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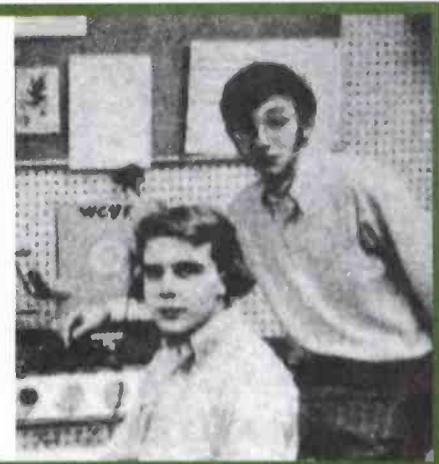
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Who are these junior
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FCC begins ad analysis

by Frank Saxe

As *RBR* first reported two weeks ago, the FCC has begun looking at advertising revenues when deciding whether to approve station sales agreements (*RBR* 8/3, p.2). The Commission announced last week it will review ad dollar consolidation in three markets: Citadel is trying to buy KAAZ-AM Little Rock; Jacor has applied to buy WSAI-AM, WCKY-AM and WAQZ-FM Cincinnati; while Root Communications wants to buy seven stations in Blacksburg VA.

In its public notice, the FCC said it would collect comments on "the issue of concentration and its effect on competition and diversity" and at ownership in the "relevant market," although it does not define what it sees as relevant. While some believe the FCC lacks the authority to review ad concentration, a majority of the Commission feels it falls under public interest purview.

"It seems to me that the DOJ is doing more than enough," said NAB Radio

Board Chair **Bill McElveen**. "We have a very active Commission that is exploring the outer limits of its jurisdiction."

When Congress was debating the 1996 Telcom Act, it considered giving the FCC the power to take radio ad revenue shares into account but dropped the clause when different House and Senate versions were combined.

Sen. **John McCain** (R-AZ) has been critical of the FCC using the public interest standard to hold up transactions, and a spokeswoman called the latest move "inappropriate." Congress is in recess until next month.

"It is not all that clear to us that the FCC has a role here, and that their role would be a positive one," said **John Kamp**, SVP, Advertising Agency Association of America. While many agency media buyers believe consolidation is



John Kamp

giving radio stations too much power, Kamp says "the Justice Department is the expert on what is anticompetitive—the FCC has no antitrust expertise."

FCC, DOJ clear deals

Meanwhile, after nine months of review the Justice Department has cleared Jacor's (O:JCOR) \$620M purchase of Nationwide Communications (*RBR* 11/3/97, p.12). It comes with the caveat that Jacor spin eight stations—two in San Diego, one in Cleveland and five in Columbus, OH. Jacor has also agreed to sell WKKJ-FM Chillicothe, OH to Secret Communications. All except the WKKJ sale had already been announced.

While DOJ insists there is no 40% cap on ad revenues, the settlement will leave Jacor with 39% in Cleveland, 36% in San Diego and 38% in Columbus, according to BIA.

Separately, the FCC has given Cumulus (O:CMLS) the green light to close on Tryon-Seacoast Communications. CEO **Richard Weening** complained a six-month review violated the Telcom Act (*RBR* 8/3, p.2).

Non-competes outlawed

by Frank Saxe

Massachusetts Gov. **Paul Cellucci** (R) has signed a bill that makes non-compete clauses in broadcast contracts illegal in the Bay State. The law, the first of its kind, was sponsored by AFTRA, which says non-competes have made it impossible for broadcasters to get a new job in the

geographic area in which they have become most well known, and therefore, most valuable.

"The balance of power has shifted," said **Ashley Adams**, broadcast director, AFTRA. "The power of the industry has been magnified with the consolidation that has occurred, and that's why we had to seek legislation."

It took AFTRA two years to win enough support on Beacon Hill, with

Massachusetts Broadcasters Association (MBA) lobbyists fighting the bill. "It sucks," reacted **Al Sprague**, executive director, MBA. "A bunch of big time Boston reporters stuck their microphones in front of a bunch of legislators who don't have a lot of political courage." Sprague says the law may discourage stations from investing in talent. He predicts it will be tested in court.

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WIOD fights to keep towers

by Carl Marcucci

The battle lines have been drawn and now the courts will decide the outcome of two issues affecting Clear Channel's (N:CCU) WIOD-AM Miami. Last Spring, the town of North Bay Village granted a variance to build two 24-story condo towers on land 500 yards from WIOD's 72-year-old, two-tower AM site. The existing rule is nothing gets built over 15 stories—anything taller would knock out most of WIOD's coverage west to Miami.

After an appeal failed, WIOD filed suit and began an on-air campaign to listeners. The result: a measure to shorten the term of the commissioners and to have new elections where existing commissioners could not run. "The measure passed, and as a last hurrah, because we made life miserable for them, they are going to make their last few months in office miserable for us," said **Marc Kuhn**, marketing director, WIOD.

Indeed they did. The town determined WIOD does not have a current occupational license. Says Kuhn: "Something slipped through the cracks—but the issue never came up until now. [The commissioners] are going out of their way to find anything they can."

The commissioners notified WIOD in a letter dated 7/30 to remove the towers. They cited a section of the code of ordinances that allows radio antennas only when next to an occupied building (additionally, a new occupational license won't be issued to the station). The towers needed to be removed in 30 days or the station would be fined \$250 per day. "Our transmitters are live and hot, we have engineers in and out of that building all the time several times a week, so we don't consider that abandoned. Whether the condos go up or not is a whole separate issue," said Kuhn. WIOD has so far had no luck finding the five acres needed for a new site.

Auctions thaw application freeze

by Frank Saxe

Radio spectrum space now goes to the highest bidder, with the long-awaited release of the FCC's auction rules mandated by Congress in last year's Balanced Budget Act. Although details still need to be worked out, the Commission decided that new or very small media companies will be given bidding credits in hopes of increasing more minority and female ownership. While no dates have been set, the auctions could begin as early as the Fall.

For 130 pending licenses and 500 applicants, the FCC gave some good news. It has decided to limit the number of auction bidders to only those which have already applied for the frequency. The agency could have used comparative hearings for the delayed cases, but decided auctions would be quicker and cheaper for the government and broadcasters.

Chair **Bill Kennard** (D) has made increasing minority ownership a priority, and adopting a bidding credits program is aimed at achieving that end. Specifically, would-be broadcasters with no controlling interest in any other media outlets will receive a 35% bidding credit. Small companies with three

or fewer outlets, all in different markets, will get a 25% credit. While that has been enough to help women and minorities in other telecom businesses, the FCC says it may need to do more in broadcasting. Once a study has been completed, the agency may propose changes.

Among the issues that still need to be resolved is how to award commercial frequencies when there is a noncommercial applicant in the mix. The FCC will open a rulemaking, and will ask Congress for clarification.

Broadcast attorneys are mostly pleased with the auction rules. "They will go to address those who were on file and were caught in the freeze. Those issues are now decided in their favor, so that's a plus," says **Dick Helmick** of Cohn & Marks.

Attorney **Erwin Krasnow** agrees, but he points out "in auctions, some people act emotionally" which could drive up the price paid for a license, thereby counteracting the bidding credit strategy.

"The auction, by its definition, will bring in deep pockets," offers **Andy Schwartzmann**, an attorney for the Media Access Project. Even so, both he and Krasnow agree that because most of the licenses up for grabs are low power FMs and silent AMs in smaller markets, mega media groups may sit out most auctions.

StarSystem brings big ratings for Capstar

by Carl Marcucci

Chalk one up for virtual programming: Spring '98 Arbitron ratings were up for most of the 39 stations GulfStar had linked to its StarSystem wide area network (*MBR* 5/98, p. 12) during that diary period. An average of 19% ratings increases were reported for the 39, and a 301% increase was reported for stations heavily relying on the system for all dayparts except afternoon drive.

Capstar says among others, KJEM-FM Fayetteville increased 2,680% with a 13.9 P25-54 from a prior share of 0.5; KIOC-FM Beaumont, TX jumped from 13th to first in the market with Men 25-54; KTYL-FM Tyler, TX jumped to 8.3 from 5.2 the previous year P25-54.

StarSystem allows production elements and voice tracking to be delivered, primarily from the StarCenter Austin hub, to the group's smaller markets (*RBR* 7/13, p. 4). Those products are merged with receiving stations' music logs already stored in the Prophet Systems Audio Wizard digital on-air system. With StarCenter now complete, all 85 GulfStar stations can receive programming.

"We put together a StarSystem mini-hub studio in Fayetteville that's feeding three different markets' morning shows," said **John Cullen**, president, GulfStar. The stations don't even share the same format—song title voiceovers are delivered the night before.

Capstar's (N:CRB) other subgroups will decide on building their own hubs within the next year.

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Sat service sets sights on ad dollars

by Frank Saxe

Broadcast radio has been able to ignore the looming threat of satellite-delivered radio because it has been merely conceptual. But within the past few weeks, it has become very tangible—and it could begin costing broadcasters ad revenue.

American Mobile Radio Corporation's birds have not yet left their terrestrial nest, but its quest for ad dollars has already taken off. "We're talking to advertisers to generate as much attention as we can," says **Joe Dorton**, VP/advertising, AMRC. AMRC reps have been meeting with media buyers in top advertising agencies, explaining how the service works. "We're also looking for charter advertising commitments," says Dorton. To date, AMRC has not signed any big name companies, but Dorton says it has "a bunch of deals in motion." AMRC, which is 80% owned by American Mobile Satellite

Corp. (O:SKYC), will begin offering its satellite-delivered service in late 2000. Another service, CD Radio (O:CDRD), is also expected to begin broadcasting in 2000.

AMRC allowed *RBR* to review its presentation, which lists advantages for ad buyers including seamless national coverage, access to untapped markets and 50% fewer commercials than AM/FM radio—cutting back on the clutter which increasingly is alarming advertisers.

Also promised is "discounted rates in early years." Dorton says AMRC's rate card is based on the number of receivers in use. The more subscribers, the higher the rate. If the goal AMRC sells against is not met, then the advertiser gets a hefty discount. A similar selling scheme was used by cable TV during its early years.

Although its presentation to agencies says "AMRC will do to radio what cable TV did to network TV," Dorton believes peaceful coexistence is possible. "I like to use a *USA Today* analogy. They've taken advertising from all media. We'll expand the pie

and the radio pie will grow because of this. A lot of people will find it easier to buy radio than they used to."

Last week, AMRC hired Lee Hunt Associates to develop a new brand name and logo, as well as develop positioning strategies. Lee Hunt is the same firm which created NBC's "Must See TV" campaign.

Ad houses intrigued

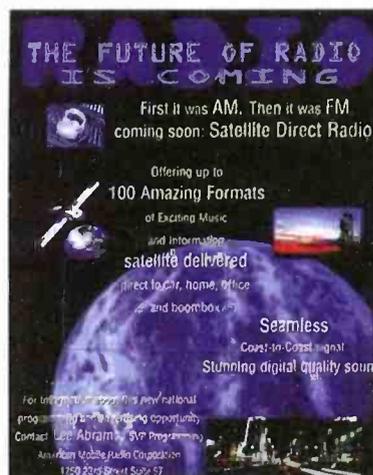
"We would buy it if the penetration was high enough, because you can really zero in on very specific channels and demos," says **Reyn Leutz**, SVP, Ogily & Mather—which was among the ad houses pitched by AMRC. Leutz says it is "ideal" for advertisers because the whole problem of market deliverability goes away, and all stations have equal signals. Even so, he'd be reluctant to buy time until there was 30% coverage.

Penetration is also key for **Leslie Sturm**, VP/broadcast, Media Edge, who met with

AMRC two weeks ago. "I'm concerned that my advertising is reaching the number of people that my client needs to reach. Is it enough audience to make an impact?"

What interests advertisers seems to be the very targeted demos. Leutz spends much of his time working on the Kraft account, and he's intrigued by AMRC's offer to develop channels depending on what advertisers are looking for. "They could have a food channel, and our client Kraft would want to be there in a minute." Leutz says that budget would no doubt come from his network radio budget.

RBR observation: The money will follow the audience. If AMRC and CD Radio can draw listeners away from traditional radio stations, they will also take ad dollars. It's up to broadcasters to defend their turf by making sure that they're delivering the programming that listeners want. Otherwise, broadcasters will have no one but themselves to blame for creating an opening for these new competitors.



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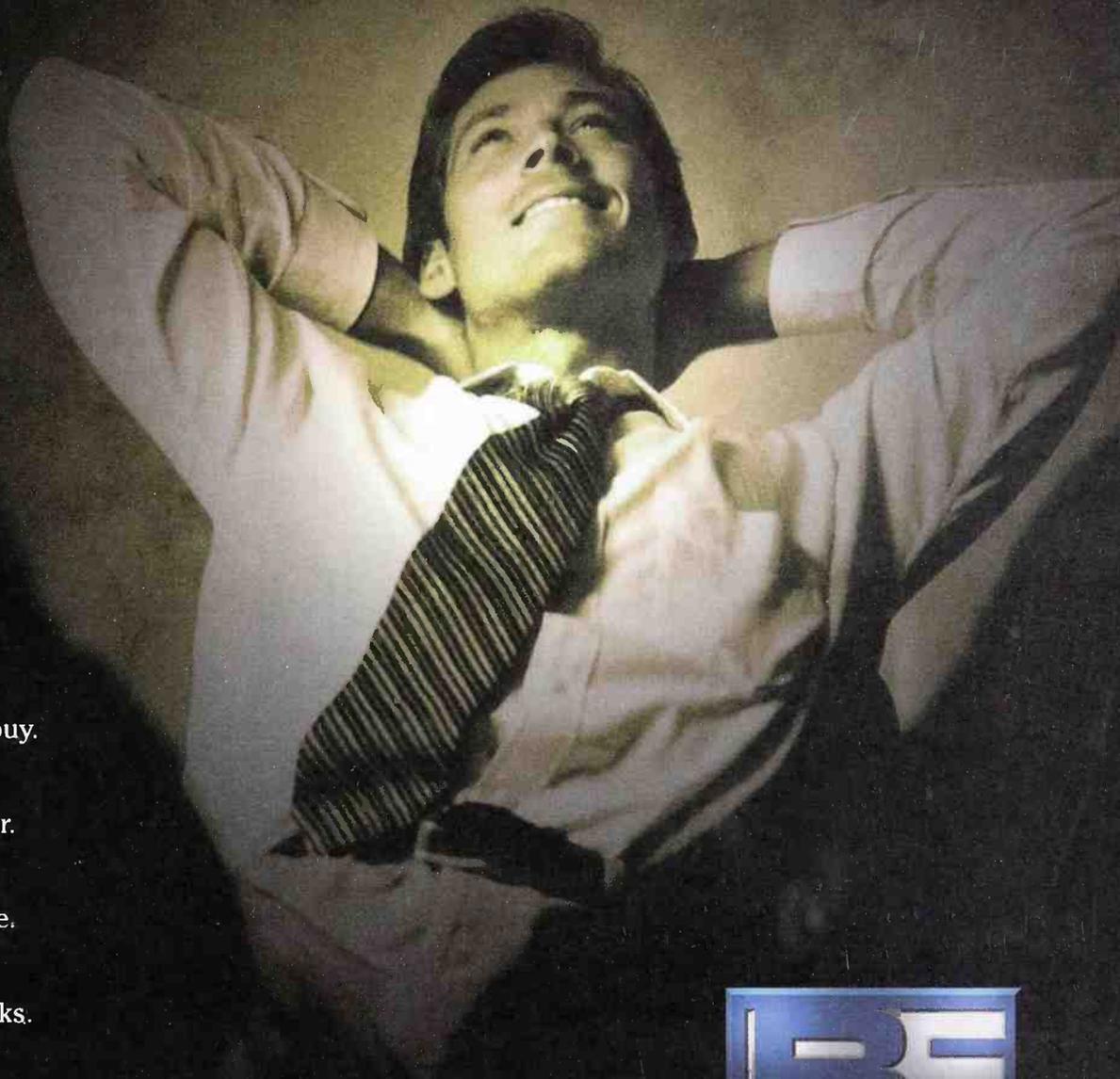
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RBR exclusive interview

by Carl Marcucci

Tower Head: Jacor's Al Kenyon



photo: Sandy Kenyon

As VP/Engineering for Jacor's (O:JCOR) 205 radio stations, **Al Kenyon** is considered one of the brightest minds in the biz. Working closely with college buddy and boss **Randy Michaels**, strategic plans developed by Kenyon and his arsenal of engineers have driven many of Jacor's acquisitions over the years. Al and Randy also share a big admiration for heritage 50kw AMs, including their own Cincinnati flagship WLW (above).

Beyond the normal—and experimental—RF responsibilities, Kenyon has also been a key player with VP Strategic Development **Bill Suffa** in building the company's wide area network and designing its "hub and spoke" strategy for across-the-group efficiencies.

RBR asked Al what it's like to manage technical responsibilities for the second largest stick holder in this era of consolidation.

• **How many CEs do you manage and how do they report to you?**

We currently have about three dozen Jacor broadcast center Engineering Managers. We started using that title a couple of years ago to emphasize the management role of these individuals. The EMs are responsible for all of the technical resources of each broadcast center, both equipment and personnel. Their goal is to maximize efficiency and support of programming and sales operations without losing sight of expense control guides, much the same as an SM oversees the sales staff. I have frequent contact with the EMs during periods of design, construction and major repair activity and less during more quiet times.

Consider the number of broadcast engineers working in a company the size of Jacor, the variety of experience, the number of years on the job and the areas of expertise developed. Most of our technical problems can be addressed internally simply by contacting the individual with the proper experience. That's what makes my job much easier. All the Jacor engineers are encouraged to join and participate in a closed Jacor technical e-mail list server which is used to foster a sense of belonging and open communication between the engineers and is also useful for hunting up equipment which may be lying unused in someone else's storeroom.

• **What is your management philosophy?**

We try to keep as much of the management pushed down to the local level as possible. Hire good people, share with them the operational goals and limitations and provide them with the support and guidance that they need to succeed in their city, their cluster and be sure to give them credit for their accomplishments. When local level management performs we all look good.

• **Jacor owns 205 stations. How do you decide what equipment purchases will be made for the whole group?**

Major equipment purchase selections are based upon the needs and operating characteristics of the local cluster, such as what is already in place, and what are the projected programming requirements. If there are a couple of FM transmitters from a particular manufacturer already in that cluster, we will most likely expand and update with the same brand for commonality of service parts and design familiarity.

I find that one of our most difficult chores is keeping an individual station's perception of its equipment needs

in step with that station's long term projected cash flow. To that end we require local station management to perform some basic return on investment calculations for submittal with capital expenditure requests. That has worked well as a filter for the "gotta have the newest box with the most gozintas and gozouttas" syndrome that drives many perceived needs.

• **What is your decision-making process for making a group-wide purchase?**

We have been approached by a couple of equipment manufacturers regarding purchasing agreements. My first problem was their use of the word "exclusive"; if somebody starts building a better box, that's what we'll use. That sent them scurrying back to their lawyers and accountants for a modified agreement—they haven't sent me a new plan yet. Meanwhile, Jacor tries to group large item purchases wherever possible. For example, this Spring we've ordered more than a dozen digital exciters from a single vendor in one internally coordinated order. You do something like that and you start to receive some significant discounts.

• **What considerations went into your decision to sign a group-wide deal with Capstar-owned Prophet Systems?**

We started looking for a standard digital audio system about two years ago when we acquired NSN Network Services and began work on our interconnectivity infrastructure. The ultimate system had to be able to cope with all of our formats, excel at both automation and live assist, be suitable for markets from L.A. to "we just bought stations where?" and be able to support fully featured voice tracking across a WAN. Several major providers responded "that's a great idea!" when we contacted them—they were behind the firms that were already working on it. After 18 months of research and some attempted co-development we selected three systems for a final "bake-off" as one of our people termed it. We selected Prophet Systems' Audio Wizard as the best of the best, supported by a staff that under-promises and over-delivers.

Regarding Capstar's ownership of Prophet, while it's not totally a non-issue, I have the utmost respect for **Kevin Lockhart**, **Georg Jountras** and the rest of Prophet Systems' management team and their ability to protect the integrity of both Jacor and Capstar's proprietary programming data.



College radio role reversal—WCVF-AM, 1971. **Randy Michaels** (sitting), Chief Engineer; **Al Kenyon** (behind Randy), General Manager.

• **Jacor is one of the few companies aggressively upgrading AMs. Describe the diplexing project in L.A. with KXTA and KTNQ. What other opportunities have you seen in existing AMs?**

Considering Randy's background and his success turning around WLW during the Republic Broadcasting days, it's no great surprise that Jacor has an interest in big signal AM stations. In some cases if we can't acquire one, we'll set about creating a new one such as with KXTA. When we got KIIS-AM from Gannett it was just a simulcast of the FM. We went out, secured the rights to the Dodgers and in record time constructed L.A.'s newest 50 kilowatt AM station. Getting this accomplished required a tremendous amount of work headed up by **Bill Suffa**, Jacor VP strategic development, consulting engineer **Ron Rackley**, **Tom King** of Kintronics (who fabricated the networks) and KXTA CE, **Mike Callaghan**.

On a couple of occasions we had over 20 Jacor engineers from all over the country in L.A. performing field measurements. It is also a matter of record that we have filed CP applications for a 25kw upgrade to both WFLA and WDAE, both Tampa and a 50kw night upgrade for WTVN, Columbus, Ohio, and we aren't done yet.

• **What is the strategy of stringing together all the AM stations in Oregon and Wyoming?**

Both Oregon and Wyoming/Northern Colorado are logical expansions of our Portland and Denver broadcast centers, respectively. You'll note that the Oregon sta-

continued on page 8

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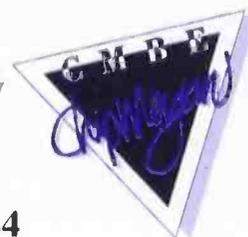
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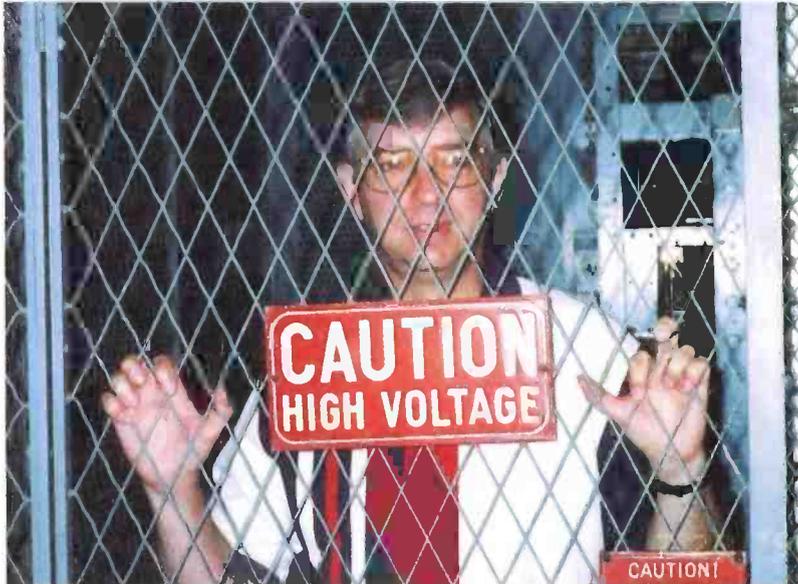


Kenyon continued from page 7

tions in particular follow along the I-5 corridor up from California. Not only did some of these AMs "come with the FM," but several of these AM stations have the radio rights to some state and regional college sports.

• **How do you find opportunities for spectrum manipulation, and how does this play a role in Jacor acquisitions?**

I was amused at the conjecture that appeared in some of the trades following the announcement of our purchases of KBAI, Morrow Bay, CA and KMXN, Santa Rosa, CA



Kenyon getting a charge out of WLW's high voltage cage with 1930 Western Electric 50kw water-cooled TX.

that "Jacor is forming a network on 1150 In California." The lack of rebuttal would tend to indicate that not too many people figured out what we were up to with KJIS-AM. We got into Sebring, FL for the same reason, to upgrade 970 In Tampa. We also do our share of FM purchases based on ability to upgrade but lots of people do creative analysis of FM allocations.

• **How has co-locating transmitter sites in New Port Richey, FL, Cheyenne and Tampa affected the bottom line? Is this also driven by DTV antennas displacing FMs?**

There are often advantages to co-locating FM transmitters. The chief advantage in two of the locations you cited is that we own the steel (tower) In New Port Richey and we own the panel antenna and transmitter building at Riverview in Tampa. Ownership does reduce rent payments. Similarly, in Cincinnati we have just concluded putting WEBN, WAQZ, WOFX, and an auxiliary for WVMX, all of which are Jacor stations, along with CBS's WKRC, on a panel antenna on the WKRC-TV tower which we own. These were all driven by a desire for optimal signal coverage, which happily could be obtained on our steel. Thus far we have not been forced to relocate signals due to DTV.

• **Has Jacor's "Hub and Spoke" strategy (RBR 5/18, p. 6) led to new efficiencies? Have you had to add facilities and staff in hub markets?**

The Hub and Spoke has already netted us some significant savings while extending primary large mar-

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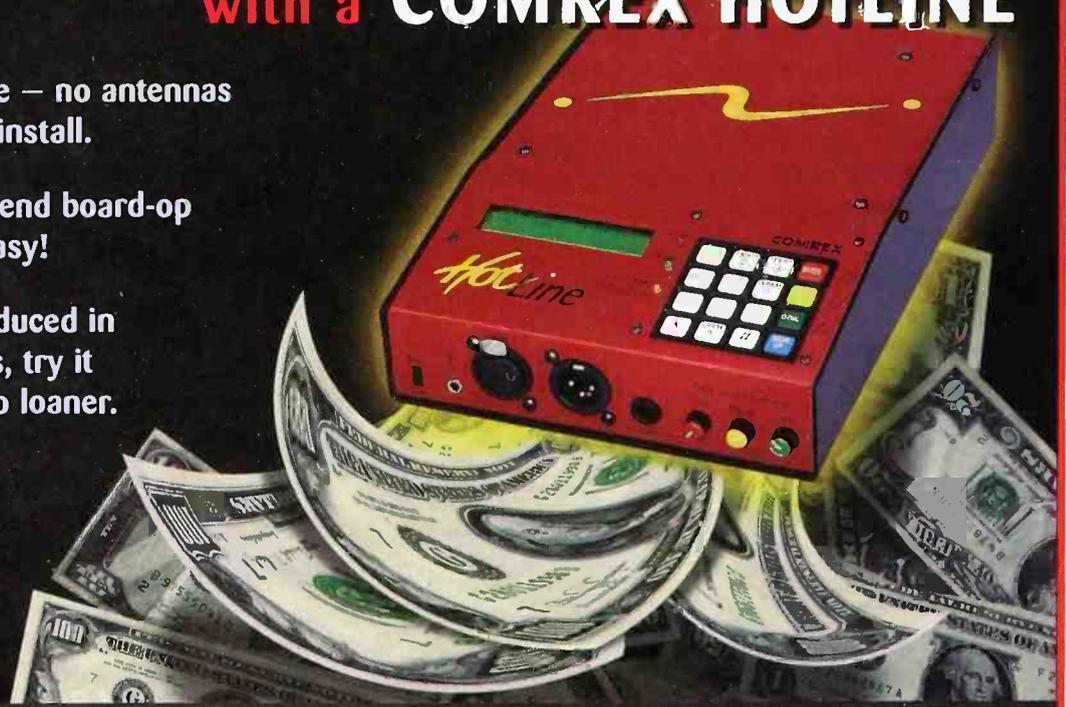
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ket air talent into some of our smaller markets. Thus far we've had to limit our implementation pending the installation of a suitable delivery platform. With Prophet Audio Wizards coming on line almost weekly now, this will really get to be fun. We are currently trying out adding live 24 hour local and regional news using the same concept.

• **How do you see your decisions impacting Jacor stock price?**

On the short term, stock prices seem to be more affected by whims of the market and all too often unfounded rumors. In the long term what I do helps to construct a solid infrastructure for signal delivery which, when combined with solid programming, will maximize the number of listeners we can deliver. The wrong choices can increase expenses, not maximize signal potential, or cause recurring signal outages all of which are bad for cash flow. The way these things should work is good cash flows generate greater income translating to better stock prices.

• **What were the college days with Randy like?**

Any "classic" tales?

We have enough on each other that's like mutually assured destruction, so we don't go there. But I did know him back before he could name all the minor West Coast towns, left to right across the dial, format by format, facility by facility.

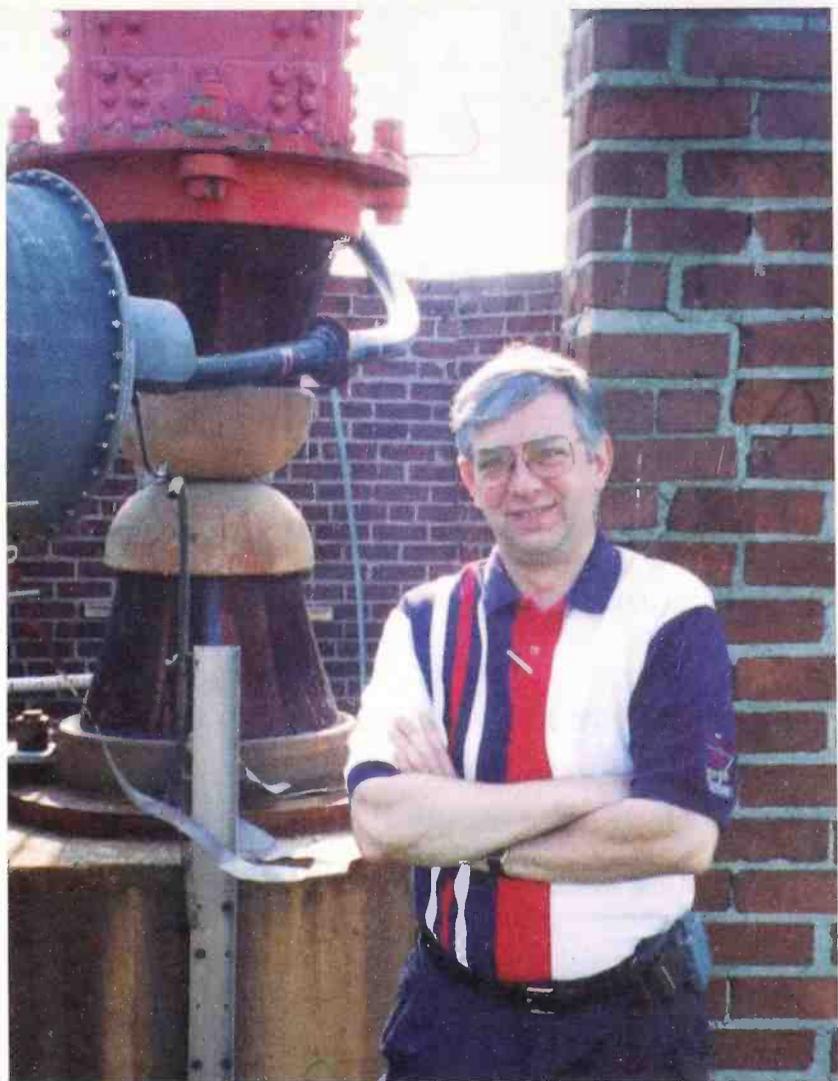


photo: Sandy Kenyon

Al demonstrates, standing so close to WLW's base insulator, how dental fillings can re-radiate an AM signal

Kenyon before Jacor VP Engineering

• **How did you get interested in radio?**

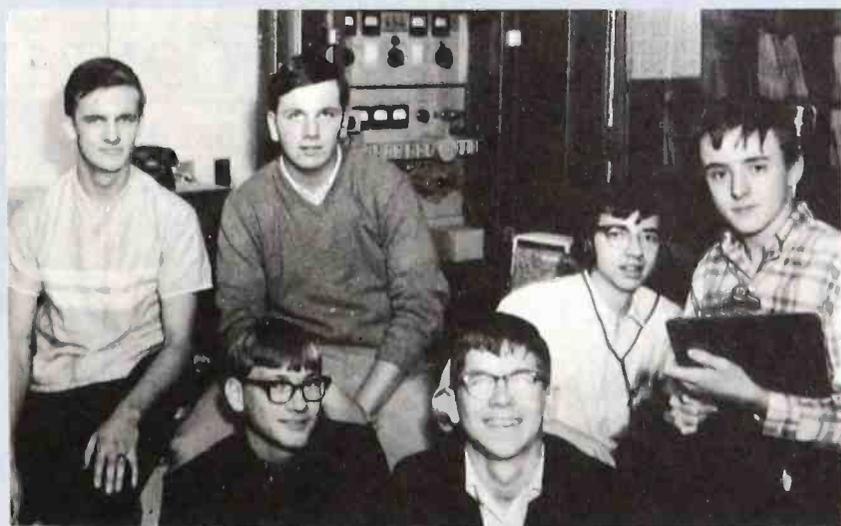
My start in radio was at WSPE, 88.1, Springville, NY. A GE Phasetron excited a 10w transmitter in a 48-inch cabinet driving a single bay ring antenna on a 30-foot tower on top of the high school. The console was a Gates SA-40 "Speech Input Console." I became the CE and learned to troubleshoot the console by touching the preamp grid caps and listening for the buzz. I learned not to touch plate caps about the same time.

I went to college at Fredonia State, showed them my Intercollegiate Broadcasting System Chief Engineer card from WSPE and was sent upstairs to cure the hum and tinny sound of a remote. Thanks to college radio, I actually learned to do something useful while in school—I also barely graduated. I sold spots, DJ'd, learned formatics, even managed the place during my senior year. I learned the power of the medium and I got hooked on the intimacy of the audience contact that could be generated and the urgency that takes over during emergency situations.

• **What about your career up to now?**

My first full time broadcast employment began in 1975 as radio chief for Taft Broadcasting's WKRC/WKRQ, Cincinnati. In 1976 I transferred to WDAF/KYYS, Kansas City as Radio CE. In '88 I came back to

Cincinnati to work with GM **Dave Martin** as Jacor's WLW CE. Two years later, DE **Jim Wagner** left and I started splitting duties between WLW and Jacor. Finally, in November of 1996, I was named VP, Engineering and left WLW and the Cincinnati stations completely. I've been doing Cap Ex reviews and technical due diligence inspections since '88, it's just a whole lot more of 'em these days.



1967, Kenyon's first radio job (wearing headsets): CE for high school station WSPE-FM Springville, NY.

Hicks, Muse raises cash for Latin America

Look for **Tom Hicks** to do more media shopping in Central and South America. Hicks, Muse, Tate & Furst has completed raising nearly one billion dollars for a new investment fund, the Hicks, Muse, Tate & Furst Latin America Fund.

Investing in Latin America is hardly new for Hicks—he and his partners

have already invested around \$1.2B (including \$500M already committed from the new fund) in direct and add-on investments in radio, TV, cable and telecommunications in Latin America. This is the first time, though, that Hicks, Muse has raised money specifically for investing in Central and South America.

“The significant economic growth that Latin America has experienced in recent years has created an increased need for development capital, which presents a unique opportunity for Hicks, Muse,” said Tom Hicks, chairman and CEO of the Dallas-based investment group. Financial advisors: Donaldson, Lufkin & Jenrette; Farrell Marsh & Co.

Big City still in negative cash flow

Building from the ground up is no easy task, and Big City Radio (A:YFM) says it expects to continue to post operating losses as it pursues its strategy of acquiring stations to link together to cover major markets. Q2 net revenues were up 24% to \$3.5M, but the company's broadcast cash flow deficit was up even more, 124%, to \$1.3M.

“The second quarter results demonstrate the growth and development of our Los Angeles and New York properties, and the initial start-up of our first Chicago property,” said CEO **Mike Kakoyiannis**.

Salem reports growth

Salem Communications (public bonds), the nation's largest commercial Religious broadcast group, reported a 10.4% increase in Q2 net revenues to \$18.7M. Broadcast cash flow rose 20.8% to \$8.7M.

Salem owns or LMAs 44 radio stations, mostly in major markets. It also owns Salem Radio Network, SRN News Network, Morningstar Radio Network, The Word in Music Network and its own rep company, Salem Radio Representatives.



Tribune buys own stock

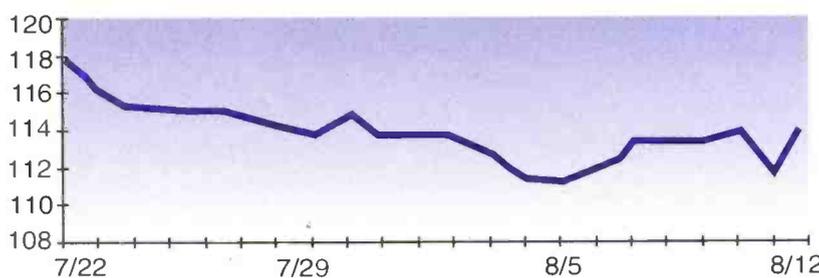
Taking advantage of Wall Street's recent turmoil, Tribune Co. (N:TRB) last week (8/10) bought back one million shares of its own stock. The shares were bought for just under \$67M (\$66.9375 each) from Merrill Lynch. Tribune has bought back 20.8M shares since 1995 and still has authorization from its directors to repurchase 4.1M shares.

Saga plans stock buyback

The directors of Saga Communications (A:SGA) have decided that the company's stock is undervalued on Wall Street. Saga management has been authorized to use company funds to buy back stock on the open market. No specific dollar amount was announced for the stock buyback.

The Radio Index™

Wall Street turbulence (see page 14) sent The Radio Index™ up, down, then back up in the past week. Most analysts are expecting the bumpy ride to continue. The Radio Index gained 4.34 for the week to close Wednesday (8/12) at 107.97.



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August 12—RBR Stock Index 1998

Company	Mkt:Symbol	8/5 Close	8/12 Close	Net Chg	Pct Chg	8/12 Vol (00)	Company	Mkt:Symbol	8/5 Close	8/12 Close	Net Chg	Pct Chg	8/12 Vol (00)
Ackerley	N:AK	22.250	22.312	0.062	0.28%	96	HefTel Bcg.	O:HBCCA	39.375	41.125	1.750	4.44%	1554
Alliance Bcg.	O:RADO	0.687	0.687	0.000	0.00%	0	Jacor	O:JCOR	55.125	59.750	4.625	8.39%	3267
Am. Tower	N:AMT	22.500	24.000	1.500	6.67%	5345	Jeff-Pilot	N:JP	57.125	59.750	2.625	4.60%	3931
AMSC	O:SKYC	6.875	7.875	1.000	14.55%	49	Jones Intercable	O:JOINA	25.062	27.875	2.813	11.22%	4015
Belo Corp.	N:BLC	20.625	21.187	0.562	2.72%	3101	Metro Networks	O:MTNT	35.875	39.125	3.250	9.06%	820
Big City Radio	A:YFM	8.000	8.000	0.000	0.00%	25	NBG Radio Nets	O:NSBD	1.500	1.062	-0.438	-29.20%	503
Broadcast.com	O:BCST	50.000	57.750	7.750	15.50%	2917	New York Times	N:NYT	31.000	31.687	0.687	2.22%	2947
Capstar	N:CRB	23.500	23.000	-0.500	-2.13%	1259	News Comm.	O:NCOME	1.031	1.000	-0.031	-3.01%	9
CBS Corp.	N:CBS	31.687	30.250	-1.437	-4.53%	32272	OmniAmerica	O:SCTR	33.625	31.250	-2.375	-7.06%	338
CD Radio	O:CDRD	22.750	27.812	5.062	22.25%	1553	Otter Tail Power	O:OTTR	35.875	35.500	-0.375	-1.05%	41
Ceridian	N:CEN	53.687	54.250	0.563	1.05%	1966	Pacific R&E	A:PXE	2.375	2.750	0.375	15.79%	94
Chancellor	O:AMFM	45.750	49.375	3.625	7.92%	12567	Pulitzer	N:PTZ	81.937	83.875	1.938	2.37%	548
Childrens Bcg.	O:AAHS	3.000	2.968	-0.032	-1.07%	834	RealNetworks	O:RNWK	32.125	32.500	0.375	1.17%	1020
Citadel	O:CITC	24.375	23.125	-1.250	-5.13%	2339	Regent Pfd.	O:RGCI	8.375	8.500	0.125	1.49%	11
Clear Channel	N:CCU	51.500	54.125	2.625	5.10%	8607	Saga Commun.	A:SGA	15.250	16.000	0.750	4.92%	88
Cox Radio	N:CXR	41.875	44.875	3.000	7.16%	200	Sinclair	O:SBGI	23.375	25.750	2.375	10.16%	2988
Cumulus	O:CMLS	13.750	17.000	3.250	23.64%	2748	SportsLine USA	O:SPLN	25.750	30.000	4.250	16.50%	6679
DG Systems	O:DGIT	2.875	3.250	0.375	13.04%	1150	TM Century	O:TMCI	0.312	0.312	0.000	0.00%	0
Disney	N:DIS	33.437	32.562	-0.875	-2.62%	66151	Triangle	O:GAAY	0.125	0.070	-0.055	-44.00%	0
Emmis	O:EMMS	41.500	43.937	2.437	5.87%	931	Triathlon	O:TBCOA	11.500	11.500	0.000	0.00%	130
Fisher	O:FSCI	71.000	69.000	-2.000	-2.82%	0	Tribune	N:TRB	67.125	68.312	1.187	1.77%	2827
Gaylord	N:GET	29.875	29.875	0.000	0.00%	221	Westover	A:WTW	31.875	34.312	2.437	7.65%	532
Granite	O:GBTVK	9.625	8.687	-0.938	-9.75%	543	Westwood One	O:WONE	24.562	23.625	-0.937	-3.81%	1653
Harris Corp.	N:HRS	38.000	37.562	-0.438	-1.15%	7036	WinStar Comm.	O:WCII	30.000	30.625	0.625	2.08%	6156

Gaylord building hotel chain on Opryland theme

Wall Street Journal—For the past year, the owner of the Grand Ole Opry and Opryland Hotel complex has quietly planned its newest growth strategy—hotel and convention resorts based on its successful Nashville operation. Now it's show time.

Nashville-based Gaylord Entertainment Co. (N:GET) has under option 2,000 acres south of Charlotte that once housed televangelist **Jim Bakker** and his PTL, or Praise the Lord, ministry. Preliminary plans call for a 1,000-room hotel and convention complex with a price tag of at least \$200M, according to **Dave Jones**, president and chief executive of Opryland Lodging Group, a new division of Gaylord.

Word of the option near Charlotte comes only two weeks after the announcement of another major Gaylord lodging deal: a planned \$325M, 1,400-room hotel near Disney World in Orlando.

More such hotels are on the way. "We are also looking at several other Southern markets," says Jones, though he declines to name them. Gaylord says it plans to build as many as seven resort complexes over the next decade.

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Blue Chip Broadcasting, Ltd.

L. Ross Love, President

has purchased

WZAZ-FM

Columbus, Ohio

from

Jacor Communications, Inc.

Randy Michaels, Chief Executive Officer

for

\$10,100,000

The undersigned initiated this transaction and represented the buyer.



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by Jack Messmer

When bears attack: The sequel

Wall Street's retreat two weeks ago (*RBR* 8/10, p. 12) was just the beginning of a roller coaster ride that may have many hills and valleys to test investors' stomachs. After a few up days, the Dow took another 112-point free-fall last Tuesday (8/11), but still stopped short of an official 10% "correction" from its June record high. Stock prices gained again Wednesday and were bouncing up and down as *RBR* went to press. But with uncertainty overseas (more economic troubles in Russia, on top of continuing Asian difficulties), every trading day on Wall Street begins with traders wondering whether it will be the bears or bulls in charge for that particular day.

Radio stocks were never battered quite as badly as the Blue Chips.

The Radio Index™ (see page 10) was up 4.34 for the most recent week (8/5-12). The index of radio company stocks, compiled by Dow Jones Indexes for *RBR* and the Wall Street Journal Radio Network, was ahead nearly 8% for the year-to-date.

WW1 woes continue

As it prepared to cut costs by laying off news staffers in Washington (*RBR* 8/10, p. 3), Westwood One (O:WONE) reported that net revenues fell 4% in Q2 to \$63.5M. Operating cash flow was off 2% to \$14.8M and free cash flow declined 2% to \$11.4M. on the bottom line, WW1's net income plunged 54% to \$4.1M.

While not naming Chancellor Media's (O:AMFM) AMFM Radio Networks, CEO **Mel Karmazin** conceded that the entry of a "new competitor" had an impact on WW1 for the first

half of this year, but he said that "the long-term fundamentals of the industry continue to be favorable." Westwood, he said in the company's announcement, "is firmly positioned to take advantage of the future growth prospects."

With WW1's stock price slumping this year (see chart, *RBR* 8/10, p. 3), the company has been buying back its own stock at what management apparently believes are bargain prices. The company said 948,000 shares have been bought back so far this year for just over \$25M. As of June 30, WW1 had 31.5M shares outstanding (34.9M fully diluted for options and rights).

Metro Nets up double digits

Q2 figures for Metro Networks (O:MTNT) were up sharply, driven by a 33.9% gain in revenues to \$43M. Cash flow (EBITDA) was up 31.8% to \$11.6M and after-tax cash flow per share gained 27%. Metro Nets said it now has 1,586 radio affiliates, including 579 for its expanded services, and 145 TV affiliates. Its 10-month-old Metro Source, a competitor to traditional wire services, now claims 325 affiliates.

Chancellor into Cleveland big time

Chancellor Media (O:AMFM) is assembling the second-highest-billing superduopoly in Cleveland (just behind Jacor) with a \$275M buy of WRMR-AM & WDOK-FM from **Tom Embrescia's** Independent Group, WJMO-AM, WZAK-FM & WZJM-FM from Zapis Communications and WQAL-FM from ML Media. Chancellor said the whole shebang works out to a multiple of 13.3 times projected 1999 broadcast cash flow.

Ackerley heads north

Fairbanks, Alaska might seem like an odd choice for The Ackerley Group (N:AK) to expand to its second radio

Capstar Broadcasting Partners

has agreed to exchange the assets of

WTAE-AM

Pittsburgh, Pennsylvania

with

Jacor Communications, Inc.

for

WKNR-AM

Cleveland, Ohio

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Entercom in action: swapping with CBS; filing IPO

Joe Field's Entercom is the next big radio group which will debut on Wall Street. The company filed an IPO to sell up to \$241.5M in stock last Thursday (8/13), just after wrapping up a series of deals with CBS (N:CBS) which will make Entercom number two in Beantown billings, just behind **Mel Karmazin's** CBS.

The trio of deals will sell four Boston stations to Entercom—News/Talk WRKO-AM and Sports WEEI-AM for \$82M and Active Rock WEGQ-FM and Classic Hits WAAF-FM for \$58M. The latter also includes WWTM-AM Worcester as part of the bargain. CBS had agreed to divest all five to win DOJ approval of its larger deal to acquire American Radio Systems.

On the other side, CBS is paying \$75M for Urban WLLD-FM and Oldies WYUU-FM to create a long-sought superduopoly with its Tampa combo.

DOJ will be involved again, of course, so LMAs won't take effect until the latest deals clear antitrust review.

"It's a great market and a great opportunity," said Field of his company's entry into Boston. He also said that the deal is "highly accretive to our shareholders."

Soon Entercom is likely to have many more shareholders. Many details of the IPO have yet to be filled in, but it does supply a first look at the finances of Entercom, which has been one of radio's largest privately-held companies.

For the 12 months through March 31, 1998, Entercom had pro forma revenues of \$159.8M and broadcast cash flow of \$46.9M. Those pro forma figures already reflect the Boston acquisitions and Tampa divestitures.

Same station figures for the six-month period through March 31 showed revenues up 13.5%, while broadcast cash flow was up a hefty 42.2%.

Entercom's stock will be listed on the New York Stock Exchange as "ETM." The lead underwriter for the IPO is CS First Boston, with participation by BT Alex. Brown, Morgan Stanley Dean Witter and Goldman, Sachs & Co.

market—joining its double duopoly in Seattle—but this is a deal driven by TV. Ackerley is paying \$8M for KTVF-TV (Ch. 11, NBC) and getting KCBF-AM & KXLB-FM thrown in. Since Capstar (N:CRB) recently paid \$205,000 for a stick in Fairbanks, RBR is attributing \$1M of the purchase price to the radio combo.

Ackerley CFO **Denis Curley** characterized the Fairbanks TV station as "undervalued" and said the new owner will work to build up its news and local programming. It'll be the eleventh TV station for Ackerley.

Emmis launching fifth magazine

In a brand extension move, Emmis Communications' (O:EMMS) is launching a new magazine attached to its recently-acquired *Texas Monthly* (RBR 2/2, p. 15). The offspring, *Texas Monthly Biz*, is set to launch in March 1999.

"Anyone doing business in this state will want to read this magazine," said **Michael Levy**, publisher, *Texas Monthly*.

The business magazine's first issue will be mailed, free, to its parent's 300,000 subscribers, with additional distribution to movers and shakers throughout the Lone Star State.

RBR's deal digest

David Magnum's Magnum Communications is paying \$325,000 for **Stan Johnson's** and **Randy Grobe's** WIBU-AM Madison, WI. **Broker: Don Roberts**, Kozacko Media... **Stephen Silverberg's** Champlain Communications Corp. is buying WWSR-AM & WLFE-FM St. Albans, VT from **Roland Devost's** New England Broadcasting for \$500,000. **Broker: Robert Maccini** and **Stephan Sloan**, Media Services Group... Having accomplished its goal of upgrading the signal of WFLA-AM Tampa, Jacor (O:JCOR) is now spinning off WJCM-AM and its other two Sebring, FL stations, WITS-AM & WYMR-FM, to **Peter Handy's** and **Pete Coughlin's** Cohan Radio Group for \$735,000.

CLOSED!

Bloomington Broadcasting Corporation, Timothy R. Ives, Chairman, has been recapitalized and purchased by its management team headed by Ken Maness, President & CEO and Richard Johnson, CFO.

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TRANSACTION DIGEST

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.

\$23,000,000— * WGH AM-FM, WFOG-FM Norfolk-Virginia Beach-Newport News (Newport News-Suffolk) from Sinclair Radio of Norfolk/Greensboro License L.P. (David D. Smith et al), a subsidiary of Sinclair Broadcast Group (O:SBGI) to Petracom Media L.L.C. (Henry A. Ash). \$1M escrow, balance in cash at closing. Will form new **duopoly**.

\$15,200,000—* WDBL-AM, WLJY-FM & WOSQ-FM Wausau-Stevens Point (Marshfield, Spencer WI), **WFAW-AM, WSJY-FM & WKCH-FM** Madison (Fort Atkinson, Whitewater WI), **WIXN AM-FM** Dixon IL, **WRDB-AM, WNFM-FM & WBDL-FM** Reedsburg WI, **WDMJ-AM, WIAN-AM, WJPD-FM, FM CP** Marquette MI (Marquette, Ishpeming, Negaunee MI); **WOXM-FM CP** Oregon IL from Goetz Broadcasting Corp. (Nathan L. Goetz) to Marathon Media Midwest L.P. (Aaron Shainis, Bruce Buzil). \$85K escrow, \$4K non-compete, \$750K consulting agreement, balance in cash at closing. Existing **duopolies** in Wausau, Madison and Reedsburg. **Superduopoly** in Marquette once CP is constructed. Goetz retains WSEY-FM CP Mt. Morris IL. Broker: Donald K. Clark (buyer)

\$12,100,000—* KAAM-AM Dallas-Fort Worth (Plano) from Collin County Radio L.C. (Jack Sellmeyer) to ABC Inc. (Robert Callahan, pres), a subsidiary of Walt Disney Co. (N:DIS). \$1.2M escrow, balance in cash at closing. **Duopoly** with WBAP-AM, KSCS-FM and LMA of KEMM-FM. LMA since 7/7. Broker: Media Venture Partners Ltd. (buyer)

\$10,600,000—KENR-AM Houston from South Texas Broadcasting Inc., a subsidiary of Salem Communications Corp. (Stuart W. & Nancy A. Epperson, Edward G. Atsinger et al) to ABC Inc. (Robert Callahan, pres), a subsidiary of Walt Disney Co. (N:DIS). \$500K escrow, balance in cash at closing. Buyer requires one-to-a-market waiver due to ownership of KTRK-TV (Ch. 13, ABC). Broker: Media Venture Partners Ltd.

\$8,500,000—* KFMK-FM CP Austin (Round Rock TX) from R. Steven Hicks to Capstar TX L.P., a subsidiary of Capstar Broadcasting Partners (N:CRB) (R. Steven Hicks et al). Termination of \$8.5M letter of credit which seller owed to buyer. **Superduopoly** with KVET AM-FM, KASE-FM. Buyer requires one-to-a-market waiver due to ownership by related company of KXAN-TV (Ch. 36, NBC).

\$6,000,000—* KVFC-AM & KRTZ-FM Cortez, **KSMT-FM** Breckenridge, **KIDN-FM** Steamboat Springs, **KSNO-FM** Snowmass Village, **KKCH-FM** Glenwood Springs, **KZYR-FM** Avon, all Colorado, from Rocky Mountain Radio Co. (Clifton H. Gardiner) to AGM Rocky Mountain Broadcasting I L.L.C. (Anthony S. & L. Rogers Brandon), related to American General Media. \$150K escrow, balance in cash at closing. **Duopoly** formed by KKCH-FM and KSNO-FM; daisy-chain **duopoly** formed by KSMT-FM, KZYR-FM and LMA of KSKE-FM Vail CO which is assumed by buyer. LMA since 7/1.

\$1,700,000—* WRRO-AM Youngstown (Warren OH) from Star Communications Inc. (Philip Levine) to ESQ Communications Inc. (Percy Squire). Two \$85K escrow payments (one of which is due and contingent on closing of buyer's sale of WRBP-FM to Jacor Communications), total of \$1.5M cash at closing (including escrow amount), \$200K note. **Duopoly** with WGFT-AM. Broker: William R. Rice Co. (seller)

\$1,400,000—WJHR-AM Flemington NJ from Kingwood Broadcasting Inc. (Carl Liu) to Multicultural Broadcasting Inc. (Arthur Liu). Cash. Seller is son of buyer.

\$1,400,000—WZJS-FM & WATA-AM Banner Elk-Boone NC from WATA Inc./Smith Communications Inc. (Roland B. Potter) to Banner Elk Broadcasting Corp. (Thomas J. Embrescia and nine others). \$280K escrow, balance in cash at closing.

\$1,300,000—* WFTR AM-FM Winchester VA (Front Royal) from Straus Communications of Virginia Inc. (E. Peter Straus) to Atlantic Star Communications -Inc., a subsidiary of Capstar Broadcasting (N:CRB) (R. Steven Hicks). \$75K excrow, balance in cash at closing. **Superduopoly** with WNTW-AM, WFQX-FM, WUSQ-FM.

\$1,250,000—* KMVI AM-FM Wailuku-Pukalani HI from C&C Radio License Co. (Christopher T. Dahl) to CD Broadcasting

Corp. of Sturgis, a subsidiary of Community Airwaves Corp. (Christopher T. Dahl, Russell Cowles II, Richard W. Perkins). \$128,930.10 cash, \$1,121,069.91 debt assumption. **Superduopoly** with KNUI AM-FM, KNUQ-FM.

\$1,150,000—WAVX-FM Augusta-Waterville ME (Thomaston) from Northern Lights Broadcasting Co. (Jonathan L. LeVeen) to Mariner Broadcasting L.P. (Louis Vitali, Alexander M. Tanger, Howard P. Tanger, Frances A. Sharp). \$60K escrow, \$900K cash at closing, \$250K note. Buyer has option to apply escrow amount toward payment of note at closing. LeVeen signed to three-year employment agreement worth \$50K/year. **Broker:** Media Services Group (seller)

\$850,000—WLSV-AM & WJQZ-FM Wellsville NY from Erin Communications Inc. (John R. Murphy) to DBM Communications Inc. (Richard J. & Robert P. Mangels). \$42K escrow, \$508K cash at closing, \$1K of which is allocated to a non-compete, \$300K note. **Broker:** Kozacko Media Services (seller)

\$750,000—KTOW-AM & KTFX-FM Sand Springs OK from Music Sound Radio Inc. (Joe Bower) to K95.5 Inc. (William H. Payne). \$10K escrow, balance in cash at closing.

\$460,000—* KMRC-AM & KFXV-FM Morgan City LA from Tiger Island Broadcasting Inc. (Dennis C. Miller) to Guaranty Broadcasting of Houma L.L.C. (George A. Foster Jr., Marjorie F. Malone, Claudia F. Balfour et al). \$30K loan to seller, balance in cash at closing. **Duopolies** formed with KJIN-AM & KCIL-FM Houma, WDGL-FM & WXCT-FM Baton Rouge and with pending purchase of KXOR-FM Thibodeaux. Currently forms two markets, would form four if proposed facility upgrade for KFXV is approved. Primarily a duopoly with the Houma combo.

\$380,000—WXLL-AM Atlanta (Decatur GA) from L.W. & M. Watson Audio Enterprises Inc. (Marjory J. Watson) to Pacific Star Broadcasting Inc. (Charlie S. Kim). \$25K escrow, balance in cash at closing.

\$365,000—KFFB-FM Fairfield Bay AR from FFB Spitz Media Inc. (Dan P. Meadows) to Freedom Broadcast Inc. (Robert & Pamela Connell). \$12K escrow refunded to buyer at closing, \$212K cash at closing, \$150K note. **Broker:** MGMT Services Inc. (seller)

\$350,000—* WBRV AM-FM Boonville NY, **WLLG-FM** Lowville NY from Atwood Broadcasting Corp. (David Atwood) to Flack Broadcasting Group L.L.C. (William R. & Sara L. Flack). Station assets: \$5K escrow, \$15K cash at closing, \$230K note; real estate assets: minimum \$30K cash at closing, balance in mortgage. Existing **duopoly**

\$196,500—* KUPH-FM Mountain View MO from Karen L. Hunt d/b/a/ Yelbom Productions to Central Ozark Radio Network Inc. (Tom Marhefka, Bob Eckman). \$5K non-compete, cash at closing. **Duopoly** and **superduopoly** overlap with KKDY-FM, KWPM-FM & KSPQ-FM West Plains MO, KUKJ AM-FM Willow Springs MO, KALM-AM Thayer MO and KAMS-FM Mammoth Springs AR. LMA since 6/26.

\$98,100—KPLO-FM Reliance SD from MAS Communications Inc. (Mark A. Swendson) to James River Broadcasting Co. (Robert E. Ingstad). Cash. Forms **combo** with KGFX-AM Pierre SD but does not overlap KGFX-FM. Seller is a VP but not a shareholder of the buyer. LMA until closing.

\$38,500—KDAM-FM Monroe City MO from Phoenix I Broadcasting Inc. (John D. Rothgeb) to Big Signal Broadcasting Inc. (Gary Brown, Michael F. Keonig, Robert L. Devereux). \$13.5K down payment, balance in cash at closing.

\$3,000—KDZY-FM CP (98.3 MHz) McCall ID From Hawkeye Radio Properties Inc. (Dale A. Ganske) to Moonbeam Inc. (Mary F. Constant). Cash.

\$3,000—KRVK-FM CP Midwest WY from Michael Radio Group (Victor A. Michael Jr.) to New West Broadcasting Co. (Robin B. Thomas). Cash.

\$2,000—WBIP AM-FM Tupelo (Booneville MS). 50% of stock of Community Broadcasting Services of Mississippi Inc. from P. Stanley Medlin and James Ronald Lane (25% each) to Kevin Furr and Larry Hill (25% each). \$1K goes to each seller. Buyers also assume unspecified debt.

\$1,000—WQPM-AM & KLCI-FM Minneapolis (Princeton MN). 75% of the stock of Milestone Radio L.L.C. from Milestone Radio Fund L.P. (Curtis O. Gudmundson, Patrick M. Conlin) to HomeNet Inc. (Daniel Peters). Group owner StarCom (Dennis Carpenter) owns remaining 25% and is the managing partner of the L.P.

N/A—WCEN AM-FM Saginaw-Bay City-Midland (Mt. Pleasant MI) from Sommerville Broadcasting Co. (Richard S. & Letty J. Sommerville) to Sommerville Associates L.L.C. (Richard S. & Letty J. Sommerville and their five sons). Estate planning transaction.

N/A—WNYG-AM Nassau-Suffolk (Babylon NY) from Bienvenida Communications Group Inc. to Bonita R. Bequet, Trustee. Foreclosure.

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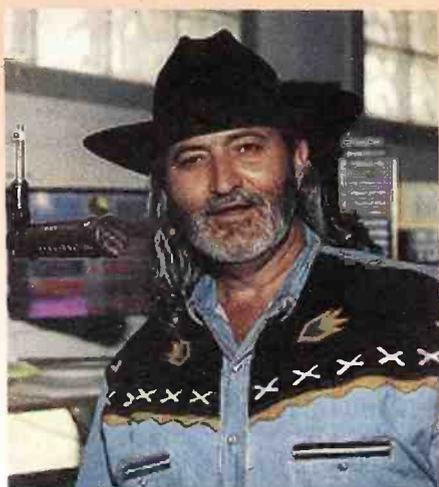


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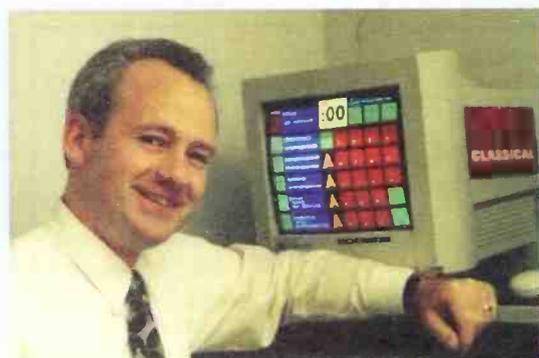
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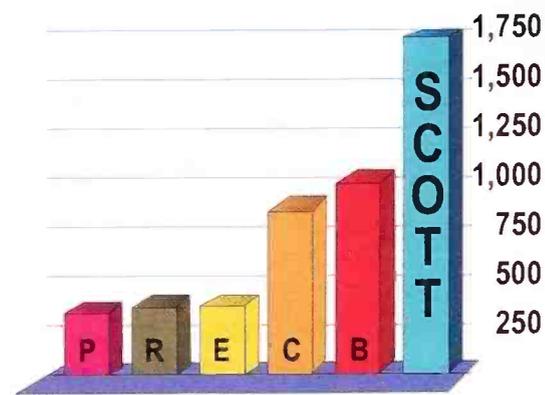
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