The over-turning of EEO focuses on outreach ........................................... 2
The FCC's new approach to EEO stays clear of hire-by-race quotas. It only stipulates that extra effort must be made to notify minorities of openings.

Sales pacing remains strong despite increased inventory .................................. 2
Voluntary standards seen as FCC razzle-dazzle ................................................. 2
Dr. Laura: Premiere Net says nyet to vignettes .................................................. 4
Arbitron sticks in a web foot .................................................................................. 4
XM's manufacturer deals will help put DARS in cars ......................................... 6
Moove over Howard: Boob tube beckons to bovine broadcaster .......................... 6
Cuba once again AP-propos for US news service ................................................ 6
Poll position: Voters approve of broadcast election coverage .............................. 6
Don deal: Geronimo's charges reduced ................................................................. 6
When it comes to the web, NPR just another Yahoo ........................................... 6
RAB not on the dole, but Dole will be on the RAB .............................................. 6
Taking it EAS-y: Broadcasters hit emergency button 74 times ........................... 6

Connoisseur’s station stew made one ingredient at a time .................................. 8-10

Can Harris afford to buy Intraplex? Yes ................................................................. 11
Cumulus’ amended Q3 report nets more loss ....................................................... 11
Greater outdoors for Chancellor after DOJ deal ................................................ 11
Otter Tail tale: Big Q3 gains .................................................................................. 11
Big City: Net income up, negative cash flow down .............................................. 11

Dodge plays Rapunzel, lets down gold for Hirsch, Cox ...................................... 12
American Tower Systems is making two big buys to expand its business base.
It’ll get OmniAmerica for $397M and Cox-backed TeleCom Towers for $185M.

American Tower experiences vertical revenue growth ....................................... 12
Infinity’s IPO karma may include $3.4B payday .................................................. 13
Spin city: Clear Channel-Jacor cast-offs identified ............................................. 13
The Eagle has landed in St. Joe, MO ................................................................. 13
FCC resurrects EEO rules; "Outreach" overriding goal

by Frank Saxe

In the wake of last April’s court ruling overturning the FCC’s 30 year old EEO regulations, the agency began the process of putting new rules on the books last week as it opened a proceeding which would require broadcasters to take extra efforts to alert minorities and women of job openings.

While the “outreach rule” would require notification, the proposal specifically says race, ethnicity and gender could not be taken into consideration when a hiring decision is made. The plan includes special exemptions for small market stations.

In its decision, the US Court of Appeals ruled the FCC’s requirement that broadcasters’ workforce mirror the racial composition of its market was unconstitutional. Under the new rules, the Commission proposes to eliminate such administrative agencies better to skirt statutory limits on their authority. Their use can also more readily permit agencies to impose requirements violative of the Constitution,” said Furchtgott-Roth.

Among the so-called voluntary standards listed were waivers to broadcast ownership rules, deal review, EEO reporting regulations and the FCC’s indecency procedure. “The use of voluntary standards allows administrative agencies better to skirt statutory limits on their authority. Their use can also more readily permit agencies to impose requirements violative of the Constitution,” said Furchtgott-Roth.

One reason he said the Commission uses the nebulous rules is that “they are harder to challenge in a court of law.”

Furchtgott-Roth said the FCC should adopt full-fledged rules, whenever possible. “We should either not act at all, or act through established rulemaking processes, and then defend our position,” he said.

©1998 Radio Business Report, Inc. All content may not be reproduced, photocopied and/or transmitted without written prior consent.

Pacing stays on track
Forward pacing remains strong in the latest RBR/Miller Kaplan Market Sell-Out percentage report. Although each month is slightly behind year-ago levels in percentage terms, the figures are viewed as very strong, since most markets have added inventory this year.

<table>
<thead>
<tr>
<th>Month</th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 15</td>
<td>84.5%</td>
<td>88.5%</td>
</tr>
<tr>
<td>Dec.</td>
<td>63.0%</td>
<td>67.2%</td>
</tr>
<tr>
<td>Jan.</td>
<td>19.2%</td>
<td>20.2%</td>
</tr>
</tbody>
</table>

RBR/Miller Kaplan Market sell-out percentage report

1998 1997

84.5% 88.5%

63.0% 67.2%

1999 1998

19.2% 20.2%
Hey Randy, Mel & Lowry:

You paid 18 times cash flow for your stations.

You need to make more money.

Call Now About Our Programming Moneymakers

"Dead Doctors Don't Lie"
"Dave Alan - The Night Hawk"

Listen to demo right now at www.zbsradio.com

ZBS RADIO

Syndicating Fresh New Talent Through Innovative Revenue Concepts
Distributor of "Dead Doctors Don't Lie The Talk Radio Program"
and "Dave Alan The Night Hawk"

For licensing and further information call Michael Zwerling at ZBS Radio Associates,
Voice: 831-477-1999, Fax: 831-477-1071, e-mail: mz@ksco.com
or call ZBS Radio 24 Hour Fax-On-Demand, 831-477-2002 from your fax machine
Complete explanation of ZBS revenue concept in Real Audio™ available at www.zbsradio.com
The saga of Dr. Laura and the forgotten vignettes

by Carl Marcucci

You gotta hand it to Premiere President/CEO Kraig Kitchin—only three months into his reign and he’s had three major curves thrown at him—first Art Bell’s resignation, then the nude Dr. Laura Schlessinger photos and now American View Inc.’s (AVI) impending syndication of Dr. Laura’s 520 “Coping” vignettes, which could eat into Premiere’s own “Dr. Laura Moment” vignette affiliations and raise market exclusivity issues with the “Dr. Laura” show.

The series of :60-:90 sec. vignettes was produced by Norman Baer Productions in 1982-83 and aired on ABC’s Direction Network through ‘86. According to AVI President Dave Addington and managing director/principal partner Kent Burkhart, Baer offered the series July 1 to then-Premiere President Steve Lehman, who asked to see contracts and hear sample tapes for validation. They were sent July 8. After no response, a letter from Baer’s attorney Jeff Boris was sent July 22, worded, “since no response, we assume you are not interested.” Lehman left Jacor (O:JCOR)-owned Premiere to become Chairman of National Media (N:NM) Aug. 14.

“Baer then shopped the vignettes around and AVI agreed to syndicate them. Said Burkhart: “I then asked for a meeting with [Jacor CEO] Randy Michaels. We met at the NAB for 15 minutes. He had no idea about this. He left the room and said [he would] get back in touch. The next thing we got was a phone call from Kraig Kitchin 10 days later.”

When Kitchin called, he asked to hear the tapes. Later, according to Addington, Kitchin said the vignettes were impressive, but Premiere did not want them in the marketplace. A cease and desist letter from Premiere attorney Fred Fenster followed.

Kitchin told RBR he had no hint of the AVI contract prior to Michaels telling him, “Steve [Lehman] and I did not have a chance to discuss this. We were given a very very short window of time to be able to ascertain [what to do].”

“I turned it all over to [Premiere attorney] Scott Zolke—I thought this was a potential legal issue. I remember asking the guy ‘why would someone want 15-year old Dr. Laura material when we deliver a fresh mini-feature every day?’ I saw it as having no relevance whatsoever in today’s marketplace,” said Lehman. “Why would a competitor pick it up to promote Laura who’s on full-time at another station? Let them run it—if I were a Dr. Laura affiliate, hell, I’d pay a competitor to run it.”

The outcome will most likely be determined in court. Said Kitchin: “We have a responsibility to 450 affiliates [of Dr. Laura] and believe that they have market exclusivity.”

Zolke tells RBR they are waiting for the vignettes to air before acting. This is an unfair competition case. Non-use for three years constitutes abandonment of [Baer’s] rights to exploit her name and identity.

“We have a lot of documentation on this,” said Addington. “We think our position is sufficient enough that it will become very clear quickly as to who has the rights in this thing.”

Arbitron takes its show online

by Jim Allen

Taking a page from its own somewhat ominous study with Edison Media Research on the Internet’s impact on radio, Arbitron has booked itself on several business flights into cyberspace—entering into deals and introducing new services utilizing online technology.

Its Internet study concluded that local, over-the-air radio will almost certainly see erosion in the wave of new media, but adds there are opportunities for radio on the Internet.

Accordingly, Arbitron announced a new partnership with Magnitude Network, Engage Technologies and RealNetworks (O:RNWK) to develop audience-measurement services for broadcasters who use the Internet (RBR 10/19, p.6). Arbitron says it “will provide radio stations, other Internet broadcasters, advertisers and advertising agencies with unbiased, third party measures that will facilitate the buying and selling of online...advertising packages.”

Arbitron VP GM Internet Information Services Greg Verdino told RBR that through its alliance with Motorola’s (N:MOT) subsidiary RadioWave.com, the first online-listening survey results of “300 webcasting radio stations will be reported before year’s end.”

New tool for PDS

In the coming year, Arbitron will debut a new service called “Diary Scan”, an online service through which subscribers can access the comments sections of listener diaries. However, detailed daily listening records will not be accessible. A couple of the more vocal consultants at Arbitron’s Fall ’98 Consultant Fly-In (11/11-13) were not quite sure what to make of Diary Scan, but were reminded of the value of perceptual data—which is how Arbitron views listener comments.

The company’s UK trials of beeper-sized “People Meter” audience measurement devices are about a month underway and Arbitron VP Marketing Radio Station Services Bill Rose added, “we have our feelers out for other international opportunities.”

Arbitron’s other recent innovations include multiple-tasked “PD Advantage” and “Media Professional” survey data software packages available this fall and the sales-oriented merger of Tapscan and Arbitron data.

Also reviewed at the Fly-In were “Workplace Zip”, which yields new qualitative data by tracking at-work listening, and “Exit Polling,” through which previous diary keepers are interviewed to extract perceptsuals. Rose noted, “It is configured for the top 50 markets...[and is now in use] in NY, LA, San Francisco, Philadelphia, Detroit, and St. Louis...by Chancellor, Emmis, Greater Media, Inner City” and about 25 others.

All-in-all, NY-based consultant Walter Sabo characterized Arbitron’s new array of audience-measurement wares as “filled with really useful stuff” but added its audience “sample size must be increased significantly in every market [in order] to support that [more detailed] level of interpretation.”
Productivity
Our systems are user-friendly—you can probably be up and running in a matter of days. But to show you all the power and flexibility, we’ve created the PSI Training Academy, a state-of-the-art educational facility. Get hands-on experience under the supervision of broadcasters who have relied on the AudioWizard for their bread and butter.

During the four day program students have an opportunity to master:

Recent Attendees comment:
“I look forward to sending more people.”
Group Engineer
“Very impressive.”
P.D.
“Excellent session!”
Engineering Manager
“An incredible facility!”
Operations Manager
“...the whole experience was awesome!”
P.D.

Call the PSI Academy for the current class schedule or register on-line at www.prophetsys.com!

’nuff said!!
XM Satellite Radio signs manufacturers

by Carl Marcucci

Bringing Satellite DARS one step closer to reality, XM Satellite Radio last week announced agreements with Alpine and Pioneer to manufacture and distribute XM-equipped aftermarket car stereos and Sharp for home stereos and boomboxes. The receivers are expected to cost $199-8500. XM is 80% owned by AMSC (O:SKYSC).

In addition, an agreement with Rome-based ST Microelectronics (N:STM, formerly SGS-Thomson) will provide chip sets for the three manufacturers, along with XM's sister company WorldSpace for its portable satellite receivers.

"These agreements make this business very, very real. Doing these kinds of negotiations with Japanese companies, we have found they are extremely thorough and have really gone through our business plan and technology. They sort of bought into our vision and I'm very excited about it," said XM CEO Hugh Panero, who added this announcement is the first of many manufacturing agreements coming down the road.

While aftermarket is the first line of attack, Panero says XM is also in discussion with factory car stereo manufacturers. Competitor CD Radio (O:XMIT) has not announced any manufacturing deals thus far, but CEO David Margolesi expects them before the year is up: "Right now, it's not the long pole in the tent for us to announce manufacturing deals, but we're clearly pleased that major consumer electronics manufacturers are going to be contributing to the proliferation of satellite band radios."

Getting this close to the assembly line raises again the FCC-mandated interoperability issue (RBR 10/19, p. 6). All satellite DARS receivers must receive both services, and it still doesn't look like that's going to happen. Says Panero: "Right now this equipment is going to be designed and built with the XM protocol and technology. We're still working with CD Radio and we hope that there can be some agreement in the future."

Mancow TV coming

by Frank Saxe

Howard Stern's late night television program may be losing affiliates and ratings, but that is not discouraging a production house from launching a TV product for WKQX-FM Chicago's Eric "Mancow" Muller. Santa Monica-based RTV has finished shooting a pilot, which like Stern's show will set the shock jock behind the mic.

RTV President Tom Coleman said the Mancow show will be different from Stern's in that it will be on the air five nights a week, featuring highlights of that morning's radio show. "We're going daily, which is somewhat ambitious, but we feel this is a way to keep local programming very fresh," said Coleman, who added they are looking at developing ways to present visuals for many of the audio bits featured on the radio show. The program would be syndicated, and discussions with several Chicago TV stations are ongoing.

Coleman also said RTV needs to produce five nights of shows a week to cover the high cost of putting the shows on. They are also counting on cooperation with Mancow affiliates. "We believe very strongly in our ability to drive a rating with these shows, because of the enormous cross-promotional possibility," he said.

RTV also believes by using a largely unknown product such as Mancow, it can avoid Stern's pitfalls in that CBS (N:CBS) had built up Stern's ability to pull late night ratings beyond expectations. He has developed an audience catering to prurient interests and that's eliminated his ability in getting guests," said Coleman.

The Mancow show is part of a larger plan for RTV, which plans to launch a cable channel in mid-1999 featuring a variety of radio shows. Coleman said they are in discussions with several radio groups about investing in the network and sharing talent, adding he is negotiating with a number of "nationally known" radio hosts.

RBR News Briefs

The Cuban government has approved the reopening of the Associated Press bureau in Havana. AP was forced to close its Cuban offices in 1969 when its last permanent correspondent was expelled. CNN is the only US-based news service with a bureau in Cuba. It opened in March 1997, after receiving approval from both the Cuban and US governments.

More than eight in ten voters polled after the Nov. 3 elections said broadcasters gave too much or just the right amount of time covering the campaign, according to poll sponsored by NAB and RTNDA. 37% of voters listed radio and TV news and debates as "most helpful" in picking a candidate, although a mere 42% listened to or watched a debate. Only 6% said paid ads were the "most helpful."

Don Geronimo, half of Westwood One's (O:WONE) "Don and Mike Show" duo, will not face drugged-driving charges. Cops in Fairfax County, VA will instead charge him with reckless driving and marijuana possession. Don was doing 70 in a 35 mph zone when he was pulled over last August. A trial has been set for Dec. 2.

Yahoo! Inc. (O:YHOO) and National Public Radio have teamed to provide NPR newscasts on Yahoo! news pages. NPR will also host several chats each month, featuring radio hosts and correspondents, as well as noteworthy newsmakers.

American Red Cross President Elizabeth Dole will give the keynote at the RAB Annual Conference next February in Atlanta. Dole has also worked in the Nixon, Reagan and Bush Administrations, and is considered a possible VP candidate in the 2000 election.

In case it's asked on "Jeopardy," broadcasters activated the Emergency Alert System 74 times this year, through Oct. 20. Tornadoes and floods were the most common reasons for its use. The FCC says the total number of EAS and EBS reported activations since 1976 is 22,329.
You have 1,500 new competitors on the Internet and your audience is listening.

*What are you doing about it?*


Your future depends on it.

*Arbitron: Helping Grow Radio's Share*
Aggressive Connoisseur seeks to add to station collection

It's not easy to say just when Jeff Warshaw got into radio, since he literally grew up in the business. His parents and an uncle owned Universal Broadcasting—a group of niche-formatted stations (Ethnic, Religious, Gospel, etc.) in or near major markets—and Jeff was hanging around radio stations, working at radio stations and reading radio trade publications from an early age.

"I always knew that I wanted to be in the radio business," Warshaw said.

While still a student at Wharton, the young entrepreneur bought the CP for a daytime AM in Portage, IN, and as soon as he graduated set out to turn the CP into an operating station.

"My first job was to find the money to build it, then build it and put it on the air."

Warshaw then went to work for Universal and oversaw the sale of most of the stations in 1992, leaving him with the Portage station and the desire to start a new group—Connoisseur Communications.

Beginning with the purchase of WFDF-AM & WDZZ-FM Flint, MI in 1993, Warshaw has grown Connoisseur into a group with mostly duopolies and superduopolies in its ten markets from western Pennsylvania to eastern Iowa. The latest deal announced was to enter the Saginaw, MI market with the purchase of WTLZ-FM—giving Connoisseur an Urban outlet in the market adjacent to its Flint superduopoly, which includes Urban WDZZ-FM.

Quality, not size
Connoisseur's markets are Arbitron rated #100+ (with the exception of #91 Youngstown, OH), but Warshaw says market rank isn't the key criteria.

"We have, in all of our markets, very strong clusters in markets that are not overradioed," he explained. "Our markets are characterized by not a tremendous amount of in-format competition, and [being] in areas that have traditionally been strong for radio."

"Size is not as important as the quality of the market," Warshaw added. "We would feel comfortable operating in any size market, it's just that we tend to gravitate toward markets that we can have very strong positions and not be worrying about changing formats every week because of so much competition."

To date, Connoisseur has built piece by piece, one or two stations at a time—and that's not likely to change.

"It would be a lot easier if we weren't so disciplined," Warshaw said of how he's stuck to the business plan he established for building the group. "We haven't bought existing groups. We haven't even bought existing market clusters. We've been very methodical about building it brick by brick."

Finding those "bricks" isn't easy, and Warshaw doesn't limit his search to only cash-flowing operations or only turnaround stations.
"Generally, we've had a mix of both. In general, we wouldn't enter into a market with just a stick—we'd like to have a base of operations there and acquire sticks or existing underperforming stations to complement our existing cluster," Warshaw explained. "I would say three-quarters or more of our deals were not for sale, where we approached the ultimate seller. We haven't really been involved in the auctions, but rather we have been going after strategic acquisitions one by one. It's a lot of hard work, but it's been very rewarding for us."

Connoisseur was launched with a base of limited partners as investors. As the group grew, Warshaw said he was approached by a number of venture funds and investment bankers before meeting Peggy Koenig of ABRY Partners about two years ago. "I had heard just tremendous things about ABRY," he said. "They had a great reputation and they really knew the business." Those talks led to a large investment in Connoisseur by ABRY about a year and a half ago.

**Good people are hard to find**

It isn't easy to combine former rivals within a market and it also isn't easy to manage a growing group of such combinations.

"It's a tremendous amount of work and we think many other companies out there have grossly underestimated how much work it really takes to integrate these operations," Warshaw said. "Everyone can see that you can cut one or two [employees] out of the back office. That, ultimately, is not where we think that the money is made. We think it's really important to assimilate the cultures, the way that we do business, so that ultimately we can use the power of radio to go after bigger market share."

"One of our areas of focus has been newspapers," said Warshaw. "We have developed an initiative for us, within the stations, to get them to learn the lingo and the terminology that's unique to newspaper. We have put together a way of making proposals to newspaper clients, so that we can highlight how, in virtually every one of our markets, our reach is greater than the newspaper. This is the first time in the radio industry's history that we have been able to make that claim. When you add the frequency that our stations can give, along with the reach, we think it's a tremendously compelling argument for giving radio a shot."

To concentrate on making each cluster work and building market share at the expense of competing media, Connoisseur has each vice president overseeing only three or four markets. "That enables us to help each of the people at the stations to grow into their jobs, with as much support as possible."

Connoisseur currently has three VPs: Don Kidwell, Jeff Dinetz and Gary Rozynek. Also working with Warshaw at corporate headquarters in Westport, CT is CFO Mike Driscoll.

With that team of experienced pros on hand, Connoisseur is working to give its staffers a level of resources and training that was seldom, if ever, seen in 100+ markets prior to deregulation.

"We really try to give as much support to the stations as possible. We put a lot of time and effort into helping people get better," Warshaw said. "It's not just something that we talk about—we have plans and skill sets that we've developed for the key people and we really try to help them grow into their ever more difficult jobs."

With the exception of some of the high-profile nationally syndicated Talk shows, virtually all programming on Connoisseur's stations is local. "We have some talent in our markets with great longevity that we're really proud of," Warshaw noted.

**The joys of DOJ**

With the US Department of Justice (DOJ) targeting ever smaller markets for antitrust probes of proposed radio deals, Connoisseur was one of the first groups outside the top ten mega-groups to experience a DOJ investi-
gation. Sensitive to opening old wounds, RBR just had to ask what it was like to go through the probe of Connoisseur's Youngstown market share.

"It was tremendously disruptive," Warshaw sighed. As for expense, he noted, "it's not just the legal fees, it's the toll that it takes on your organization."

Having gone through the process, Warshaw said he understands what DOJ is looking at, in terms of revenue percentages and type of facilities within radio—even if it makes no sense. "As anyone who makes a living in the radio business knows, the belief that we're a unique universe and that we're not competing with newspaper and television, or cable and direct mail, is simply ludicrous. Our greatest competitors, in fact, are the other media."

Most recently, Connoisseur was also targeted by the FCC for one of its first market share investigations—pertaining to the purchase of a combo in Mercer, PA, just east of the Youngstown market. "I really don't understand that," Warshaw said. "These are stations that are not in one of our markets. They have no ratings or revenue in our other market and they don't have a signal in that market. It took us by surprise that there was any inquiry at all."

Nevertheless, Warshaw gets to be one of the first to experience an FCC market share analysis to add to his DOJ experience. Lucky guy, huh?

Exit strategy: Undecided

As one of the nation's youngest group heads, at age 34, it may seem strange to talk about exit strategies, but investors do eventually want to at least have the option of taking some profits out of a company. For now, though, Warshaw is keeping his options open.

"My way of looking at it has just been to put one foot in front of the other and not really worry about what's going to happen tomorrow—knowing that if we just keep taking care of our business and keep on growing our people and assets that we'll have lots of options," Warshaw said. "At some future date we'll evaluate them. Our business plan is not predicated upon any single event for liquidity anytime in the foreseeable future."

"That having been said," he added, "we consider ourselves to be a young, aggressive, growing company and we are putting ourselves in a position such that whatever happens in the future, we'll be able to capitalize upon it."

Whatever happens, Jeff Warshaw says he can't imagine ever not being in radio. "I think it's the greatest business in the world."

Not retiring is actually a Warshaw family tradition. Despite selling most of the Universal group in the early part of this decade, Jeff's parents still own three large market AMs and his uncle owns a combo in Indianapolis.

**Connoisseur's Markets**

Rockford, IL
  - WROK-AM, WZOK-FM
  - WXXQ-FM

Grand Rapids, MI
  - WMUS-AM & FM

Waterloo-Cedar Falls, IA
  - KOEL-AM & FM
  - KKCV-FM, KCRR-FM

Quad Cities, IA-IL
  - KJOC-AM, WXL-P-FM
  - KBOB-FM, KORB-FM
  - WGEN-FM

Evansville, IN
  - WGBF-AM & FM
  - WTRI-FM, WYNG-FM
  - WDKS-FM (LMA)

Canton, OH
  - WRQK-FM

Flint, MI
  - WFDF-AM, WOAP-AM
  - WWCK-AM & FM
  - WDZZ-FM, WAHV-FM

Mercer, PA*
  - WWIZ-FM, WLLF-FM
  - (purchase pending)

Saginaw, MI
  - WTLZ-FM
  - (purchase pending)

Youngstown, OH
  - WBBW-AM, WPIC-AM
  - WSOM-AM, WHTF-AM
  - WYFM-AM, WQXK-AM

*These stations appear in Arbitron's Youngstown ratings

11/23/98 RBR
Harris acquires Intraplex

Harris Corp. (N:HRS) has expanded its Broadcast Systems Division by acquiring Intraplex Inc., a Massachusetts-based maker of digital STLs and other products for digital audio transmission. Financial terms were not revealed.

For nearly a decade, Harris and Intraplex have collaborated not only in the broadcast field, but on products targeted for wireless network applications,” said Bruce Allan, VP/GM, Harris Broadcast Systems.

Noting that Harris was already the largest domestic distributor of his company's products, Intraplex president and co-founder Bill Rollins said "this business combination will allow us to expand the range of products and support available to both Harris and Intraplex system users.”

DOJ clears billboard buy

The Department of Justice has reached a settlement with Chancellor Media Corp. (O:AMFM) allowing it to go forward with its $39.5M buy of billboard holder Kunz & Company. As part of the DOJ deal, Chancellor has agreed to divest its Q3 financial report (RBR 11/2, p. 14) to add a one-time non-cash charge of $2.9M “for acceleration of the discount associated with the exchange of its pre-IPO preferred stock for shares of its 13 3/4% Series A Cumulative Exchangeable Redeemable Preferred Stock due 2009.” That increased the net loss attributable to common shares to $10.2M for the quarter, rather than the previously reported $7.3M. The change did not affect Cumulus' revenue or cash flow figures.

Big gains for Big City

Big City Radio (A:YFM) reported Q3 net revenues up 42% to $4.5M. The company, whose station line-up still includes mostly start-ups, had a broadcast cash flow deficit of $425K—up from negative cash flow of $166K a year ago, but improved from Q2’s $1.3M deficit.

“ Our performance this quarter reflects a healthy 30% growth in same-station revenue and also includes results from our first Chicago station cluster, 103.1 FM Heart and Soul, which commenced operations earlier this year,” said CEO Michael Kakoyiannis.
Tower merger teams-up trio of broadcasters

All three tower companies which had been backed financially by major broadcast groups will become one under deals announced last week (11/16). Steve Dodge's American Tower (N:AMT), which already has Clear Channel (N:CCU) as a major investor, will acquire Carl Hirsch's OmniAmerica Inc. (O:XMIT), backed by Hicks, Muse, Tate & Furst, in a $397M stock-swap and debt assumption deal. American Tower will also buy Cox Enterprises-backed TeleCom Towers LLC for approximately $185M in cash, stock and debt assumption. Those values were based on American Tower's 11/13 closing stock price of $19.

In the end, Clear Channel will own 6-7% of American Tower's stock, Hicks, Muse 4-5% and Cox roughly 3%. Exact details of the cash/stock split for Cox are yet to be determined, which will affect all of the equity percentages. Hicks, Muse partner Jack Furst will join American Tower's board of directors, as will Cox Enterprises VP Dean Eisner. Clear Channel CFO Randall Mays is already a director. Hicks, Muse is the controlling investor in both Chancellor Media (O:AMFM) and Capstar (N:CRB), which have a merger pending. Cox Enterprises is the controlling shareholder of Cox Radio (N:CXR) and also owns the Cox TV group.

"There's so much broadcasting horsepower here, through relationships and knowledge of the sector, our association with these companies can't help but enhance our prospects in the tall tower arena," Dodge told a conference call with analysts and reporters. Although all three companies own many times more small towers (200 feet, or so), primarily for cellular and PCS, the really big bucks come from towers of 1,000 feet or more, which typically host several TV and FM stations and a plethora of other government and private sector users.

"This was a great fit," Hirsch told RBR. "Steve Dodge is a great businessman."

The OmniAmerica deal marks a change of philosophy for Dodge, who had originally been skeptical of Hirsch's business plan to own tower construction and steel fabricating interests, as well as owning and managing towers and rooftop transmitting sites. "We've transitioned from being skeptics to being fans," Dodge said of OmniAmerica's full-service approach.

Including the two acquisitions, American Tower now controls 3,044 towers (2,475 owned/569 managed), with 843 sites under development. Dodge now expects to get to 5,000 towers by 2002 and to hit 10,000 before the previous target year of 2005. Pro forma for the acquisitions, the company will have 131M shares outstanding and $324M in debt.

Announcement of the deals sent OmniAmerica's stock soaring $6 to $23.50 (11/16). American Tower gained $3.50 to $22.50. Under the merger, OmniAmerica shareholders will receive 1.1 American Tower shares for each OmniAmerica share.

CS First Boston advised American Tower on the merger and OmniAmerica was advised by BT Wolfensohn.

Revenues, cash flow shoot higher

American Tower also announced sharply higher financial results for Q3, which reflected its rapid pace of acquiring and building towers. Net revenues shot up to $30.5M from $4.5M a year earlier. Tower cash flow rose to $13.8M from $2.2M. On a pro forma basis, including all completed acquisitions but not TeleCom Towers and OmniAmerica, American Tower CFO Joe Wynn said Q3 revenues were $33.2M and cash flow $15.8M.

OmniAmerica also reported sharply higher figures for the quarter (RBR 11/16, p. 14).
Infinity IPO could top $3.4B

Based on the latest amendment to Infinity Broadcasting's IPO filed with the SEC, the sale of 16.2% of CBS' (N: CBS) radio and outdoor advertising division is expected to bring in at least $2.565B—and that could run as high as $3.4155B if the underwriters pick up the entire green shoe.

With market conditions on the upswing and the enthusiastic reception Mel Karmazin has received on the road show, CBS has projected that Infinity will fetch from $19 to $22 per share for the 135M shares being offered to the public. An additional 20.25M shares have been registered, should the underwriters need them to cover overallotments—the "green shoe," in Wall Street parlance. The IPO pricing is expected to take place in early December and Infinity will trade on the New York Stock Exchange as "INF."

If the issue is priced toward the upper end of that range, Infinity will bump the recent (RBR 11/16, p. 11) $2.8B stock sale by Fox Entertainment (N: FOX) from its position as the third largest IPO of all time. CBS, by the way, has a price basis of $8.33 for its 700M shares of Infinity.

For the first three quarters of this year, Infinity posted a 24% gain in net revenues to $1.32B, EBITDA (cash flow minus corporate overhead) was up 36% to $397M. Pro forma to include the ARS stations for the previous year's comparison, the company said net revenues were up 12% and EBITDA 21%.


Clear Channel details spin-offs

Clear Channel (N: CCU) says it expects to spin off 20 stations to clear the way for its $4.4B stock-swap acquisition of Jacor Communications (O: JCOR). Surprisingly, the list (which is subject to change) includes more current Clear Channel stations, 14, than Jacor stations, 6. Here's the list of proposed divestitures:

- Jacksonville, FL: WZNZ-AM & WBGB-FM, both Clear Channel.
- Cleveland, OH: WERE-AM, WNCX-FM & WENZ-FM, all Clear Channel.

Eagle flies into St. Joe

Eagle Communications, headed by president Gary Shorman, is extending its Great Plains group with a $4M buy of KSPT-AM & KKJO-FM St. Joseph, MO from John Daniels and Ted Mahn's Cardinal Communications. Broker: Larry Patrick, Patrick Communications.

Stock prices were mixed after the Federal Reserve cut interest rates again, but most radio stocks moved higher. The Radio Index closed Wednesday 11/18 at 104.34, up 3.25 from a week earlier. That put the index at its highest point since 8/26, when it was at 106.20.
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.


**$5,650,000—* WLQY-AM Miami (Hollywood FL) from Genesis Communications II Inc. (Bruce C. Maduri) to WZMZ Broadcasting Inc., a subsidiary of Z-Spanish Media (Amador S. Bustos, John Bustos, Darryl B. Thompson, Mark Inglis, Cleveland Christophe). $300K escrow, balance in cash at closing.**

**$4,500,000—* WFOR-AM & WHER-FM Hattiesburg MS WJWF-AM & WMBC-FM Columbus MS from Radio Hattiesburg Inc. and Radio Columbus Inc. (J. W. Furr, Don L. Furr, J. W. Furr, Jr., Dorothy Knoll, Betty Swanzey) to Cumulus Licensing Corp. (William M. Bengeroth, Richard J. Bonick Jr., Richard Weening, Lew Dickey, Jr, et al.), a subsidiary of Cumulus Media (O:CMLS). $225K letter of credit as escrow, $4.5M in cash at closing. Superdupoly of Columbus stations with WKOR-AM, WSSO-AM, WMXU-FM & WSMS-FM Starkville-Artesia MS. Note: No more than five stations overlap at any point. Broker: Media Services Group**

**$4,300,000—* WKRS-AM & WXLC-AM Waukegan IL from Spring Broadcasting of Illinois LLC, part of the Broadcasting Partners Holdings group (Lee Simonson), to Belvidere Broadcasting Co. LP (Bruce Buzil). $350K escrow, balance in cash at closing. An LMA is contemplated.**

**$4,000,000—* WBPS-AM Boston (Dedham MA) from Achievement Radio Holdings Inc., a subsidiary of Z-Spanish Media (Amador S. Bustos, John Bustos) to Mega Communications of Dedham Lic-
$3,412,500—WKWQ-FM Columbia (Batesburg SC) and WKSO-FM Orangeburg SC from Columbia Christian Radio Inc. and Orangeburg Broadcasting Inc. (Bishop L.E. Willis), part of the Willis Broadcasting Corp. group, to Rainbow Radio LLC (Cara Ebert Cameron, Barry Smith, John Broomfield). $87.5K non-refundable deposit, additional $3.325M in cash at closing.


$1,800,000—WTLZ-FM Saginaw MI from WTL Inc. (Stephen Taylor) to Connoisseur Communications of Saginaw LP (Jeff Warshaw, Tincum DCR Inc., ABRY Broadcast Partners III LP), part of the Connoisseur Communications group. $125K escrow, $1.79M (less escrow) in cash at closing, $10K under non-compete agreement. Note: No contour overlap with any of Connoisseur's FMs in the Flint market. Broker: Bergner & Co.

$1,600,000—* WVLD-AM & WPWW-FM Valdosta GA from Valdosta Media Services and Metromedia Broadcasting Inc. (F. Harrison Cooper) to AI Brooks Communications Inc. and Brooks Broadcasting Corp. Inc. (Albert L. Brooks). $75K escrow, additional $925K in cash at closing, $400K note, $200K under consulting agreement. In addition, WPWW-FM must air five 60-second spots per day for 90 months for the seller's E.M. Travel Inc., the value of which is not stated. **Duopoly** with WWRQ-FM Valdosta GA.


$1,000,000—WPTG-FM West Point VA from Real Radio Inc. (Gilinda Rogers) to Colonial Broadcasting LLC (James E. Campana, J. Philip Goldman). $20K escrow, $700K at closing, balance in note payable 180 days from closing. Note: Campana and Goldman own 40% of Winner Broadcasting, which purchases a majority of WPTG's broadcast hours.

$800,000—* KWRL-FM LaGrande OR from Grande Ronde Broadcasting Inc. (Richard and Deborah Freeman) to KSRV, Inc. (David N. Capps, Clare M. Ferguson-Capps). $40K escrow, $360K in cash at closing, $400K balance note to be paid monthly over five years. **Superduopoly** with KUMA-FM, KWHT-FM, KCMB-FM.

$615,000—* WSMT-AM & FM & WTZX-AM Sparta TN from Austin Broadcasting Corp. (Wylie Gene Austin) to Sparta CBC, Inc., a subsidiary of Commonwealth Broadcasting Corp. (Breton C. Jones, Steven and Vickie Newberry, Dr. Charles M. Anderson, Elmer Whitaker, W. Mark and Debbie Myers). $10K escrow, additional $525K in cash at closing, $75K note, $10K under non-compete agreement. Broker: Hadden & Associates; Media Services Group.

$300,000—KTFI-AM Twin Falls ID from AM 1270 Co. (Lawrence C. Johnson) to FM Idaho Co. (Wendell & Lydia Starke). $300K cash. Combo with KIXX-FM Ketchum ID.

$200,000—WSRG-FM Sturgeon Bay WI from Fleet Broadcasting Inc. (Timothy D. Martz) to Magnum Broadcasting Inc. (David R. & Lynn E. Magnus). $17.5K escrow, balance in cash at closing. Note: No contour overlap with WAUN-FM Kewaunee WI.

$190,000—WRIC-FM Richlands VA from Clinch Valley Broadcasting Inc. (Mary W. Lawson) to Peggy Sue Broadcasting Corp. (Dirk D. Hall, Henry G. Beam). $40K escrow, balance in cash at closing.

$150,000—WROM-AM Rome GA from The Promised Land Communications Inc. (Roy T. Taylor) to LGV Broadcasting Inc. (Mark G. Garrett, Christopher Mark Lumpkin). $14K escrow, balance in cash at closing.

$80,000—* KCOU-FM Columbia MO from The Independent Residence Halls Association to The Curators of the University of Missouri (Theodore C. Beckett, pres.). $4K annually for 20 years. **Duopoly** with KBAI-FM Columbia MO. The buyer also owns KOMU-TV (Ch. 8, PBS) Columbia MO, but no waiver is needed since all of the stations are noncommercial.

$80,000—* WCVM-FM Bronson MI from Calvary Christian Fellowship Inc. (Ronald H. Hyre) to CSN International (Jeffrey W. Smith, Charles W. Smith, John Laudadio, Michael R. Kestler). CSN is paying by 26 monthly installments of $3K, with the final payment of $2K to be made at closing. Note: CSN has filed CPs for 27 new non-comm FMs in 16 states.

$75,000—WKG-FM Arcadia FL from Hall Communications Inc. (Arthur J. Rowbotham) to Heartland Broadcasting Corp. (Harold Kneller Jr., Janet Kneller, William Noel Jr.). $2.5K escrow, $22.5K (less escrow) in cash at closing, $50K note. Combo with WZZS-FM Zolfo Springs FL.

N/A—WWHO-FM Mt. Shasta CA from Tritar Broadcasting Corp. (Thomas F. Erickson) to Great Western Broadcasting (Tom Huth). Assignee agrees to assume all outstanding debt of KWHO.
Yes! I want my '99 Source Guide

Rush me the 1999 Source Guide for only $89.00
Offer Expires Dec 30th 1998

Fax back today at 703-719-7725

Check one:
AMEx □ Visa □ Mastercard □ Check □

Card number: _________________________  Exp. __________
Signature ____________________________

Make checks payable to Radio Business Report P.O.Box 782, Springfield Va 22150