
<td>$83.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$691,667]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WVTY-FM Pittsburgh</td>
<td>$35.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$291,667]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WXDX-FM Pittsburgh</td>
<td>$30.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$250,000]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WJJJ-FM Pittsburgh</td>
<td>$20.00M</td>
<td>Not yet named</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[$166,667]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$637.50M</td>
<td></td>
<td>$143.25M</td>
</tr>
</tbody>
</table>

Source: Capstar S-1 filed with SEC 3/27/98

FCC proposal would keep station sale prices secret

In a surprise move, the FCC has proposed eliminating its decades-old policy that requires sale contracts, including details of all cash or other consideration changing hands, to be filed with the Commission whenever an application is filed for an assignment of license (Form 314) or transfer of control (Form 315). The proposal was included in a notice of proposed rule making (NPRM) for streamlining the applications, rules and processes of the FCC’s Mass Media Bureau (Docket No. 98-43).

Although the key proposal of the NPRM, allowing electronic filing of station transactions, would enhance the availability of information to the public, the proposal to end the practice of filing contracts would have the opposite impact. Rather than having all contracts available at a central point—currently the FCC’s public reference room—the proposal would scatter the contracts across all 50 states, the Dist-

continued on page 15
This is what Transaction Digest will look like if the FCC gets its way.

Radio Business Report opposes the following provision in FCC MM Docket 98-43:

-proposal to streamline broadcast application and licensing process

"Proposals to eliminate the requirement that sales contracts be filed as part of assignment and transfer applications, substitute a certification that the agreement complies with the Commission’s policies and require that applicants place copies of such agreements in the station’s public inspection file."

See pages 13 & 15 for details. If you wish to support us in our effort to prevent secrecy in radio transactions, call Jim Carnegie, 703-719-9500.
The secrecy proposal

Here, from MM Docket No. 98-43, is the FCC staff's discussion of the pros and cons of eliminating the filing of station sale contracts:

"We propose to eliminate the requirement that such contracts and/or agreements be filed as part of assignment or transfer applications as well as the portion of Section 73.3613(b) that requires that such agreements be filed with the Commission within thirty days of execution. To the extent that we can rely on applicants' certifications regarding the contents of sales agreements rather than on a direct review of the relevant documents, the Commission could achieve significant resource savings. However, we also recognize that any processing changes must not impede our ability to discharge our obligations under Section 310 (d) of the Act to grant only those applications that serve the public interest, convenience and necessity and must preserve the public's ability to monitor and participate in the consideration of sales applications."

Further on, the discussion raises these issues:

"If the Commission eliminates the requirement that applicants file sales agreements with their applications and the rule requiring that such agreements be filed with the Commission within thirty days of execution, we propose to require that applicants place all such agreements in the station's public inspection file and to modify our public inspection file rule accordingly. The revised assignment and transfer forms would require the current permittee or licensee to certify that this has been done. However, we are concerned about preserving meaningful public participation under Section 309(d) of the Act and minimizing applicant filing burdens. Are the proposed procedures sufficient to permit the public to monitor station transactions? Does Section 309(d) of the Act effectively mandate that we require applicants to place copies of sales agreements in their public inspection files or some other place? We also seek comment on the impact of ending the practice of having sales agreement available for inspection in the Commission's Washington, D.C. public reference room."

Comments on the proposed rule making are due in early June and should be addressed to Federal Communications Commission, 1919 M Street, N.W., Washington, DC 20554.

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District of Columbia, Puerto Rico, Guam and other US territories. The contracts would theoretically be available for public scrutiny in each station's public file, but as a practical matter they would be useless to broadcasters, analysts, publications such as RBR, data base services and anyone else with an interest in tracking radio and TV station price trends.

"I don't know about you, but RBR doesn't have sufficient staff to travel around the country collecting contracts from individual stations," RBR Publisher Jim Carnegie said in a letter sent to other publishers, editors and data base managers. "Obviously, the intent of this move is to prevent us from gathering and reporting this data."

RBR intends to file comments on the NPRM which will support electronic filing, but strongly oppose the provision which would end the filing of contracts. Several other publications and data base companies have indicated that they will do likewise.

RBR observation: Obviously, we have something at stake in this, since we report on transactions in each issue of RBR and include sale information in the RBR Source Guide & Directory. You, our readers, will be the big losers, though, if this irresponsible measure wins approval. You will be denied access to reliable information on station pricing which would help you in assessing any potential deal to buy or sell a station.

What could happen? Just look at the deal Hearst Corp. ended up with when it agreed to sell four radio stations to SFX (RBR 3/31/97, p. 12) for $35M. Apparently, no one at Hearst had noticed that radio price calculations had changed a bit since the company's previous radio deal more than two decades earlier—an oversight that may have cost the company $20M or more.

Can you afford to make a mistake like that?

4/13/98 RBR
More Power...More Sales.

What you wouldn’t give for a powerful radio sales management package. After all, you need to do more than just manage client phone numbers and callbacks. You need hard sales data to help you make hard sales decisions. You need easy-to-use analysis tools for rewarding top sellers and spotting those who need a little help. You need sensible handling for oversold schedules.

Is it too much to ask?

Not any more. It’s all here in CBSI Station Management Software. These Windows-based packages are scalable for any size of operation, from stand-alone stations to large groups. And CBSI systems include more sales management tools than ever, giving you the power to add revenue and productivity to your station.

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The Graphical Schedule Planner enables you to make decisions about how to handle bumped spots or oversold situations in advance. And the calendar-style interface puts an end to the reams of printed reports.

With CBSI's new Integrated Sales Manager, taking a sales proposal to the contract and traffic stage is paperless, efficient and just a click away, even for reps dialing in from the field. No more repeat data entry or concerns about accuracy.

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