

RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

RADIO NEWS

Wall Street turbulence buffeting deal dollar sources	2
Dealers most affected are the publicly-traded companies. On the other hand, low interest rates abound for those looking for a loan.	
Furchtgott-Roth breaks with peers over FCC deal oversight	2
Unavala-Bell: Night-talker's abrupt exit may be temporary	4
Rush rushes to the top of latest rankings	4
Fox trots out new news network	4
DARS trouble with dem dar satellites	6
Web surfers leave their radios behind	6
NAB: Klotz gets a green card; Shively inks USADR	8

MANAGEMENT SALES & MARKETING™

Listener cards put a bar code on your audience	10
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ENGINEERED FOR PROFIT™

Greater Media Boston: The architecture of superduopoly	12-16
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BROADCAST INVESTMENTS™

Radio One steering toward 1999 Wall Street ride	18
CD Radio hooks a Bass for \$100M in stock	18
Pink slips are bad news at CBS News	18

MEDIA MARKETS & MONEY™

62nd Street Saginaw six-pack goes to Citadel	20
Larry Wilson is going to expand the Eastern portion of his group with a \$35M entry into Michigan. The rest of 62nd Street should go soon.	
Michaels makes Progressive Shreveport move	20
New Wave washes Caribou off Hawaiian Islands	20
Sports/Talk: Big bucks in both overhead and bottom line	21
Braiker one-nine, good buddy: More deals in the pipeline for New NW	21
Chancellor wants to say adios to Grupo Radio Centro	21
Cumulus buys Hochman Fayetteville AR superduop	21
Missouri loves company: Kaneb cops Kennett Legend	21
Warshaw pact: Saginaw is Taylor-made for Connoisseur	21

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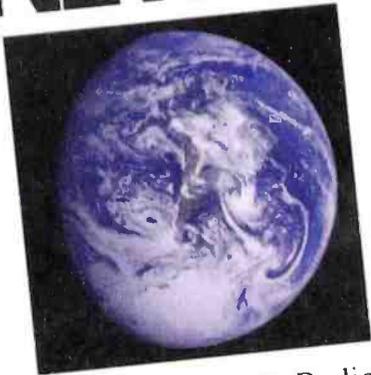
EXTRA Edition

If it's news, you'll hear it here!

Monday
October 19, 1998

World Radio Gazette

NEW FORMAT SWEEPS WORLD!



Historic First for Radio Broadcasting

(Seattle) The NAB Radio Show was buzzing with the news of the October 12th launch of the Radio Voyager Network—the first ever commercial radio network to broadcast all day, every day to the United States and Europe. Radio Voyager is broadcasting from state of the art studios at the World Building overlooking Washington, D.C. Industry veteran Bill Torrey is

Executive VP of Operations.

Radio Voyager is available at no charge on a market exclusive basis - and can be cleared for as little as four hours daily. The modern AC/all english -language format is complemented by information bursts and local liners to allow stations to seamlessly remain local while becoming "the connection to the world" for their market.

Market Exclusive Affiliations Building

(Malta) "Radio Bay" executives today enthusiastically announced their affiliation with the Radio Voyager Network (RVN). RVN Affiliation negotiations with stations in New York, California, Vermont, Wisconsin and Tokyo will lead to expand the reach of the network, which has existing agreements with stations in Italy, Belgium, France, Bulgaria and the Ukraine.

Chris -
Let's do this!
M.

RVN Parent Company Celebrates 11th Anniversary

(Ithaca, New York) Finger Lakes Productions International (FLPI) approaches its 11th anniversary in the radio industry by launching the Radio Voyager Network. Company president and CEO Paul Bartishevich said "From our corporate board, management team, our writers and announcing staff, this incredible effort has attracted the very best minds in our business to build a creative 'brain trust' to drive the network." He added "We're not just doing something that's historic, we're doing something that's right for the industry."

FLPI has an active board that includes: chairman

Sherril W. Taylor, vice chairman of Coltrin & Associates and former vice president of affiliate relations for the CBS Radio Network; **Richard Carlson**, president of King World Public Television; former director general of the Voice of America; and former president and chief executive officer of the Corporation for Public Broadcasting; **Howard Bell**, president emeritus of the American Advertising Federation and of counsel with the Washington law firm of **Wiley, Rein & Fielding**; and **Jeffrey Lewis**, chief of staff for the Heinz Family Office and executive director/chief operating officer for the Heinz Family Foundation.

Radio Voyager Network

RVN Contact Information

Learn more about Radio Voyager affiliation by contacting Greg Hartz, Executive VP of Marketing at 607-275-9400 (ghartz@flpradio.com) or Affiliate Relations Director Joe Meier 435-652-8452.

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Mona Wargo FCC Research Consultant		

Market troubles cause confusion in radio financing

by Jack Messmer

Radio station trading isn't going to stop, but the stock market's recent decline has already made it more difficult to get deals done. Panelists at the opening session of the NAB Radio Show in Seattle said there are no signs yet of any recession in radio advertising, but generally agreed that station buying is going to be more difficult until the stock market gets past its current turmoil.

"I don't think the stock market is an indicator of the fundamental business of operating radio stations," said

Anthony Brandon, President of American General Media. At a conference on broadcast financing, presented by Dickstein, Shapiro, Morin & Oshinsky, Brandon noted that the business of radio broadcasting remains sound—a theme repeatedly echoed by other panelists.

For Brandon and other private group owners, the stock market's troubles have only an indirect impact on the availability of financing. For public companies, though, the impact is more immediate.

"For everybody it's going to slow things down a little bit," noted **Low Dickey Jr.**, Executive Vice Chairman of Cumulus Media (O:CMLS), which completed its IPO shortly after the stock market hit its record highs in June and began a gradual decline that escalated into a massive stock sell-off.

"No one suggested that a national recession, such as that seen at the beginning of this decade, is likely, the possibility is a concern for everyone. Even such a worst case scenario shouldn't be disastrous for radio," said broker **Greg Merrill** of Media Services Group. "Radio has done very well even in downturns," he noted. Low interest rates balance tighter financing market. The stock market's troubles have all but eliminated two sources of radio deal financing, selling stock or high-yield bonds, but panelists said traditional lending is still available and interest rates are low.

"Financing is readily available in great quantities," said **Frank Kalil**, President of the Kalil & Co. broadcast brokerage firm. Bankers may be scrutinizing deals more carefully, he noted, because of general concerns about the direction of the economy.

"It is one of the best interest rate environments for doing acquisitions in a long time," agreed **Bruce Levy**, Sr. VP, First Union National Bank. He noted that while spreads have widened because of the market turmoil, rates have gone down so much that the overall costs for borrowers are effectively the same as before the stock market decline.

continued on page 4

Furchtgott-Roth blasts deal review

by Jack Messmer

Cmsr. **Harold Furchtgott-Roth** (R) lashed out at his fellow members of the FCC for their recent attempts to crack down on radio consolidation.

Furchtgott-Roth told the CEA Financial Breakfast at the NAB Radio Show (10/15) that the FCC "is attempting to rewrite history" because a majority of the commissioners disagree with the deregulation adopted by Congress in the 1996 Telcom Act.

The dissident Commissioner also charged that the FCC is not processing station sale applications expeditiously and "is not processing them in accordance with the law."

Furchtgott-Roth strongly disagreed with the claims of the FCC's Democratic majority that they have authority to review local ownership under the public interest standard. "The FCC has no power to second guess Congress' judgment," he stated.

Furchtgott-Roth also accused the Commission's majority of acting improperly because its review of station sales based on advertising shares has never been established through a formal rule making. Without any formal guidelines, he said, the FCC has subjected radio broadcasters to a "gotcha approach to federal regulation."

With the DOJ already investigating radio deals for antitrust compliance, Furchtgott-Roth complained that the FCC's efforts to review revenue shares is a waste of federal resources. The Commission, he said, has no expertise in the field.



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continued from page 3

With interest rates so low and most public radio stocks down 50% or more from their highs, Kalil speculated that some radio companies might consider buying back their public stock to become private again. He suggested that it wouldn't be unthinkable to even see someone try a hostile takeover of one of the public companies.

Gore aide tows party line

Vice President Al Gore's Chief Domestic Policy Advisor, David Beier, was a no-show as featured speaker for the all-morning financing seminar, due to his involvement in resolving the budget impasse in Washing-

ton, DC. Instead, the VP's office sent Deputy Counsel Lisa Brown, who repeated the administration's frequently heard themes that it is committed to ensuring competition in radio and that the industry continues to serve the public interest. In particular, she focused on the administration's concerns about promoting minority ownership. "This is not just a question of diversity, it is a question of democracy," she said.

In contrast to some critics of radio consolidation, who claim that consolidation has led to cookie-cutter programming, Brown noted the positive effects of consolidation on offerings to listeners.

"In programming terms, stations are doing a great job of broadcasting diverse programming," the Gore aide said. In particular, she noted the growth of the AAA, Talk and Salsa formats under deregulation.

Brown said some mergers can be desirable, but stood firmly behind the DOJ's antitrust policy, which many broadcasters believe is based on politics rather than any real economic concerns. Brown noted that the vast majority of radio mergers take place without any DOJ involvement, and that only a quarter of the 80 or so antitrust investigations have resulted in any legal settlement or deal abandonment.

Bell may return to the airwaves; guest hosts in meantime

by Carl Marcucci

Shaking up the NAB Radio show last week and 410 affiliates with Jacor's (O:JCOR) Premiere Radio Networks, Talk host Art Bell declared Oct. 13 was his "last broadcast" because of "a threatening, terrible event that occurred to my family about a year ago and a succession of other events." Bell plans on telling the story someday. "When the time comes, when I can tell you what occurred, I will tell you through the press," he added.

Pahrump, Nevada police officers were dispatched to Bell's home on a welfare check, but found the threats were "not criminal in nature." Bell was safe and explained the threat to the Nye County Sheriff who refused to disclose what the threat was.

After a two hour phone conversation with Bell, Kraig Kitchin, President/COO Premiere, said it would be

a while before Bell would possibly return to the airwaves. "He's got some very big issues he's dealing with. It's something that can be dealt with—that's the good news."

Kitchin said Bell's sign-off from "Coast to Coast AM" and "Dreamtime" was not a hoax as some syndicators branded it at NAB. "He's going to really hunker down and be a private person for a while and work through some issues and then be able to make a decision about returning." Bell recently signed an \$8M multi-year contract, according to RBR sources.

Premiere plans to use regular guests of Bell as fill-in hosts while he sorts out his troubles. Richard Hoagland, who specializes in the "Face on Mars" (the miles-long sphinx-like face monument photographed on the planet's surface), is one possible fill-in.

RBR may have done the last interview with Bell (RBR 10/12, pp. 16-22) before his resignation.

Rush returns to top slot

After creating quite a stir by naming Dr. Laura Schlessinger as the top talker (RBR 3/23, p. 6), the latest research done by Talkers Magazine shows Rush Limbaugh back on top. Howard Stern drops from #2 to #3. Editor Michael Harrison said Talk radio's audience has stabilized, and the downward trend in political talk has slowed.

	CUME
1. Rush Limbaugh	15.0M
2. Dr. Laura Schlessinger	14.5
3. Howard Stern	9.0
4. Art Bell	6.5
5. Don Imus	5.25
6. Jim Bohannon	5.0
6. Bruce Williams	5.0
7. G. Gordon Liddy	3.5
8. Ken & Daria Dolan	2.5
8. Michael Reagan	2.5
8. Dr. Dean Edell	2.5
9. Bob Grant	1.75
9. Jon and Ken	1.75
9. Doug Stephan	1.75
10. Tom Leykis	1.5

Source: Talkers Magazine, Arbitron

WW1 to launch Fox News Radio

by Carl Marcucci

Fox News is taking its brand to radio. Westwood One (O:WONE) and FOX News (N:FOX, IPO pending) have joined forces for a new network, Fox News Radio, which will begin airing the end of the year. The network's launch will be organized into four morning drive newscasts, once an hour with custom reports for the top markets. WW1 also plans on eventually placing it into one of its RADAR®-rated networks. Expansion into other dayparts will be

planned as demand dictates.

"This is targeted to younger-skewing stations. There are music stations that expressed interest, and we think FOX is the kind of provider we need—packaged with some attitude for those audiences. We intend to collect the audience we'll get and package it into one of our RADAR networks, but we're not sure which one yet," said Nick Kiernan, SVP, affiliate relations, WW1.

The launch comes off of a RADAR book in which all

of WW1's nets 12+ ratings went down (RBR 10/12, p.4). WW1 has lost affiliates this year, so this gave new President Joel Hollander some fresh ammunition at last week's NAB.



L-R Chairman and CEO of FOX News, Roger Ailes; FOX Business News Managing Editor, Neil Cavuto and President CEO Westwood One, Joel Hollander



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► RBR News Briefs

► After realizing several stations were left out of the ratings for American Urban Radio Networks (AURN), Statistical Research, Inc. has retabulated its RADAR® 58 numbers. The update has a big impact on AURN—instead of dropping, its Persons 12+ results climbed 9%. No other networks were affected by the mix-up.

► A federal appeals court judge has upheld the fraud convictions of former UPI and FNN CEO **Earl Brian**, who was convicted in 1996 of bank fraud and conspiring to cover up financial problems at UPI and FNN in the late 1980s and early 1990s. UPI was bought in 1992 by Middle East Broadcasting Centre, a Saudi corporation.

► A airplane used by Metro Networks (O: MTNT) crashed into a Bowie, MD home last week—after missing a runway about 100 yards away. Pilot **Doug Loring Duff** was killed, while traffic reporter **Robert Edgar** suffered severed burns and multiple fractures. Inside the house, two women were making their morning coffee and both narrowly escaped injury. The Metro plane was making an emergency landing, after fog closed in. NTSB officials are investigating.

► The first moving trucks are scheduled to pull up outside the FCC this week. The Commission is beginning the process of relocating to a new Washington headquarters Oct. 23, with key Mass Media Bureau functions set to go in December. Meanwhile, Rep. **Joe Barton** (R-TX) last week asked DOJ to investigate whether lobbyists broke the law in arranging for the FCC to move the Portals.

Internet cuts radio listening

On line users spend nearly three hours less with radio a week than unplugged listeners and 13% said it was a direct result of surfing the web, according to a new Arbitron study on Internet listening.

The study also found one out of four Americans has visited a radio station web site, and of those, 70% returned at a later date. Although just 866 stations stream audio, almost 20% of on line users have listened to the radio on the web.

The Arbitron study was released at last week's NAB Radio show in Seattle. It was conducted by Edison Media Research, which polled 1,600 Spring 1998 diarykeepers and 1,300 on line audio users.—FS

DARS she blows! Compatibility, design issues raised

by Carl Marcucci

The interoperability question for CD Radio and XM Satellite Radio

CD Radio (O:CDRD) and AMSC's (O:SKYC) XM Satellite Radio (previously AMRC—*RBR* 10/12, p.10) have some work to do. The satellite DARS licenses issued by the FCC mandate any receivers produced for these systems must be capable of receiving both services. Neither proponent has been able to come up with an interoperable design yet and, because of cost, technical and competitive issues, aren't making it priority one.

Said XM CEO **Hugh Panero**: "We're still working through our compatibility issues, but it's a difficult issue—there's a lot of business and technical [concerns]."

"The systems do have to be interoperable across the band that's exclusive for satellite DARS [2320-2345 MHz]. That's a requirement for a number of reasons. We want to be sure that people have the ability to switch between them," said an FCC International Satellite Division spokesperson.

If they can't make them interoperable, then they need to file with the FCC. "I am not aware of anything formal that has been filed. If they are not going to meet that requirement, they have to ask for a waiver, and they have to justify that waiver," said the spokesperson.

"There are a whole bunch of things, technically, that make [our designs] different. Economically, you want your chip sets to be common, you want your modulation to be common. And it basically means we have to design our systems commonly—and they [so far] never have been," said **David Margolese**, CEO, CD Radio. "We've always had two different technical approaches. To harmonize them, we have achieved some degree of success, but we're not there yet. It's quite difficult."

"There are ways of glueing two boxes together and making it work. That may be slightly more expensive to the consumer. It's not something we want to do," said CD Radio EVP/CFO **Andrew Greenebaum**. "Whether we will achieve it day one, we don't know. At this point, it's 50/50. Maybe we will achieve it second-generation."

And if it can't be done by launch time? "If in fact we do reach that point, obviously, we will go to the FCC. We haven't reached that point quite yet," said Margolese.

RBR observation: Part of the problem is the differing nature of these systems cries for exclusive manufacturing arrangements with receiver companies—both proponents have met with almost all of them separately. Production design and cost are important and not easily shared issues between competitors. XM and CD Radio are competitors who are being forced to work as partners.

NAB calls on FCC for DARS disclosure

The NAB is getting restless waiting to see what final form of delivery satellite DARS will take. **Jeff Baumann**, EVP Law & Regulatory Policy, NAB, fired off a letter to the FCC 10/8 asking that it require CD Radio (O:CDRD) to file an amendment to its application because of "a fundamental change in its technical plan," specifically referring to the announcement it will launch a third satellite for the service (*RBR* 6/15, p. 3).

"Our main interest is what impact, if any, this could have on their gap-filler proposal. We're concerned about their technical and business plans and want to see them formally amend so we have an opportunity to study and comment on them. We're trying to get them both to file. All we know is what they have on file at the FCC, not their plans for the terrestrial gap-fillers and launching a third satellite. It could potentially be a terrestrial service fed by a satellite, and that's not what the licenses were issued for," said Baumann.

However, by launching a third satellite, CD Radio, in effect, will be less of a terrestrial-based service than XM Satellite Radio (previously AMRC). CD Radio, with three satellites, needs 98 terrestrial repeaters; XM needs 1,200 with two (*RBR* 9/28, p. 6).

CD Radio CEO **David Margolese** said they've already met with the FCC. "We said we think we have a way to provide better angles of elevation, i.e. better service, more channels and reduce the number of terrestrial transmitters to boot. We told [the FCC] we thought this was in the interest of better public service and they said they're all for it.

Some of the business plan....

Margolese said the company needs only 0.5% market penetration to break even—DMX and Music Choice (on cable) have 2.5% acceptance in that market at virtually the same subscription fee, \$9.95/mo. At 5% penetration, Margolese expects \$1B annual revenues EBITDA; at 4%, \$800M. The "plug-n-play" cassette/CD player adapter/receivers are expected to debut at \$89 or higher. The satellite costs are amortized over 15 years.

JONES RADIO

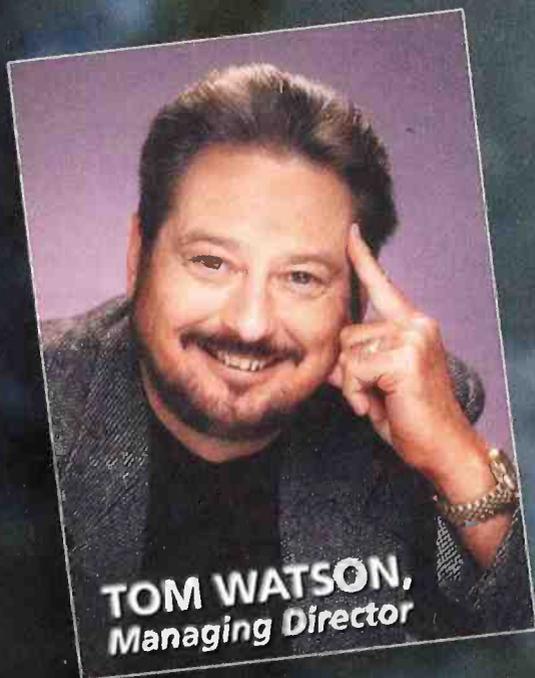
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News from the NAB

USADR signs with Shively Labs

A very necessary piece of the IBOC puzzle, Shively Labs will co-develop USADR's combiners needed to co-transmit analog and digital signals from the same antenna. The combiners are said to have a low loss, increasing the power efficiency and reducing the size needed for the IBOC transmission system.

RCS unveils "IVT," Internet voice tracking

Possibly reinventing the remote voice tracking wheel, RCS unveiled "IVT," which allows voice tracks to be transmitted in minutes over the Internet, with no need for a WAN. Using RCS' Master Control NT software, talent can transmit voice tracks directly into a station's log from anywhere using as little as a laptop and a mic.

Lucent talks about new IBOC system, announces testing

Lucent Digital Radio announced it will be testing its FM IBOC system in a number of markets beginning in '99; its AM system mid-'99. Whether these are full field tests or channel characterization tests was not specified. Lucent's system will offer analog backup like USADR's—"similar to analog/PCS cellular blending"—but it was also not specified if there is a time-delayed analog backup like USADR, which hold patents on that specific technology.

Lucent also announced its system uses complementary punctured-pair convolutional codes for combining digital information in the IBOC signal and an improvement on the patented Viterbi algorithm to improve digital signal robustness.

LPB announces "Spatial One" studio monitor

PA.-based LPB, Inc. showed off its new (prototype was shown at NAB Vegas) Spatial One studio monitor which features patented fractal wave guides to create wide listening fields and deep sound images.

Prophet incorporates Burli news software in systems

Prophet Systems has signed a strategic agreement with Burli Software to incorporate its news desk software into the AudioWizard system. Prophet will handle sales and customer support of that option.

Cutting Edge debuts new AM Processor

Featuring mono or stereo operation, plug-ins for reverb and profanity delay, Cutting Edge's new Omnia AM processor offers many of the features found in its FM brother—it even looks like the FM unit. Availability is early Spring, priced lower than the FM counterpart.

Computer Concepts debuts "ReeLogger™"

Offering a "rolling" 31-day inventory of logged audio, accessible over the Internet, Computer Concepts' offers "ReeLogger" to PDs and SMs to quickly verify what actually aired. The product runs on the Windows 95 OS.

Motorola launches "RadioWave.com"; Arbitron to use for ratings

RadioWave.com (formerly "audioSENSE—RBR Mid-Week News Brief 5/13) is an Internet streaming player and tracking vehicle that counts listeners to streaming audio on stations' Web sites, provides a real-time visual interactive and purchase vehicle for CDs and offers info on station events and publicity. Broadcast.com and JamTV are also involved in the product and are linked to the site. RadioWave was originally beta-tested on Susquehanna's KKZN-FM Dallas.

Arbitron announced it will use the RadioWave software to generate ratings reports for 200-300 streaming radio stations on the net in Q3.

Klotz opens US office; to unveil "Paradigm," "Vadis DC"

German-based Klotz Digital Audio Communications (digital consoles, routers) has opened an Atlanta office that will handle sales, marketing and customer support for North, Central and South America. It is headed by former Director of Sales, Wheatstone Corporation, **Ray Esparolini** who takes the title VP Sales and Marketing.

Klotz launched the "Paradigm," a newly introduced, cost-effective and fully featured digital audio console. Some Paradigm perks include a console layout that can be configured, saved and retrieved for each operator and voice processing on all mic inputs. The "Vadis DC," just introduced in the U.S., is available in six mainframe sizes and 20 module types. The "N-1 module" provides as many mix-minuses as faders.

Comrex debuts Vector POTS codec

The new Vector POTS codec offers four operating options, delivering stable 7 kHz audio at data rates of 14.4 kbps or higher over a standard telephone line. Plain telephone mode allows live broadcasts where phone lines don't support modem transmission.

BE points to the Comet

Broadcast Electronics showed off its new "Comet" series of high-end analog consoles which feature mono/stereo equalizers, a universal motherboard where any module can be placed anywhere in the console and differential bussing.

Reserve Now!



October 27

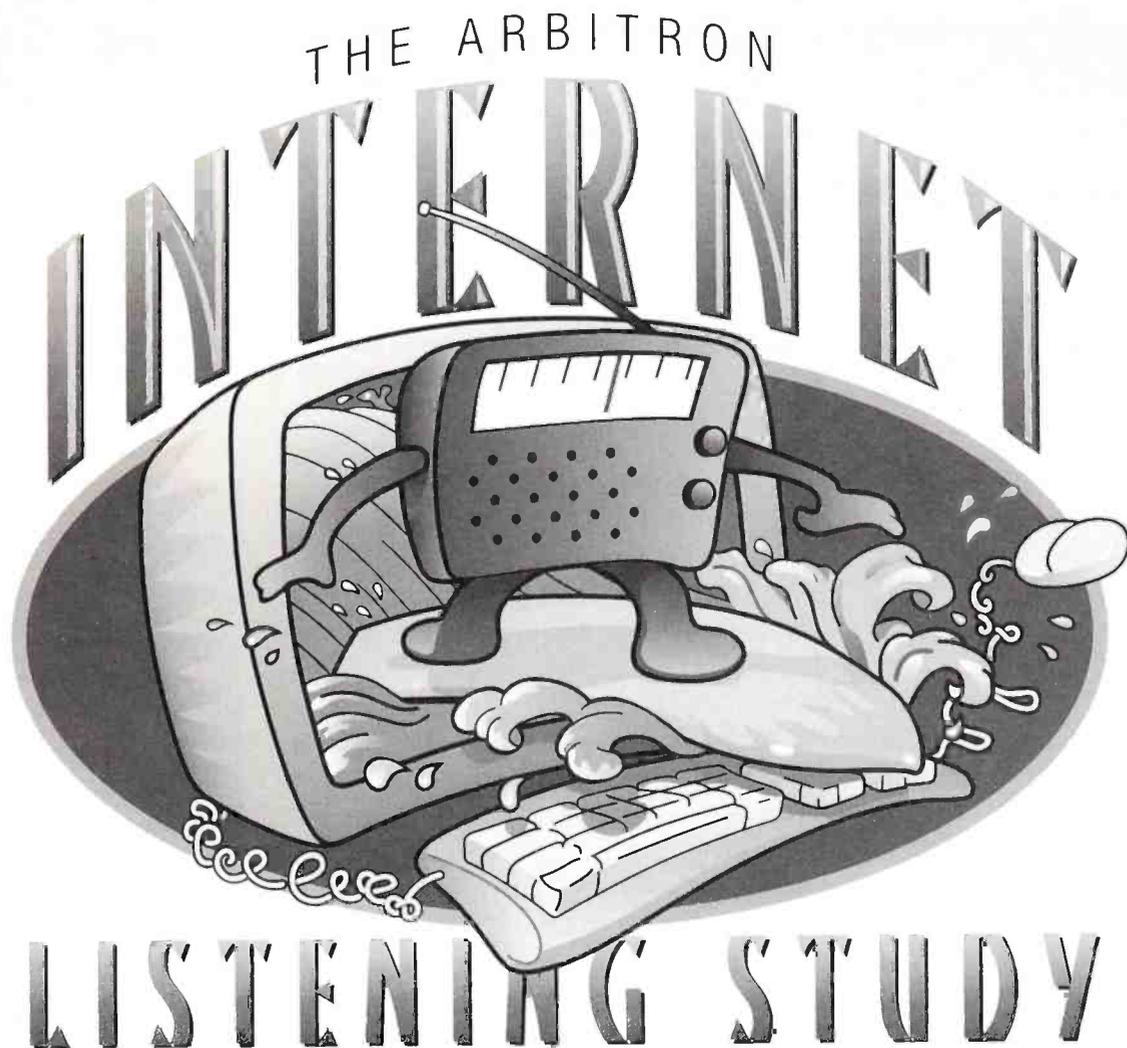
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THE ARBITRON

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LISTENING STUDY

Now available at www.arbitron.com!

What are the challenges and opportunities that the Internet poses for radio? The just-released Arbitron Internet Listening Study finds that there are many ways stations can leverage the power of the Internet to their advantage:

- Explore exciting new non-traditional opportunities for radio on the Internet
- Strengthen your listener and advertiser relationships with your Web site
- Reach P1's when they're at work and beyond your signal

The Arbitron Internet Listening Study, conducted in association with Edison Media Research, is the most comprehensive study ever undertaken on how radio listeners use the Internet, who is listening online and the potential impact of new media on radio. Best of all, the study is free.

To Download the Arbitron Internet Listening Study, visit the Arbitron Web site at www.arbitron.com.

Arbitron: Helping Grow Radio's Share

ARBITRON
a division of Ceridian Corporation

www.arbitron.com

by Frank Saxe

Cashing in on listener cards

Imagine all of your listeners walking around with a bar code on their heads, and you could scan them to find out demographic and psychographic information. "That's essentially what we're doing," says **Steven Ludwig**, director of card marketing services for Direct Marketing Research (DMR), who along with Fairwest Direct are marketing a new, high-tech twist on the old concept of listener cards, one which gives stations critical lifestyle data about who is tuning in, and their consumer behavior.

"This is cutting edge technology, and only the more aggressive stations have embraced it," says Ludwig. DMR is providing the service to 20 stations, while Fairwest Direct has 90 stations.

Listener cards date back to the 1950's, but the one thing they never had was trackability. Ludwig says, "The magnetic stripe changed the game entirely." One marketer uses the comparison of the Model T and today's cars.

Fairwest President **Reg Johns** says his company takes the full service approach—every one of the stations using their system has Fairwest do what Johns calls the "grunt work" including mailing listener birthday cards and station newsletters. "It's tedious, you're dealing with data, it's not the radio business," says Johns. Even so, Ludwig says some prefer to handle database management and mailings on their own.

Why use them?

Why a station would use listener cards and kiosks is varied. Some stations recognize the promotional value, others are seeking to effect ratings. Some PDs use it for mass mailings to core listeners, others mail birthday cards. Both Fairwest and DMR have clients in every format, although Ludwig suspects the formats in need of more non-traditional revenue will be more attracted to it. "The strongest poten-

tial is with very narrow formats like Sports and Jazz," he says.

Johns thinks the true growth opportunity is not ratings, but time spent listening (TSL), which can be grown with card-related promotions. "Which format doesn't need an increase in TSL? It costs less to convert a P2 or a P3 than it does to convert a brand new listener," says Johns.

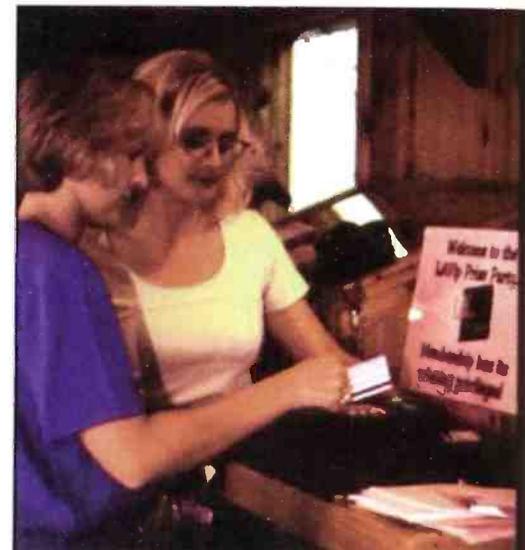
Making money is often key as well, and there are several ways to doing that. A station could sell its listener mailing list, bringing in 75-cents a household, for example. But **Beverly Tilden**, VP for marketing at WXKS-FM Boston, says they would never sell the names of their 120,000 members. "We're rewarding, not penalizing."

Some use it to create inventory. If they're sold out, they can sell kiosk sponsorships. The most common way to cash-in, however, is using the technology to differentiate a station when making a sales pitch—whether it is a value-added feature or a paid part of the package. "The success of a program is gauged station to station, because their goals are different," says Ludwig.

WLAV-FM and WKLQ-FM in Grand Rapids, MI have been using the listener cards for nearly three years. Because of them, 25% of Michigan

How it works

A listener signs-up for a card, giving name, address, age, salary, and the like. On the back of the card there's a magnetic strip with an ID number unique to that card. A station then entices the listener to use the card at various stores or promotions, each time swiping it through a machine that keeps tabs on buying habits or what type of incentive motivated them to visit the location. Some of the kiosk machines have touch screens which ask cardholders additional questions. All the data is collected, allowing a station to track its cardholders.



Marketing consultant Mary Eddington shows a WLAV-FM listener how to use a card reading machine.

Broadcasting's revenue is non-traditional. "That's the biggest reason any company would want this for part of its arsenal; it's an obvious way to generate non-traditional non-spot revenue," says **Linda Christy**, Interactive Marketing Director for Michigan Media. Christy says their program has been so successful, 12% of the local population is carrying one of the two stations' cards.

Other stations go after vendor dollars, money typically earmarked for newspaper circulars, couponing or in-store displays. "Typically in our world, we are not allowed to have that money," says Johns.

"It's not cheap, there's equipment costs, it's not for the squeamish. You need to budget for it and believe in it," says WSKZ-FM LSM **Sam Hall**, whose Chattanooga, TN station has been using listeners cards since 1982. "We're going to make more money each year we run this." It may be difficult to pinpoint an exact figure, since there is no way of knowing how many contracts they've got signed because of the promotional value, Hall adds. "As a pure money maker, it won't stand by itself. It has a dual value to programming and sales."

Kentucky TV on the block

WLEX-TV (Ch. 18, NBC) Lexington, KY hung out the "for sale" sign a few weeks ago. It will be the first sale ever for the station, which went on the air in 1955. The overwhelming majority of ownership of WLEX-TV Inc. is still held by the heirs of founders **Doug Gay** and **Guthrie Bell**.

Start your DTV engines!

After years of development and billions of dollars spent, digital television broadcasts will begin next month. 41 stations will begin digital broadcasts, exceeding the 26 that are required to meet the FCC's Nov. 1 start-up date.

"The message is as clear as a DTV picture itself—broadcasters are delivering on their digital pledge," said NAB President **Eddie Fritts**. 26 local stations in top 10 markets are joined by volunteers in 15 smaller markets—including #71 Honolulu and #84 Madison, WI.

"The fact that stations outside of the top ten markets are starting DTV is particularly important because it means that more than one-third of the television households in the country will have access to at least one digital TV signal," said FCC Chair **Bill Kennard**, in applauding broadcasters for their "spirit and dedication."

The achievements are not coming easily or cheaply. When the entire industry digital build-out is completed, broadcasters will have invested \$16B.

CBS in joint venture

CBS Corp. (N:CBS) is selling a 70% stake in its Latin American cable TV venture, TeleNoticias, to Grupo Medcom SA, a broadcasting and publishing group based in Mexico City.

Medcom Chairman **Clemente Serna Alvear** called the deal "a strategic move in expanding our participation in the distribution of high quality news programming, under the CBS brand, which is highly regarded throughout Latin America." Medcom already distributes news programming from CBS on its Mexican radio stations.

Murdoch delays IPO plans

News Corp. (N:NWS) CEO **Rupert Murdoch** has put plans to sell a 13% stake in his Fox Movie and Television unit on hold, fearing a worldwide recession and roller coaster markets could impact its pricing.

"When we feel surer markets have settled down, we will go right ahead with that," Murdoch said at News Corp.'s annual meeting last week. Speaking to reporters later, he added that market turmoil could drag Fox's IPO down with it. "I think the price we get today will be a very good price but not as good as it would have been three months ago." When asked to narrow its timeframe, Murdoch replied, "As soon as the markets settle down. We don't have to do it. We don't need the money."

News Corp. stock price have fallen 25% from its July record high, as investors worried about the economy and complained about the IPO's smaller-than-expected size—although Murdoch insisted he always planned to sell any more than 15% of the company.

The IPO of Fox Entertainment Group (N:FOX, IPO pending) was filed in August, and includes the Fox TV network,

O&O stations and film studio. The company was to offer 85M Class A shares to the public, although Murdoch planned to hold onto 76% voting control of the TV station licensee to satisfy foreign-ownership limits (News Corp. is an Australian company, but Australia-born Murdoch is a naturalized US citizen).

News Corp. and MCI WorldCom also pulled the plug last week on a \$1.1B deal which would have sold their satellite TV assets to Primestar Inc., which is owned by five of the largest cable companies. The deal was sharply criticized by antitrust lawyers at the Justice Department.

Fox is moving forward with plans to enter radio, announcing it had signed a deal with Westwood One (O:WONE). See story, p. 4.

According to the latest IPO update filed with the SEC, Fox Entertainment had total revenues of \$7.02B for its fiscal year which ended June 30. The biggest revenue source was the film division, \$3.88B, with TV contributing \$3.08B. Those positions reversed, though, on generation of cash flow (EBITDA)—\$727M from TV and \$292M from film. Lead underwriter: Merrill Lynch

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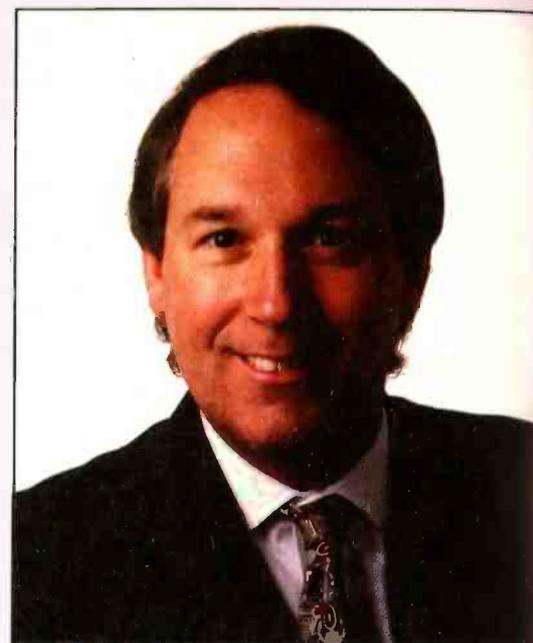
Starting from scratch: Greater Media's Boston consolidation

Starting from scratch—apparently a CE's dream—to design, plan and build a superduopoly in a new building. Greater Media's Boston consolidation, while not in a brand new building, used only the shell of an old one. You may have seen it if you watched the movie "Good Will Hunting." It was the building used in the construction site scene towards the end.

Months of planning preceded the actual construction project, which began in February and won't be finished until next month, around Turkey Day. Five FMs will be consolidated, WBOS-FM (Adult Alternative), WSJZ-FM (NAC), WROR-FM (Oldies), WMJX-FM (AC) and WKLB-FM (Country). The first move-in, WROR, switched over the night of 9/29.

Most likely, the next pair will be WBOS and WSJZ in late October. The other two, November. WBOS and WMJZ leases expire in December, the others in a year.

RBR talked with **Milford "Smitty" Smith**, VP Engineering, Greater Media, Co-Chair, DAB Subcommittee, NRSC about the project.



Milford "Smitty" Smith, VP Engineering, Greater Media

Where are the stations currently located?

At the moment we have WMJX and WKLB in the Back Bay section of Boston. They are one studio location. We have two others on Soldier's Field Road, also in Boston—WBOS and WSJZ. And a third one [WROR] in a space at the Prudential Tower building.

How did the consolidation project idea originally come up?

I think what probably drove it more than anything was the fact that we had acquired three additional FMs—WBOS, WSJZ, WROR—over and above the two we had—WMJX and WKLB. We had leases that were in the process of running out on the acquired stations, within relatively close proximity of one another. The lease for our original stations was running out maybe a year after that.

The company came to a determination that our model for consolidation, at least in the markets that we operate in, was to when appropriate combine all facilities in one central location. There were some other considerations too that are specific to the situation in Boston, like parking and downtown rents, which are very expensive. We thought we might be able to solve several of those problems

coincident with the [financial] consolidation.

Detail the construction and build-out plans.

The building that we went into was really a rehab and basically, when we started an old industrial building that had been a significant printing operation in its former iteration. We were literally starting with a piece of ground and shell, at best. I think the most interesting thing about the building, is that it was featured in several scenes of "Good Will Hunting" as a backdrop. There are a couple of scenes that were shot in South Boston where there a disreputable-looking, abandoned industrial building in the background. That, in fact, is our building.

It sounds like you got a fairly good deal.

I think so, given its former industrial heritage, it was beefy enough and structurally sound enough to accommodate almost anything we wanted to do. It is also just about the right size for what we were anticipating. The downside is that it is a tremendous amount of work and a tremendous amount of money. The upside is that you do get to start with a clean sheet of paper, which is something we

don't always have a chance to do.

Who did you have to contract?

We brought in a lot of people. Obviously an architect and acoustical consultant. We hired a local project manager to more or less supervise the non-electronic radio, basic construction issues. We spent a lot of time—a number of months—working on the plans, refining them, getting them just the way we wanted them. This is a significant job for radio, a significant facility. It is approaching 50,000 sq. ft. of space and there is an awful lot of i's to dot and t's to cross to do a facility of this size. Most of us are not used to doing facilities this large. I think that was time well spent, but it was a significant amount of time. You can't expect to decide you are going to do this stuff in terms of consolidation and be sticking the shovel in the ground the next week.

Is your strategy the same for the other markets, such as Philadelphia?

As a matter of fact, in Philadelphia, we have a similar project running right now. The situation there is a little different. We are in a rental space there in a very large office building. We have a substantial installed infra-



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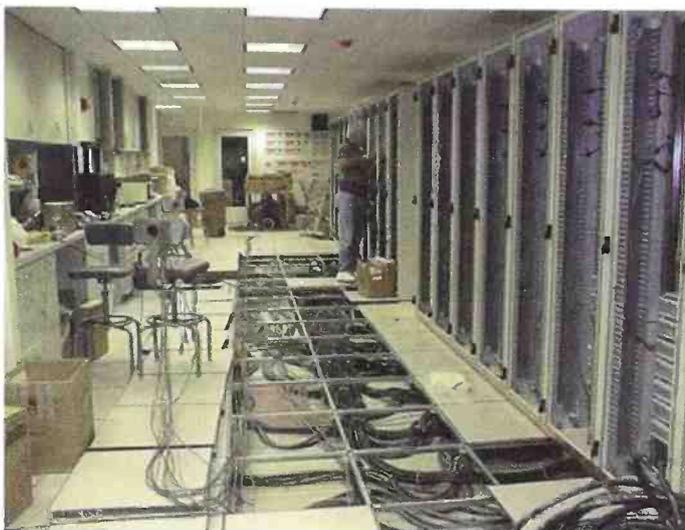


*Solutions for
Tomorrow's Radio*

structure for the two stations, WMGK-FM and WPEN-AM. We looked at several options there and in that particular situation, that is the one to merely expand within the existing building. The cost involved in relocating the existing, and certainly not worn-out infrastructure, would have been in the millions. That project just kicked off a few weeks ago.

Are you buying new equipment in Boston or are you using existing?

We are doing both. We're building, between air studios, production studios, booths and those kinds of things, 22 studios. And we certainly made use of everything that we possibly



The master control room which will operate as the brain center for all five stations

could from the other stations. Not all of it was suitable for re-use and there was not enough of it.

There have been substantial equipment purchases. In addition, there are three things that were added on some or all of the stations with the move that brings us a little further along in the technology vein. We put in a very large facility-wide routing switcher. It's a BE AudioPoint system that is made by Lighthouse, a 196x196 stereo router. We also purchased for all five stations a pretty large BE AudioVault system. We had not used a computer-based storage and playback system in Boston up to this point.

We also expanded a system that our CE in Boston actually built, designed and wrote the software for some years ago which airs all of our music on three of the stations. It will air on all five. It's a very large CD juke box system, which consists of about 24 multiple CD juke box type handlers. That is a repository for all the music. That has been in use for some

years on MJX and KLB and more recently, ROR. It works beautifully. It is unique because it was done in-house largely by the chief. We have really expanded it to handle the whole facility at the new place.

How do you work the CD juke box system with the AudioVault? It sounds duplicative.

Well, you might think it is. Actually we looked very hard at putting all the music on AudioVault as opposed to sticking with the CD juke box system. Actually there were some very substantial economies, in terms of storage, in sticking with the juke box system. We don't compress anything. It's all 44.1, 20 kHz stuff. And the amount of storage required to do the music library for five stations is pretty intimidating.

We looked at it both ways, and it was really dollar and cents decision. It was a significant six figure number, going one way or the other, and in our case, particularly since the CD juke box worked out so well and three-fifths at least of the staff were used to it and comfortable with it. A lot of customization had been done to it to make it just as

we wanted. So we decided to stick with it.

It's a pretty unique system, the music lists are actually entered on the program log in bar codes. They are scanned into the system with a light pen. The jock, by using other bar codes, is able to jump stuff around, do about whatever they want to do with it. It is fairly unique, but it is a pretty neat system and works real well.

Is AudioVault handling the traffic and billing also?

It will be not doing it initially, but that certainly is the intent.

What did you do for production?

Boston has always had a strong preference for the Orban digital audio work station. We have a number of those already, we own enough of those so that we were able to gear up a sufficient number of studios with them for the new operation. The guys seem to really like that system. Virtually all of them use it and that will continue.

Any common consoles?

Actually, the one thing that may be different here in terms of consoles is that we really haven't taken the digital plunge yet. Pretty much every console in the place is analog. All the air consoles are new. It's all Pacific Research, the whole place. The air consoles are BMX-26 Series 3, and the production stuff is a collection of different consoles, everything from the very large ABX-34s on down.

Was buying done from corporate—your level and up, or was it done at the market level?

I like to think that in Greater Media, it's a collaborative effort. I really like to have our stations and our engineers to have the equipment they want to have. I try not to force anything down anybody's throat. If I think there is a horrible mistake being made, I'll obviously jump in. I look upon this as a joint-collaborative effort.

We did the negotiating on most of this stuff at the corporate level. But in terms of the decisions, I think I find, at least with most of my people, when we sit down and start talking about this stuff and really going through it, nine times out of ten we'll be on same page anyway.

How about STLs?

The tower is now installed, successfully. [A crane accident with the STL tower set things back a bit (RBR 8/10, p.3).] We are doing something a little unique with the STLs. We are using two paths and we have to go to three places. We have to go to the Prudential Tower, the KLB site in Andover, and the Sconnix/ATS site in Needham. We obviously are trying to get the most bang for our buck, in terms of the various paths. For instance, in going to Prudential, we need at least three program streams going up there, along with any data backcall and that kind of stuff. What we decided to use on both that path and one out to Sconnix, which has four program and data streams, is the reasonably new 5.6 GHz spread spectrum unlicensed radios with multiple Intraplex T1 multiplexers on them. Each of those paths will have four T1 multiplexers, so there will be four bi-directional T1s headed up to Prudential Tower and four headed out to Sconnix.

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Have you done any estimates as far as what sort of savings you're going to expect as far as rents, human resources, etc?

Yes, I can't give you any dollar numbers, but the rent savings are going to be very substantial. I'm not to the point where I can give you a percentage. It's more than a couple of bucks, let's put it that way. We are also going to be saving a lot of money on parking which sounds sort of dumb, but it's really a big number in a city like Boston, where parking is hard to come by.

What departments will be consolidated? Any loss of personnel?

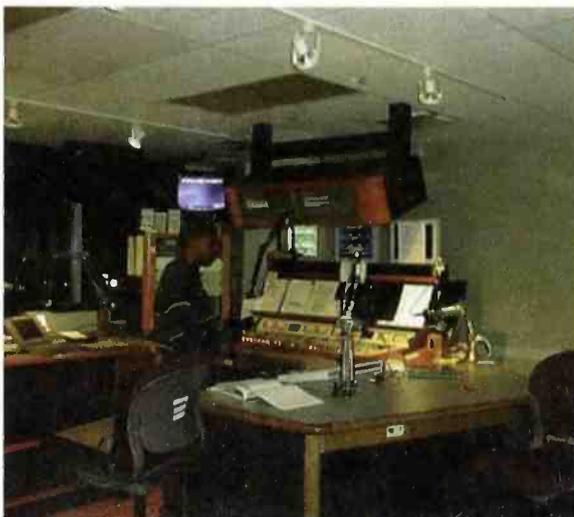
The traffic area and the business area, that kind of stuff. We are not anticipating any changes in personnel. It seems that we have just about the right number now, whether it is consolidated or not. I think it is going to make for a much more cohesive effort there, particularly in the business area.

Have you seen the project stay on budget?

We are in reasonably good shape, but there are always things that come along that either weren't anticipated originally or a problem develops that was not foreseen. This is different than building on 5,000 or 10,000 sq. feet. This is a large project and there are always some issues that come up. There were some site issues and also, no matter how much planning you do, as you get along with the project, there are always a few tweaks that may be necessary or even desirable that just weren't anticipated from day one.

As far as the whole project, what were your's, CE Paul Shulins, and GM Peter Smyth's responsibilities?

Paul has really done most of the planning, and virtually all the work on the project, along with his staff. My role has been as sort of a supervisory



WROR's new on-air studio

nature in trying to bring together all the various parties and disciplines involved in this thing. It has been a substantial expenditure for the company. We have monitored it closely. We spend at least one day a week in Boston and have for a few months now, attending job meetings and working out those kinds of things.

I think in terms of the GM, he obviously was critical in selection of the site and so forth. He contributed valuable input and a number of points in the project to make sure what we built is what he wanted.

I think his biggest challenge is about to happen. We're pouring his five radio stations together into one piece of real estate. This is going to be new. It's going to be new for us and new for the people, all these stations working together under one roof. There will be somewhere between 175 employees that will call that place home. Now will they all be there at the same time? No, but a lot of them will. I have to admit that when you walk through a sales area that is outfitted with 75-80 salespeople, plus a dozen or so Sales Managers, it's a little intimidating. This is not like how radio used to be. We all have to transition into this new world.

What about a wide-area network?

There will be multiple networks within the facility, but we do not have the

corporate WAN up and running at this time. I think that is probable in one form or other in the very near future. We don't do a lot of exchanging of material between our stations. We operate exclusively in pretty much major markets. It is a little different situation than some of the folks who are running multiple stations in smaller markets where it makes a lot of sense to do that kind of stuff.

How do you plan on coordinating the big switch at the first station?

I leave it to my talented Chief Engineer, Paul Shulins. They have got that nailed. We have actually, at this point in time, and here it is Monday and we are going to be doing this tomorrow night, all of the pertinent WROR commercial material is already loaded in the Audiovault system at the new studio location. The music library for ROR had already been replicated, we actually burn our own CDs for the system. That is all replicated, done, in the machines and tested. The talent has been dropping by for the last few days to sort of check out the studio and so forth. And provided the local telephone does the reassignment of the numbers to the request lines, as they are supposed to do, it should be largely a matter of somebody showing up around midnight, sitting down the air chair and patch being thrown at the appropriate time and away we go. several days later...

How did it go?

All reports are that it went flawlessly. There were two identical pieces of equipment at identical times, and the switch between studios was a fade from one to the other. You couldn't even tell it was happening. The response and reaction from the staff and talent has been great. Everyone seems thrilled to be in there.



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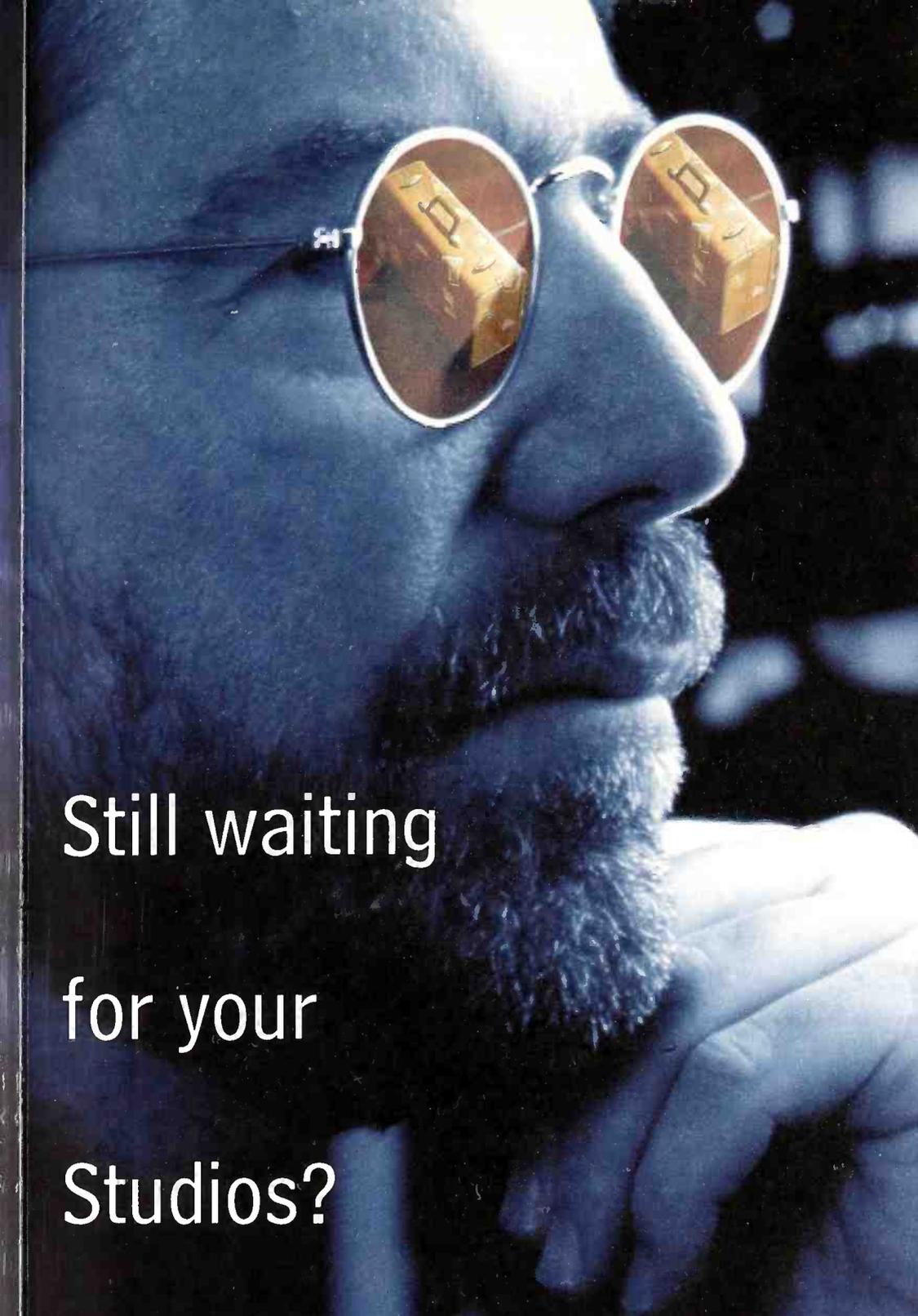
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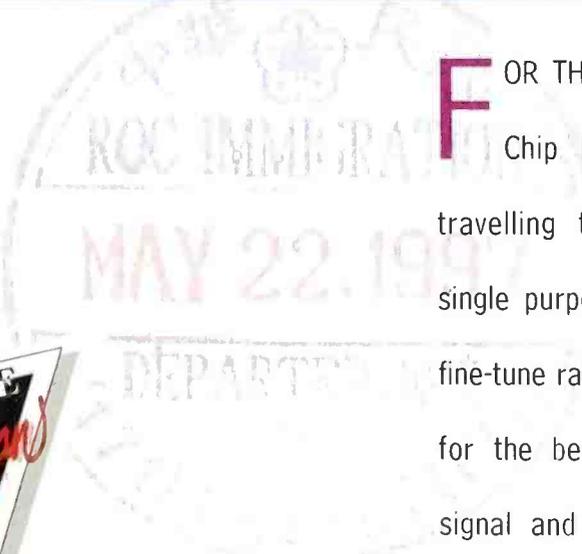
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Ackerley	N:AK	17.687	16.812	-0.875	-4.95%	330	Harris Corp.	N:HRS	29.625	29.125	-0.500	-1.69%	2604
Alliance Bcg.	O:RADO	0.906	0.750	-0.156	-17.22%	0	Hettel Bcg.	O:HBCCA	31.250	34.125	2.875	9.20%	142
Am. Tower	N:AMT	15.937	16.937	1.000	6.27%	2327	Jacor	O:JCOR	40.125	43.750	3.625	9.03%	11300
AMSC	O:SKYC	4.437	4.062	-0.375	-8.45%	1040	Jeff-Pilot	N:JP	59.687	58.875	-0.812	-1.36%	2130
Belo Corp.	N:BLC	16.125	14.625	-1.500	-9.30%	3962	Jones Intercable	O:JOINA	24.250	24.000	-0.250	-1.03%	468
Big City Radio	A:YFM	3.562	3.250	-0.312	-8.76%	20	Metro Networks	O:MTNT	31.500	29.312	-2.188	-6.95%	507
Broadcast.com	O:BCST	38.125	36.250	-1.875	-4.92%	1225	NBG Radio Nets	O:NSBD	0.937	1.100	0.163	17.40%	439
Capstar	N:CRB	12.187	11.937	-0.250	-2.05%	2667	New York Times	N:NYT	23.562	22.312	-1.250	-5.31%	8130
CBS Corp.	N:CBS	22.437	20.562	-1.875	-8.36%	33680	News Comm.	O:NCOME	0.593	0.562	-0.031	-5.23%	6
CD Radio	O:CDRD	16.875	25.000	8.125	48.15%	5507	OmniAmerica	O:XMIT	14.500	17.000	2.500	17.24%	310
Ceridian	N:CEN	50.937	53.875	2.938	5.77%	3850	Otter Tail Power	O:OTTR	38.875	38.812	-0.063	-0.16%	41
Chancellor	O:AMFM	23.937	26.312	2.375	9.92%	19256	Pacific R&E	A:PXE	2.125	2.250	0.125	5.88%	0
Childrens Bcg.	O:AAHS	3.000	3.062	0.062	2.07%	100	Pulitzer	N:PTZ	68.875	65.812	-3.063	-4.45%	1296
Citadel	O:CITC	16.875	18.250	1.375	8.15%	93	RealNetworks	O:RNWK	27.687	33.875	6.188	22.35%	8813
Clear Channel	N:CCU	37.000	36.187	-0.813	-2.20%	12149	Regent Pfd.	O:RGCP	3.500	3.500	0.000	0.00%	0
Cox Radio	N:CXR	28.062	27.812	-0.250	-0.89%	305	Saga Commun.	A:SGA	15.500	14.625	-0.875	-5.65%	82
Crown Castle	O:TWR	7.812	7.562	-0.250	-3.20%	344	Sinclair	O:SBGI	9.937	10.375	0.438	4.41%	8043
Cumulus	O:CMLS	8.000	5.000	-3.000	-37.50%	309	SportsLine USA	O:SPLN	7.687	9.250	1.563	20.33%	3686
DG Systems	O:DGIT	2.437	2.718	0.281	11.53%	10	TM Century	O:TMCI	0.460	0.375	-0.085	-18.48%	0
Disney	N:DIS	24.937	24.500	-0.437	-1.75%	48620	Triangle	O:GAAY	0.040	0.055	0.015	37.50%	16125
Emmis	O:EMMS	28.000	26.875	-1.125	-4.02%	508	Triathlon	O:TBCOA	9.250	9.875	0.625	6.76%	32
Fisher	O:FSCI	58.750	59.250	0.500	0.85%	3	Tribune	N:TRB	46.750	49.250	2.500	5.35%	5873
Gaylord	N:GET	24.437	22.625	-1.812	-7.41%	455	Westower	A:WTW	14.250	14.250	0.000	0.00%	292
Granite	O:GBTVK	4.125	4.125	0.000	0.00%	479	Westwood One	O:WONE	17.000	16.625	-0.375	-2.21%	541
							WinStar Comm.	O:WCII	14.375	14.000	-0.375	-2.61%	7643

Radio One sets 1999 IPO

Look for an IPO in 1999 says Radio One, the nation's largest African-American-owned radio group. In preparation for going public, Radio One is directly acquiring a related company, Radio One of Atlanta, which is primarily owned by Radio One President **Alfred Liggins**. It owns WHTA-FM and LMAs WAMJ-FM in the Atlanta market.

CD Radio sells 20%

Fort Worth, TX billionaire **Sid Bass** has bought a \$100M interest in CD Radio (O:CDRD), the satellite-to-car radio broadcaster. After an expected early November closing, Bass' Prime 66 Partners, L.P. will own 5M shares, or roughly 20% of the company. The sale, combined with two stock and one bond offering, means CD Radio has raised more than \$700M of the \$946M it needs to launch its service. CD Radio stock rose \$4.50 a share on word of the investment, Oct. 13.

CBS cuts news jobs

Wall St. Journal—CBS Corp. (N:CBS) confirmed it is cutting between 100 and 150 jobs in its news division and reorganizing CBS News to reflect the belt-tightening.

While the network said it won't close any news bureaus or lay off any on-air correspondents, it said it will have fewer people in Dallas, Miami, Tel Aviv, and Moscow as a result of the cuts. The news division also is combining some of its oversight desks, and is eliminating some of the reporting lines that had kept people

from working for more than one CBS News broadcast.

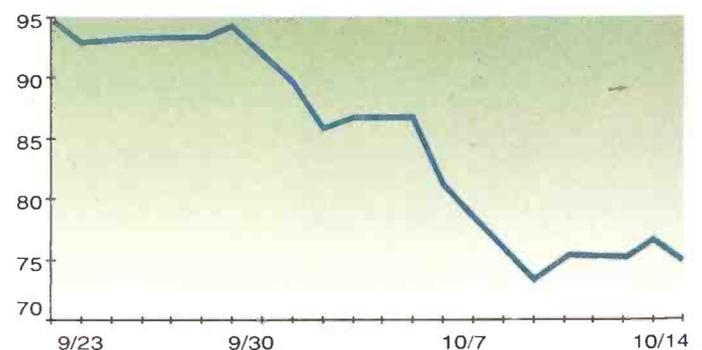
CBS News President **Andrew Heyward** defended the cutbacks, which he said reflect the overall difficulties of the network-television business. "We tried to leave our core newsgathering in place," he said. "People know that we are operating in very challenging times."

The cuts, along with related cost savings, are expected to reduce the company's \$400M annual news budget by about 10%. Before the cuts, CBS News employed 1,600 people.

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The Radio Index™

Another down week for the Radio Index™. It closed down 3.71 last week, to close at 74.92.



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by Jack Messmer

First shoe falls for 62nd Street sell-off

Larry Wilson's Citadel Communications (O:CITC) is entering the Saginaw-Bay City, MI market with a six-station superduopoly—the first stations to be sold off from Bain Capital's 62nd Street Broadcasting group.

Citadel is paying \$35M for WSGW-AM, WGER-FM, WMJA-FM, WIOG-FM, WMJK-FM & WKQZ-FM. It's the first entry into Michigan for Citadel, which has been focusing on expanding its Eastern holdings from its base in the West.

Broker: Dick Foreman, Richard A. Foreman Associates

RBR observation: After the failure of its attempts to merge 62nd Street with Triathlon (O:TBCOA), it was just a matter of when, not if, Bain would sell off its radio properties. We look for sales soon of its Lansing, MI and Ft. Wayne, IN stations, but it may be a bit harder to find buyers for its small market stations in Kansas.

Randy: I'm still buying

Any thought that a merger could close Randy Michael's checkbook were laid to rest last week. Jacor (O:JCOR) announced it will pay \$24M for five Progressive Broadcasting stations in Caddo Parish, LA—that's Arbitron market #129, Shreveport, to most. The newest additions to the Jacor family are KVKI-FM, KRUF-FM, KITT-FM, KEEL-AM and KWKH-AM.

Caribou leaving Hawaii

If nothing else, this deal will put a more appropriate corporate name in charge of Honolulu's KQM-QAM & FM, KPOI-FM & KHUL-FM. Caribou Broadcasting LP is selling the stations for \$7.5M to New Wave Broadcasting LP, headed by **Jon Ferrari** and **Charles Cohn**. It's the third market for New Wave.

Caribou Broadcasting is owned by **J. Kent Nichols'** Caribou Communications and Finova Group (N:FNV). The two teamed up to build the superduopoly after Finova, a major broadcast lender, took over the KQM-QAM combo from a former owner. **Broker:** Kalil & Co.

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

Pinnacle Broadcasting Company, Inc.

to
Connoisseur
\$6,000,000
— ★ —

Scottsdale Talking Machine

to
New Century
\$7,000,000
— ★ —

Chancellor-Capstar
\$637,500,000
— ★ —

Zapis Communications

to
GOCOM
\$2,600,000
— ★ —

Connoisseur

to
GOCOM
— ★ —

LBJ-S Broadcasting, LP Merger

\$80,000,000

Capstar Broadcasting

to
Heftel Broadcasting
\$54,000,000
— ★ —

Capstar Broadcasting

to
Cox Radio
\$48,000,000
— ★ —

EXCL-ARS
\$120,000,000
— ★ —

ARS-Entercom Swap

\$40,000,000
— ★ —

Bonneville International Corp.-

Chancellor Media
\$740,000,000
— ★ —

Capstar Broadcasting-
Chancellor Media Exchange

\$54,000,000
— ★ —

Children's Broadcasting Corporation

to
Catholic Radio Network
\$57,000,000

Children's Broadcasting Corporation

to
Salem
\$2,700,000
— ★ —

American Cities Broadcasting

to
Starradio
\$1,440,000
— ★ —

Children's Broadcasting Corporation

to
1090 Investments
\$2,000,000
— ★ —

SFX

Hicks, Muse, Tate & Furst and Capstar

\$2,100,000,000
— ★ —

Park Lane Group

to
Regent Communications
\$23,500,000
— ★ —

Continental Radio Broadcasting

to
Regent Communications
\$3,600,000

Ruby/Topaz

to
Regent Communications
\$7,150,000
— ★ —

Jacor-Capstar Broadcasting Swap

\$6,000,000
— ★ —

El Paso & Lubbock

to
Renaissance Broadcasting
\$150,000
— ★ —

Oasis Radio

to
Regent Communications
\$1,600,000
— ★ —

Legend Broadcasting

to
Barnstable Broadcasting
\$4,000,000
— ★ —

Zapis Communications

to
Chancellor
\$275,000,000



Transactions announced or closed in 1998

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The high cost of talking sports

By Jack Messmer

Sports/Talk is a big bucks format, no doubt about it. The top billing station in the country is CBS' (N:CBS) WFAN-AM New York, which far outsells its 12+ ratings because of the value advertisers attach to its audience.

The flip-side, though, is that while Sports/Talk draws big ad dollars, it is also a high-overhead format to program. Case in point—WMVP-AM Chicago, which Disney's (N:DIS) ABC Radio began programming last week (10/12) under an LMA and is buying from Chancellor Media (O:AMFM) for \$21M (*RBR* 8/24, p. 12). Since ABC owns a TV station in the same market, WLS-TV (Ch. 7, ABC), it needs a waiver from the FCC to acquire MVP. The request for that waiver is based, in part, on economic considerations.

"In calendar year 1996, WMVP lost approximately \$3.7M and in calendar year 1997 it lost approximately \$4M. The station is projected to lose approximately \$3.5M in 1998," ABC said in its FCC filing. "ABC expects that the introduction of the ESPN 24-hour sports radio format will enhance the value of WMVP's existing broadcast rights to the Chicago Bulls, Chicago White Sox and Notre Dame football games. In addition, the opportunity to promote WMVP using the ESPN 'brand' is expected to lead to increased ratings for the station and turn the station to profitability within a three-year time period."

For 1997, *Duncan's American Radio* pegged MVP's billings at \$14M and BIA at \$13M—in each case, nearly as much as ABC's WLS-AM & WXCD-FM Chicago combined. Even so, the high cost of Sports/Talk and play-by-play rights had the station wallowing in red ink.

ABC detailed for the FCC the savings it expects to achieve by combining WMVP with its other Chicago operations: \$330,000 annually in rent by moving to the WLS-TV building; \$455,000 annually in personnel costs; and \$100,000 from access to the WLS/WXCD new business development department. ABC said those efficiencies will permit WMVP "to invest in both increased coverage of local high school sports and increased local public affairs programming."

RBR observation: About \$900,000 in annual savings still leaves a lot of work ahead for ABC to whittle down that \$4M annual deficit. Spreading out programming costs over the expanding ESPN Radio Network will help, as will sharing local resources with WLS-TV. Even so, ABC is going to have to find ways to boost MVP's ratings (which aren't bad at all) and power ratio (already the highest in the market) to get the top line high enough to have a profit on the bottom line.

\$60M for New Northwest deals

Only one \$7.9M deal for six stations has been announced (*RBR* 8/31, p. 15), but **Michael O'Shea's** and **Ivan Braiker's** New Northwest Broadcasters group says it has deals coming soon for 23 stations in eight more markets. The two have revealed that their equity backers are Northwest Capital Appreciation Inc. and Key Equity Capital—putting up \$60M in initial capitalization to launch the new group.

Chancellor scraps Grupo deal

Chancellor Media (O:AMFM) wants out of a \$237M deal which would have

given it a 50% stake in Mexico's Grupo Radio Centro, SA (N:RC)—the country's largest radio broadcasting company, with six FM and six AM stations.

"Chancellor has no right to terminate such investment agreement and (we) will vigorously challenge any attempt from Chancellor to validate such termination," said Radio Centro in a statement submitted Oct. 14 to the Mexican Stock Exchange.

In July, Chancellor agreed to pay \$81.5M to the Aguirre family trust and invest \$39M cash and \$116.5M in stock to Radio Centro. (*RBR* 7/20, p. 12)

RBR's Deal Digest

Cumulus is paying \$6.525 for Hochman Communications' Fayetteville, AR superdoupoly. Cumulus now has markets in every contiguous state from North Carolina south to Florida and west to Texas. **Broker:** **Stephan Sloan**, Media Services... **Chris Devine's** Legend Broadcasting is selling KTMO-FM Kennett, MO to **Al Kaneb's** Barnstable Broadcasting for \$4M. **Broker:** Norman Fisher & Assoc... **Jeff Warshaw's** group is already in the adjacent Flint market, so his acquisition of WTLZ-FM Saginaw makes a lot of sense. Connoisseur will pay \$1.8M to acquire the station from **Stephen Taylor's** Taylor Broadcasting Inc. **Broker:** **Michael Bergner**, Bergner & Co.

CLOSED!

KKIQ(FM)
Livermore, California
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Tri-Valley Broadcasters
to
Jim and John Levitt
for
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Elliot B. Evers
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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.

\$67,000,000—* KACD-FM & KBCD-FM Los Angeles (Santa Monica-Newport Beach CA) from KACD-FM LP and KBCD-FM LP, subsidiaries of Kelsho Communications LP (Ken Roberts) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$67M cash at closing, additional payment (which could exceed \$20M) based on 12-month trailing cash flow due 2/2/2002. These two stations on 103.1 MHz will have a series of **duopoly** and **superduopoly** overlaps with KXTA-AM, KORG-AM, KIIS-FM & KIIS-FM Los Angeles, plus KOGO-AM San Diego. LMA upon antitrust clearance.

\$13,000,000—* WNEZ-AM & WLAT-AM Hartford (New Britain-Manchester CT), **WURD-AM** Philadelphia, **WKDL-AM & WKDV-AM** Washington DC (Silver Spring MD-Manassas VA) and **WBDN-AM** Tampa (Brandon FL) from various subsidiaries of Mega Broadcasting Corp. (Alfredo Alonso) to Mega Communications Inc. (George L. Lindemann Sr., Adam Lindemann, Alfredo Alonso). \$1.3M escrow, balance in cash at closing. Existing **duopoly** in Hartford. Note: No contour overlap in DC market.

\$6,850,000—* WSSO-AM, WKOR-AM & FM, WMXU-FM & WSMS-FM Tupelo (Starkville-Columbus-Artesia MS) from Golden Triangle Radio Inc., Tupelo Broadcasting Corp., Charisma Broadcasting Co. and Bravo Communications Inc. (Donald R. DePriest) to Cumulus Licensing Corp. (Richard Weening, Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). \$342.5K letter of credit as escrow, \$6.85M in cash at closing. Existing **superduopoly**. LMA since 9/27. *Broker:* Media Services Group

\$4,650,000—* KXBX AM-FM Lakeport CA, **KQPM-FM** Ukiah CA, **KFMI-FM** Eureka CA, **KATA-AM** Arcata CA from North County Communications Inc. (William Groody) to Bicoastal Media L.L.C. (Kenneth R. Dennis, Kevin P. Mostyn, Don Bleu). \$40K escrow, \$300K non-compete, balance in cash at closing. **Superduopoly**

between KATA/KFMI and KRED-FM, KKHB-FM, KGEO-AM. Existing **duopoly** between KXBX AM-FM, KQPM-FM. *Broker:* Media Services Group

\$1,259,000—KTUR-AM Salt Lake City (Tooele UT) from KTUR Inc. (Robert W. Turley) to InteliQuest Media Corp. (Richard W. Linford, Steven A. DeVore). \$585K cash at closing, \$144K three-year note, \$530K stock.

\$1,200,000—KOCC-FM Oklahoma City from Oklahoma Christian University to Educational Media Foundation (Richard Jenkins, pres). \$50K escrow returned to buyer at closing, \$1M cash, \$200K note. Station will become affiliate of buyer's K-LOVE Network. Noncommercial station. Buyer has application pending for non-commercial FM CP in nearby Yukon OK.

\$1,200,000—KFYN-AM & KFYZ-FM Bonham TX from Bonham Broadcasting Inc. (Roy V. Floyd) to North Texas Radio Inc. (Richard E. Witkovski). \$50K escrow, balance in cash at closing. *Broker:* George Moore & Assocs. (buyer)

\$1,025,000—KNET-AM & KYK-FM Palestine TX from Quail Management Co. (Clive Runnells) to North Texas Radio Inc. (Richard E. Witkovski). \$50K escrow, balance in cash at closing. *Broker:* George Moore & Assocs. (buyer)

\$750,000—WIFM-FM Elkin NC from F.S.A. Broadcasting Group Inc. (Jeff Smith) to Von Broadcasting Inc. (Danny G. Hill). \$75K escrow, balance in cash at closing.

\$650,000—KNAL-AM Victoria TX from Saga Broadcasting Corp. (Edward K. Christian) to Bible Broadcasting Network Inc. (Lowell Davey). Donation. Station valued at \$650K, and donor will receive tax certificate in that amount. Donor is buying station from Withers Broadcasting of Texas Inc. pursuant to Asset Purchase Agreement dated 7/7/98.

\$602,800—WNTN-AM Boston (Newton MA) from Newton Broadcasting Corp. (Orestes T. Demetriades) to Colt Communications LLC (Robert & Jean Rudnick). \$25K escrow, additional \$375K in cash at closing, \$202.8K note.

\$550,000—KBOC-FM Brodgetown TX from Community Broadcast Network (Ted L. Haynes) to North Texas Radio Inc. (Richard E. Witkovski). \$30K escrow, balance in cash at closing. *Broker:* George Moore & Assocs. (buyer)

\$500,000—* KPLV-FM Victoria (Port Lavaca TX) from Coastal Wireless Co. (William Sterett) to Victoria Radio Works Inc. (John W. Barger). \$25K escrow, balance in cash at closing. **Superduopoly** with KAMG-AM, KVIC-FM & KEPG-FM. LMA since 8/28.

\$475,000—* KGOE-AM & KRED-FM Eureka CA from KRED Radio Inc. (William Groody) to Bicoastal Media LLC (Kenneth R. Dennis, Kevin P. Mostyn, Don Bleu). \$30K escrow, balance in cash at closing. **Superduopoly** with KATA-AM, KKHB-FM & KFMI-FM. **Broker:** Media Services Group

\$400,000—KKAS-AM & KWDX-FM Silsbee TX from Jewel P White & Associate (Jewel White) to Proctor-Williams Inc. (Gerald Proctor). \$4K escrow, \$40K (less escrow) in cash at closing, \$360K note.

\$289,000—* WATO-AM Knoxville (Oak Ridge TN) from WATO Inc. (Ron Meredith) to MetroWest Radio LLC (Susan K. Horne, Douglas A. Horne). \$5K escrow, additional \$45K in cash at closing, \$239K note. **Superduopoly** with WBLC-AM, WLOD-AM & WESK-FM.

\$170,000—WBAG-AM Burlington NC from Key Broadcasting Corp. Inc. (Joel Key) to Gray Broadcasting LLC (Theodore J. Gray III, Nancy C. Gray). \$10K escrow, additional \$140K (less approx. \$74,572 debt assumption) in cash at closing, \$20K under non-compete agreement.

\$130,000—* KVLA-AM Vidalia MS from Joseph/Aaron Radiocasting Inc. (Robert D. Cupit Jr.) to Willis Broadcasting Corp. (Bishop L.E. Willis). \$25K downpayment, additional \$40K in cash at closing, \$65K note. **Duopoly** with WMIS-AM Natches MS.

\$119,742—KBMI-FM Roma TX from Timon Auto & Equip Leasing Corp. (John Edward Peel) to Horizon Broadcasting Inc. (Douglas, Eileen & Stephen Smiley). Forgiveness of \$119,742 debt.

\$100,000—* WMIS-AM Natchez MS from Natchez Broadcasting Co. Inc. (Diana Ewing Nutter) to Willis Broadcasting Corp. (Bishop L.E. Willis). \$15K downpayment, additional \$85K in cash at closing. **Duopoly** with KVLA-AM Vidalia LA.

\$100,000—KESE-AM Bentonville AR from JEM Broadcasting Co. Inc. (Elvis Moody) to Lerita A. Huff. \$100K note. Note: The buyer is the sister of the seller.

\$30,000—WDSL-AM Mocksville NC. 50% of the stock of Davie Broadcasting Inc. from Clayborn B. Lunsford (50% to 0%) to Margaret C. Tilley (50% to 100%). Note.

\$8,088—FM CP (105.1 MHz) Dededo, Guam from Jon A. Anderson to Sorensen

Pacific Broadcasting Inc. (Rex & Kathleen Sorensen, Jon A. Anderson). \$8,088 cash for expenses to date. **Duopoly** with KGUM-AM & KZGZ-FM Agana, Guam.

\$5,000—FM CP (91.9 MHz) Burnsville MS from Southern Cultural Foundation (Richard Dabney, Luci Johnston) to Southern Community Services Inc. (Richard Biddle, Diane Biddle, John White). \$5K cash.

\$5,000—WBTS-AM Bridgeport AL from Remal J. McCloud & Darren W. McCloud, Joint Executors, Estate of Roy C. McCloud, to KEA Radio Inc. (Ronald & Julia Livengood, Olvie & Ivous Sisk). \$2K escrow, additional \$3K in cash at closing. Creates combo with WKEA-FM Scottsboro AL and WMXN-FM Stevenson AL.

\$1—* KRVV-FM Monroe LA (Bastrop LA), 100% stock sale of Holladay Broadcasting of Louisiana Inc. from Clay E. Holladay to Robert H. Holladay. \$1 and assumption of all corporate debt. **Superduopoly** with KLMB-FM. LMA since 5/1. Note: Both stations are in a JSA with New South Communications, owned by Clay & Robert's father, F.E. Holladay, which is the licensee of KMLB-AM, KLIP-FM & KJLO-FM.

N/A—WVKL-FM Norfolk from Norfolk Trust, Ralph E. Becker, Trustee, to Sinclair

Radio of Norfolk Licensee LLC (David Smith), a subsidiary of Singlair Broadcast Group Inc. (O:SBGI). Return of station license and assets from trust following divestitures to comply with ownership limits. **Superduopoly** with WPTE-FM, WNVZ-FM & WWDE-FM. The buyer is seeking a **waiver** of the one-to-a-market rule due to its ownership of WTVZ-TV (Ch. 33, Fox).

N/A—WELY-AM & FM Ely MN, 100% stock transfer of Boundary Waters Broadcasters Inc. from Estate of Charles Kuralt to Susan B. Kuralt. Inheritance.

N/A—* WNFT-AM Boston from The Boston License Trust (Bill Clark) to CBS Radio Inc. (Mel Karmazin), a subsidiary of CBS Corp. (N:CBS). Return of station from trusteeship upon divestiture of other Boston stations which will bring CBS into compliance with ownership limits. **Superduopoly** with WBZ-AM, WBMX-FM, WODS-FM, WBCN-FM & WZLX-FM. CBS also owns WBZ-TV (Ch. 4, CBS). Note: CBS has already agreed to sell this station to Mega Communications (RBR 9/28, p. 13).

N/A—WNJC-AM Vineland NJ, transfer of 50% stock interest in Forsythe Broadcasting Inc. from the Estate of Michael Venditti to Joan Venditti. Inheritance. Note: The remaining 50% is owned by John Forsythe.

Bi-Coastal Media L.L.C.

has agreed to purchase the assets of

KXBX-AM/FM
Lakeport, California

KQPM-FM
Ukiah, California

KRED-FM, KKHB-FM,

KGOE-AM, KFMI-FM

Eureka, California

KATA-AM
Arcadia, California

from

North County Communications

for

\$6.4 Million

Austin Walsh
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The triple-deck digital player has everything you would ever want: Big green Play buttons, bright red Stop buttons, VU meters, large countdown timers, flashing End-of-Message signals, and large legible "cart" labels.

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Spot Box is really easy to use. There's only the one screen, so jocks never get confused. Even though Scott Studios uses Windows 98 or NT, Spot Box works like carts, **not** a computer.

If you use a paper log, load any cut quickly with the blue number keys at the bottom of the touch screen, or type them in with a 10-key pad. Or, pick and play any recording by number or name from the scrolling "Wall of Carts" showing all your spots, promos and jingles in ABC or 123 order.

As an option, Spot Box can be paper-free. Simply import logs from your traffic computer by diskette or Local Area Network.

You get detailed printouts showing exactly which spots played and when. With the traffic import option, you see at a glance the comparison of schedule and air times.

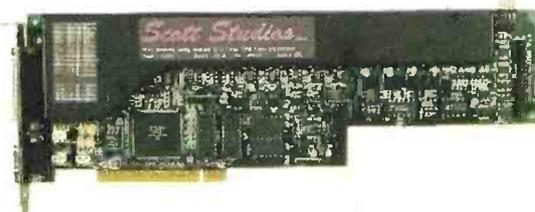
If you have several stations, record a spot only once. There's no limit to the number of Spot Boxes or hard drives you can connect by LAN or WAN for additional studios and redundancy. Every spot can be instantly played in every studios'

The screenshot shows the Scott Spot Box interface. At the top, it displays the time '8:13:24' and the date 'Sat AM Aug 1, '98'. The interface is divided into three sections for different audio decks. Each section has a 'Play' button, a VU meter, and an 'Auto Stop' button. The top deck is for 'CompUSA - Epson' (PCM) with ID '2474' and a duration of ':01/1:00/C CM'. The middle deck is for 'Dallas Morning News' (NA) with ID '4843' and a duration of ':00/1:00/C CM'. The bottom deck is for 'Pepsi-Cola' (Jing) with ID '7327' and a duration of ':00/0:30/C CM'. To the right of the decks is a 'Cart Wall' with a list of spots: 1023 Boston Market - \$1+ (:00/1:00/C CM), 1025 Boston Market - Lunch (:00/1:00/C CM), 1034 Both of You - Maternity (:00/0:30/C CM), 1035 Bright Truck Leasing (:01/1:00/C CM), 1036 Burns Security Syst (:00/0:30/C CM), 1038 Car Nation - Tuesday (:00/1:00/C CM), 1039 Car Nation - Wed (:00/1:00/C CM), 1040 Central Bank & Trust (:00/0:30/C CM), 1041 Cinema 12 (:00/1:00/C CM), and 1043 Charley Horse Saloon (:00/0:30/C CM). On the far right, there are navigation buttons: Up, Sched, Spots, Jingle, Promo, Songs, ABC, Record, and Dn. At the bottom, there are blue number keys from 1 to 0.

Here's the simple and easy Scott Spot Box cart replacement. It sounds great, with three channels of uncompressed digital audio on three console channels.

Spot Box. Recordings can be locked so they only play on designated stations, days and times.

Scott Studios is first with a PCI digital audio card that plays **three uncompressed stereo channels with overlap** from one card **while recording** or playing a fourth!



Scott's non-proprietary 32-bit audio card is superior to anything else: >90db signal-to-noise, ruler flat frequency response, and your choice of MPEG II, uncompressed or both, mixed at all popular sample rates. Others use inferior 8- or 16-bit audio cards designed many years ago.

It's a fact: over 1,922 radio stations have 4,162 Scott digital workstations, including **major** groups like CBS, Chancellor, Disney/ABC, Clear Channel, Emmis, Citadel, Cumulus and many more.

Scott Systems are **best** due to:



- the **easiest** user interface;
- **uncompressed** digital audio;
- 3 products and price ranges: Good, Better & Best.

Scott Studios' digital audio is **affordable**. A triple-deck Spot Box Pentium II recorder-player starts as low as \$5,000!

Call Scott Studios to see how a digital system can be tailored to **your** needs and budget.

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