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RADIO NEWS

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	Number of Transactions	Volume (in millions)
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Merrill Lynch & Co.	17	6,502.1
Lehman Brothers	3	3,075.1
Bear, Stearns	10	2,874.9
NationsBank	2	2,775.0
Morgan Stanley Dean Witter	10	1,799.5
Lazard Houses	6	1,535.0
Allen & Co.	1	477.2
Wasserstein, Perella	3	247.3
Prudential Securities	1	92.8

*Includes U.S. M&A, private and public debt advisory. Industry sectors include Radio & TV (includes Cable) Broadcasting, Outdoor Advertising.

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Wall Street shocker: Chancellor on the auction block!

Chairman **Tom Hicks** and President/CEO **Jeff Marcus** hung out the "for sale" sign last week (1/20), announcing that the directors of Chancellor Media (O:AMFM) have retained BT Alex. Brown to evaluate the company's options to maximize shareholder value. In making the announcement, CEO Marcus said the multi-media company's three operating divisions—radio, TV and outdoor—are each "exceptional assets" with proven management.

"However, there remains a substantial disparity between Chancellor's market valuation and those of its peers," Marcus said. "Accordingly, we have elected to pursue a strategic review intended to identify options which can result in enhanced shareholder value and

better reflect the company's outstanding assets, management, industry position and resources."

Making the rounds of financial TV shows, Marcus repeatedly compared Chancellor to **Rodney Dangerfield** in not getting the respect it is due. Wall Street gave Chancellor \$9.188 worth of respect the day of the announcement, push-

Pacing holding steady

Forward pacing is holding steady with last year's rapid pace in the latest RBR/Miller Kaplan Market Sell-Out percentage report. Although March is running ahead of last year, Miller, Kaplan's **George Nadel Rivin** notes that the standard broadcast month had five weeks last year, as opposed to four this year.

RBR/Miller Kaplan Market sell-out percentage report

	1999	1998
Jan. 15	72.6%	72.0%
Feb.	53.7%	53.5%
March	37.0%	34.1%

American Capital Strategies

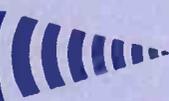
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\$15,000,000

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Centennial Broadcasting, LLC

Don Bussell assisted Centennial Broadcasting
in this transaction.

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ing the price to \$54.75.

Although Chancellor has been touting the synergies of its multi-media platform, Marcus' announcement indicates that the company will consider selling off one or more of the divisions if that proves to be the best deal for its shareholders.—JM

What's Chancellor worth—and who can pay the price? More coverage on page 12.

Judge overturns \$20M award to Children's Broadcasting

U.S. District Court Judge **Donald Alsop** overturned a federal jury's award of \$20M to Children's Broadcasting Corp. (O:AAHS), ruling that the facts did not support the verdict against ABC Radio Networks and its parent company, Disney (N:DIS).

In his ruling 1/15, Alsop, who had presided over the trial last September in St. Paul, MN, said he reversed the jury's verdict because Children's Broadcasting Corp. (CBC) was already in financial difficulties before ABC signed a contract in November 1995 to handle ad sales for the Radio AAHS, then pulled out after seven months and announced plans to launch a competing network, Radio Disney. "CBC failed to distinguish between the effects of ABC Radio and Disney's wrongdoing and other factors that may have affected CBC's business," Alsop wrote.

"We're very pleased," ABC spokeswoman **Julie Hoover** said of the judge's decision to throw out the \$20M award.

CBC CEO **Chris Dahl** told *RBR* he wasn't particularly surprised by Alsop's most recent ruling: "It's not inconsistent with this judge's inconsistency."

Dahl drew some solace, though, from Alsop throwing out only the monetary award. "The judge did not overrule their [ABC's] wrongdoing," Dahl said.

The stock markets were closed for the three-day Martin Luther King Jr. Day holiday when news broke of the legal setback for CBC. When trading resumed 1/19, CBC's stock price fell \$0.375 to \$2.625.

Even before the latest ruling, the case was headed for a federal appeals court. ABC had questioned what it said was an inconsistent verdict by the jurors (*RBR* 10/5/98, p. 4), who held that ABC had not violated its contract, but nevertheless used one

Rainbow wrap-up

Rev. **Jesse Jackson's** Rainbow/Push Coalition second annual Wall Street Project minority economic development conference (*RBR* 1/18,p.3) at the World Trade Center in New York succeeded in getting a number of corporate heavyweights and the nation's chief executive to make big money commitments and/or agreements to increase advertising and create partnerships with minority interests.

Pepsi-Cola's on board and says it will spend an additional 10 to 15% on black radio this year and up to 50% more in ethnic newspapers. AT&T is going to sell \$1B in bonds in an offering that will be co-managed by a minority firm and another \$200-300M offering would be entirely managed by "diversity firms," according to AT&T Chairman **C. Michael Armstrong**.

General Motors was persuaded to let outside auditors review its minority dealer development program and a number of corporations pledged to add minorities to their boards of directors.

GTE Corp., Bell Atlantic Corp., and SBC Communications, Inc. have pledged to invest up to \$200M in pension fund assets with minority venture capitalists.

"Rev. Jackson brought giants of industry to this conference. This is very impressive," said **Percy Sutton**, founder of Inner City Broadcasting to *RBR*.

"Jesse's trying to build bridges between people and get them to talk to each other," **Roger Ailes**, Chairman & CEO Fox News told *RBR*.

The conference workshop program read like a who's who of American industry, finance, telecommunications and politics. This stop provided President **Bill Clinton**, one of several keynoters of the conference, at least a temporary respite from his ordeal on the Hill.

The President entered the ballroom to a rousing, minutes-long ovation from the audience of several hundred mostly black professionals on the second day of the conference. Clinton was verbally mas-

trade secret to launch Radio Disney. CBC had also been dissatisfied with the verdict and hoped that an appeals panel would reinstate its fraud claims against ABC—thrown out by Alsop before the trial began (*RBR* 9/7/98, p. 2)—which could result in a tripling of any damages awarded.

Last CBC stations sold

In a coincidence of timing, CBC closed

saged, forgiven and generously thanked for his contributions to a strong U.S. economy in "tributes" by Armstrong, Essence Editor-in-Chief **Susan Taylor**, **Richard Grasso**, Chairman of the New York Stock Exchange, **James Harmon**, Export and Import Bank, **Leo Guzman**,

Leo Guzman & Company, **Weldon Latham** of Shaw Pittman & Trowbridge and **Jesse White**, Appalachia Regional Commissioner and Dr. **Emma Chappell**, United Bank of Philadelphia.

During his half-hour speech, the President said "if there was ever a time when none of us have an excuse, it is now and we have to seize the moment." Clinton then unveiled a federal initiative designed to stimulate \$15B in private investment in depressed areas. He also proposes providing \$608M federal dollars for loan guarantees to encourage this type of investment and \$1B in tax credits and deferrals.

Clinton said it was time to "build a bridge between Wall Street and our greatest untapped markets," the urban and rural poor. He also stressed education and training as keys to making the initiatives viable.

The chair recognizes the chair

In his tribute to President Clinton, AT&T Chairman Armstrong in acknowledging the assembled dignitaries made it a special point to say, "Good afternoon to FCC Chair-

the last of its station sales one day before Alsop's ruling. The final three stations—WJDM-AM (& expanded band WBAH-AM) New York, KAHZ-AM Dallas-Ft. Worth and KIDR-AM Phoenix—were sold to Radio Unica for \$29.25M. In all, CBC got \$71M for its 13 stations—a gain of \$43M from their combined purchase price. **Peter Handy** of Star Media Group was the broker for the sell-off after CBC



"Access to capital is the prevailing issue of our time"



"...build a bridge between Wall Street...and untapped markets"

man **Bill Kennard**." A smiling Armstrong said his telecommunications interests dictate that he "always speak to Mr. Chairman."

Rev. Jackson credited Kennard with being instrumental in putting together the AT&T financial plan announced at the conference.

Kennard gave remarks prior to the keynote luncheon address of Treasury Secretary **Robert Rubin**.

"What's so exciting about being at the FCC today is what's happening in our economy...My grandfather worked on the railroad, he was a Pullman porter. At that period in our history, he could be a part of this great network of commerce, but only if he would agree to be the guy to carry the bags. But that has got to change. We've got to make sure that the networks of the future, the information highway, the next engine of commerce...are accessible to everybody," Kennard told the gathering.

He focused on commerce and Internet access in his remarks and did not mention the FCC ad agency bias against minority broadcasters study (*RBR* 1/18, p.2), but afterward told *RBR*, "This is a problem that is clearly pervasive, but one that is going to be solved by people coming together. All the stakeholders have to come together and try to develop positive solutions here. That includes the advertising community, the companies that place ads and the minority broadcast community. If everybody gets to the table and identifies what the problem is, that's the beginning.

"We are going to have a summit here in New York on February 22, sponsored by **Wallace Snyder**, [President, American Advertising Federation] where we are going to put the recommendations of the report on the table and try to develop some dialogue. The report is a start. It's a way to get the dialogue going so that we can identify the scope of the problem and some positive solutions."

Thomas Burrell of Burrell Communications and **Tom Castro**, President of El Dorado Communications, appearing on a panel called Advertising Opportunities for

shut down Radio AAHS 1/30/98.

CBC is now essentially a holding company, with a nearly 50% stake in Harmony Holdings (O:HAHO)—a producer of TV commercials and other video products—as its major holding. Flush with cash from the station sales, Dahl said CBC will seek to acquire other video production companies and continue to battle in court with Disney.

1/25/99 RBR



FCC's Cathy Sandoval moderates panel on ad agency bias.

Minorities, both said stations should stand firm on pricing and hold the line against ad agencies who would assess minority discounts against minority broadcasters.

The panel was moderated by **Cathy Sandoval**, Chief of the FCC Office of Small Business Opportunities. Her office commissioned the ad agency bias study "and the goal at the conference was to inform people about 'no urban' dictates and 'no Spanish' dictates and the impact these practices have on consumers and minority businesses. Not only are they able to earn less revenues, but it also means they are then less able to develop news and information programming to get information out to the public. And, they are less able to acquire capital in order to acquire more media outlets and provide a diverse range of programming to better serve the public," Sandoval told *RBR*.

Inner City President **Pierre Sutton**, **Jeff Burns** of Johnson Publications, **Joseph Stroud** of Jovan Broadcasting and **Ronald Davenport**, President, Sheridan Broadcasting, were also panelists.

Speaking of the ad bias report in his keynote address on the first day of the conference, Rev. Jackson told attendees the report, "gives further legitimacy to what we have seen as a longstanding problem." He added "a black or brown station might be number one in listenership, but 16th in revenue. That is an irrational disparity." [Editor's note: There are disparities, but 1-16 may overstate the case.]

The Reverend's Vision

"The issue of access to capital is the prevailing issue of our time. There are people

Having launched the first radio network for children to actually become a network (three other companies which tried never got beyond a single market), only to see it destroyed, *RBR* asked Dahl whether he'd do it all over with 20-20 hindsight. After a moment of hesitation, he replied, "Yeah, I think so." He then added, though, that he wouldn't partner with Disney in the rerun.—JM

of color who have the qualifications, the credentials, the experience but can't get access to capital. We are going to build that bridge, open access to capital, and build ownership and wealth. Not just welfare to work, but to wealth, capital and growth," Rev. Jackson told *RBR*. Jackson said his efforts are inspired in many ways by the work accomplished by his friend and mentor, the late Dr. **Martin Luther King Jr.** The final day of the conference was Dr. King's birthday.



Fox News Chairman & CEO Roger Ailes holds forth

RBR observation: Rev. **Al Sharpton** held a similarly successful event at the Waldorf-Astoria on the next business day following Rev. Jackson's conference in New York. Pepsi-Cola, Federated Department Stores, Macy's, Bloomingdales all promised to spend more money in ethnic radio and other commitments were also made. Rev. Sharpton is, and has for some time been, on the front lines of trying to get ad agencies to give minorities a fair shake. Rev. Jackson is one of the true visionaries of our time. If they could negotiate a merger, it would be twice as nice.—JA

OnRadio teams with InterVU

OnRadio, a 550-station network of radio web sites, has formed a two-year agreement with InterVU (O:ITVU) to supply audio and video streaming management and delivery using Microsoft's Windows Media Player. This brings a broader offering to client stations, whereas OnRadio previ-

continued on page 6

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ONnRadio continued from page 5

ously didn't offer video or audio streaming like competitor Broadcast.com. "We think it's a phenomenal opportunity to extend the brand of the radio stations. We want to establish for radio broadcasters the ability and address the need for a solution that integrates what they do every day between on-air and online," said OnRadio CEO **Rick Ramirez**, who added an IPO will be looked at with investment bankers in the next four to six months.

At minimum, OnRadio will now give radio clients—including stations from Jacor (O:JCOR), Disney's (N:DIS) ABC, CBS (N:CBS)/Infinity (N:INF), Beasley, Triathlon (O:TBCOA), Capstar (N:CRB), Bonneville, Clear Channel (N:CCU) and Heftel (O:HBCCA)—the ability to stream video clips or the jocks live. OnRadio's previous deal with Katz provides ad repping for the company's aggregated network.

With rumors of groups, including Chancellor (O:AMFM), soon attempting their own Broadcast.coms and OnRadios, what could that do to your industry? Said Ramirez: "This has always been our core mission, in terms of bringing an end-to-end solution for the broadcast industry. With that, you have the credible cost of bringing together multiple skill sets on the technology side—delivering the content, advertising, and developing the tool sets that allow stations to really manage the local element of their content. Bringing all of those things together can be a very daunting task for the groups, unless they choose to go out and acquire someone."

RBR observation: Most groups that sign with radio web site network aggregators like OnRadio reserve the right to sign with others. Rarely is an exclusive deal struck. Jacor/Premiere has signed deals with OnRadio, Broadcast.com, 2Can Media and probably more.—CM

Casey sets two Guinness radio records

We reported he was attempting it (*RBR* 1/11 p. 6), now we're happy to say he did it. Daily (noon-1P) WKDY-AM Spartanburg, SC "Trivia Guy" host **Wilson Casey** set a new Guinness World Record for the longest running radio broadcast and set a record for longest running trivia broadcast (a new category).

The record-setting show ran for 30 hours, beginning midnight Friday (1/8) and ending 6A Sunday (1/10). Said Casey about the final hours of the attempt: "Nurses were required to be there the entire time because of my high blood pressure. At 29 hours, 5 min., my pressure was 160/110 with a pulse of 110. The last few hours were really tough—I was pouring water over my head and pouring down coffee and Mountain Dew. My voice was fine."

250 people stopped by station. Casey received an estimated 6,500 phone calls on 3,303 teasers. He has been doing trivia for 20 years, as a syndicated columnist, author and radio personality. Now he's looking to get syndicated on the radio—CM

Former Auditronics owners buy back company from BE

RBR sources have indicated eight months after Broadcast Electronics (*RBR* 5/18/98, p. 2) bought console manufacturer Auditronics, it has sold the company back to **Steve and Donna Sage**. A call to BE gave some confirmation: "I believe the rumor is true, but they aren't ready to make a statement to the press at this time," said a BE employee.—CM

McCain cometh

Senate Commerce Committee Chair **John McCain** (R-AZ) appears to be keeping his promise to shake up Chairman **Bill Kennard's** (D) FCC. "Two weeks ago someone leaked a draft bill, but it wasn't us, that the senator drew up," McCain press secretary **Pia Pialorsi** told *RBR*.

The draft bill contains language that repeals FCC authority to approve mass media mergers; requires new rules be approved by four out of five commissioners; and tosses the FCC out of EEO rulemaking.

"Our bill is in the process of being drafted right now to address primarily satellite TV. I don't know if those other measures will be included," Pialorsi said, "but it will be introduced next week (1/25-29).

Dole dumps RAB

After announcing that she was testing the waters to run for President of the United States in 2000, **Elizabeth Dole** cancelled as keynote speaker for next week's (2/4-7) RAB '99 in Atlanta. **C.W. Metcalf**, who isn't known to be running for any office, will pinch hit at RAB.

enough said!



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Boom, bust, boom again

1998 was a year of extremes on Wall Street

THE WALL STREET JOURNAL

RADIO NETWORK

By Jack Messmer

In case you've forgotten, there was a bear market in 1998—but if you blinked, you might have missed it.

The information age has come into its own on Wall Street. No longer are such tools as detailed economic data (both domestic and foreign), individual company research, SEC filings and charting the sole province of stock market professionals. Now any working stiff can come home from his or her 9-to-5 job, log onto the Internet, check executions, spend an hour or two analyzing their portfolio and electronically file limit orders for the next day's trading.

If 1998 is an example of what's going to be happening in the brave new world of Internet-driven trading, traditional market cycles are being condensed into ever tighter time frames. Frenzied trading sent stock prices to record heights through the spring and summer to a peak in early August. Then prices plunged as Asian economies collapsed, followed by Russia. Gloom and doom prevailed, but not for long. Investors became quickly convinced that U.S. economic growth wasn't going to shrivel up and began buying stocks as though Wall Street had announced a half-price sale. Instantaneous information and reaction had compressed what might have been a traditional bull market of a year or two into a five-month blip.

Of course, the reverse could happen in some future year. Investors could just as easily use instant access to negative news to kill off attempts at reviving stock prices and prolong an entrenched bear market.

1998 radio stock performance by category

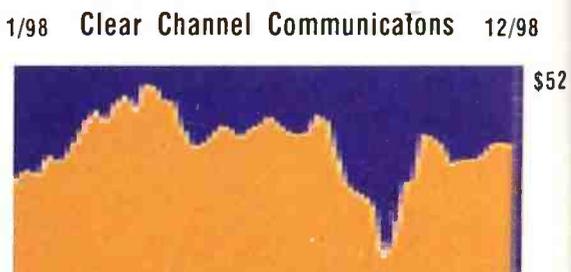
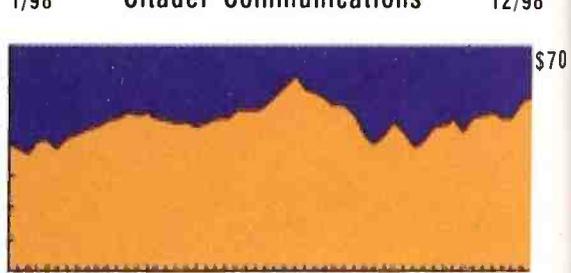
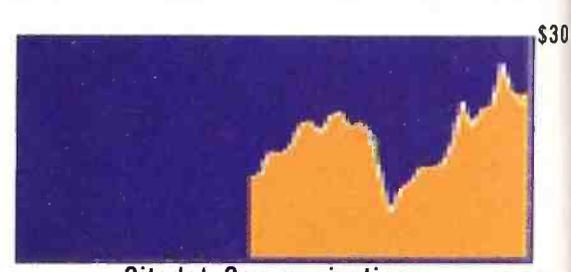
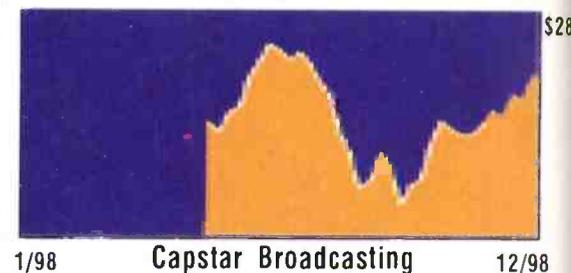
Radio Companies	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
Alliance Broadcasting	1.000	0.750	300.00%
Jacor Communications	64.375	11.250	21.18%
Saga Communications	20.500	3.500	20.59%
Triathlon Broadcasting	11.250	0.750	7.14%
Heftel Broadcasting	49.250	2.500	5.35%
Cox Radio	42.250	2.000	4.97%
Childrens Broadcasting	2.938	-1.125	-27.68%
Big City Radio	4.063	-4.063	-50.00%

Radio IPOs	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
Citadel Communications	25.875	9.875	61.72%
Infinity Broadcasting	27.375	6.875	33.54%
Capstar Broadcasting	22.875	3.875	20.39%
Cumulus Media	16.625	2.625	18.75%
Regent (Preferred)	7.000	1.000	16.67%

Radio Networks	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
NBG Radio Networks	2.125	1.458	218.75%
Metro Networks	42.625	9.875	30.15%
Westwood One	30.500	-6.625	-17.85%

Radio Net IPOs	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
Triangle Broadcasting	0.032	-0.593	-94.88%

Media Companies	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
Jones Intercable	35.625	18.188	104.30%
Pulitzer Publishing	86.625	23.813	37.91%
Clear Channel Comm.	54.500	14.781	37.21%
Chancellor Media	47.875	10.563	28.31%
CBS Corp.	32.813	3.375	11.46%
The Ackerley Group	18.250	1.313	7.75%
Tribune Co.	66.000	3.750	6.02%
New York Times	34.688	1.625	4.91%
Emmis Comm.	43.375	-2.250	-4.93%
Gaylord Entertainment	30.125	-1.813	-5.68%
The Walt Disney Co.	30.000	-3.000	-9.09%
Sinclair Broadcast Gr.	19.563	-3.750	-16.09%
Belo Corp.	19.938	-8.125	-28.95%
Granite Broadcasting	6.000	-3.062	-33.79%
News Communications	0.438	-1.000	-69.55%



Radio beat Blue Chips, trailed tech stocks

Fundamentals for the radio sector remained as strong as ever. In fact, the biggest negative for radio stocks in 1998 may have been guilt by association. TV sales growth trailed radio throughout the year and many TV groups took a big hit from a strike at General Motors (N:GM)—almost a non-event for radio.

The Radio Index™ followed the ups and downs of broader stock indices, peaking July 17 at 118.43, slumping with the market, the rebounding to a new record high of 120.66 on the last day of the year. For the full year, the 20.66% gain for The Radio Index beat the Dow Industrials, but trailed the S&P 500 and ran well behind the red-hot Nasdaq Composite.

Stock charts for the 15 stocks which currently comprise The Radio Index are displayed on pages 8-10, along with a table showing the 1998 performance of all stocks tracked in RBR's weekly stock list.

Internet stocks soared to dizzying heights, and radio-related Internet issues were no exception. Broadcast.com (O:BCST), which distributes audio (much of it from radio stations and networks) and video on the Internet, debuted on Wall Street with the biggest first-day run-up ever seen for any IPO. By the end of the year, **Mark Cuban's** still-young company had a market valuation in the billions, had risen 325% from its IPO price of \$18—and was still heading higher. Among the more mature Internet stocks (those which sold their IPOs in 1997), RealNetworks (O:RNWK) rose 159% in '98 and Sportsline USA (O:SPLN) gained 45%.

Son of son of Infinity wowed Wall Street

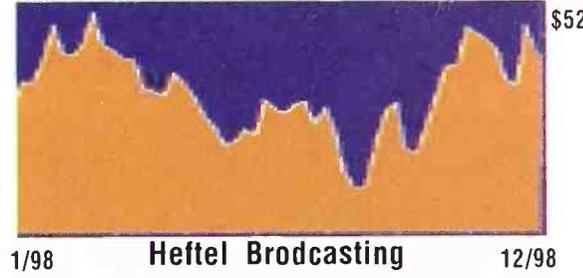
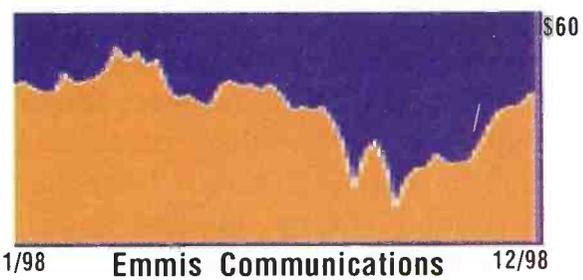
The big excitement in radio stocks was the sequel to a sequel—the third IPO of Infinity Broadcasting (N:INF), a feat never before attempted by any company in any industry. **Mel Karmazin's** spin-off of CBS' (N:CBS) best-performing units, radio and outdoor, into a separate company (still controlled by CBS) became the biggest media IPO

Radio-related Companies	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
American Tower	29.563	20.250	217.43%
Westower	36.500	24.750	210.64%
RealNetworks	35.875	22.000	158.56%
OmniAmerica	32.000	19.250	150.98%
DG Systems	5.563	3.063	122.50%
WinStar Comm.	39.000	14.063	56.39%
Ceridian	69.813	24.000	52.39%
SportsLine USA	15.563	4.813	44.77%
Jefferson-Pilot	75.000	23.083	44.46%
Fisher Companies	66.000	6.000	10.00%
Otter Tail Power	39.875	2.000	5.28%
Harris Corp.	36.625	-9.250	-20.16%
TM Century	0.313	-0.313	-50.00%
Pacific R&E	1.625	-1.750	-51.85%

Radio-related IPO	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
Broadcast.com	76.500	58.500	325.00%
Crown Castle	23.500	10.500	80.77%

Satellite DAB	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
CD Radio	34.250	17.313	102.22%
American Mobile Sat.	5.250	-1.750	-25.00%

Stock Indices	12/31/98 Close	1998 Gain/Loss	Pct. Gain/Loss
The Radio Index™	120.660	20.660	20.66%
Dow Industrials	9181.430	1273.180	16.10%
Nasdaq composite	2192.690	622.320	39.63%
S&P 500	1229.230	258.800	26.67%



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To The Nth Degree

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Quarterly Stocks continued on p. 10

ever and number three for all sectors. Just three weeks later the stock closed out the year with a 34% gain.

Infinity was the grand finale of a record year of radio IPOs. Also making their Wall Street debuts were **Larry Wilson's Citadel** (O:CITC), **Richard Weening's** and **Lew Dickey's Cumulus** (O:CMLS) and **Steve Hicks' Capstar** (N:CRB), which now has a merger pending with Chancellor (O:AMFM). **Terry Jacobs' Regent** (O:RGCI) didn't sell new stock, but did begin public trading of a new preferred stock after merging with

the former Faircom.

A couple of penny stocks were the year's strongest performers among pure radio companies. Tiny Alliance Broadcasting (O:RADO) rebounded 300% from a troubled 1997 and is on track to move from bulletin board trading to Nasdaq's Small Cap market in 1999. NBG Radio Networks (O:NSBD) added programming and investors, giving its stock a 219% boost for the year.

A \$4.4B stock-swap deal to merge Jacor (O:JCOR) into Clear Channel (N:CCU), announced when the bears had Wall Street in their death grip, helped make both stocks high-fliers by

the end of the year. Now the radio industry is waiting with baited breath to see how **Randy Michaels'** practical jokes and casual clothes blend with the **Mays** family's cautious demeanor and starched white collars. Some naysayers have already declared a split inevitable and predict that Michaels will be tapping Wall Street's money spigot to launch a new company.

RBR observation: If you think that fun-loving folks can't fit in as Clear Channel managers, you should take a look at Tampa, where **David "Hollywood" Manning** has been doing quite well as head of Clear Channel's superduopoly. Of course, those are among the stations slated to be spun off in the merger with Jacor...

The Radio Index™ 1998



Q4 came to the rescue of a lagging year

Wall Street Journal—The fourth quarter saved the year.

After global market turmoil from August to early October wiped out most of the stock market's 1998 gains, stocks roared back to post one of their best quarters of the decade, preserving an unprecedented four-year streak of double-digit gains for the major indices.

Still, the recovery from the summer meltdown disproportionately favored a handful of large growth stocks whose profits didn't disappoint investors.

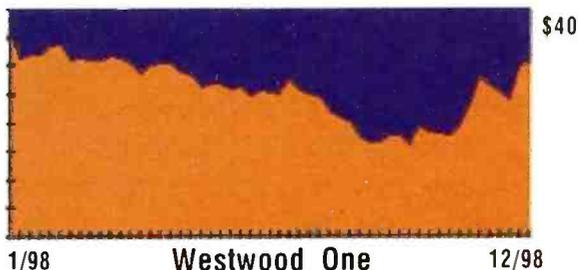
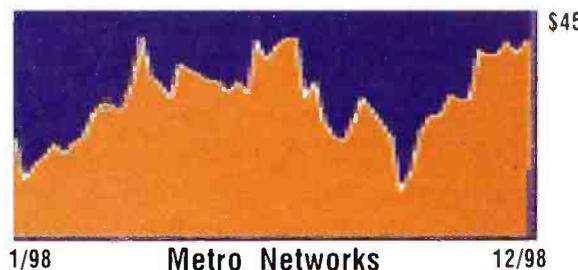
The Dow Jones Industrial Average, despite a 93.21-point loss on the final day of December, finished the year at 9181.43, up 16.1% for the year—the first time it has registered four years of double-digit gains. For the quarter, the average was up 17.1%, its 19th-best quarter ever, and the third best of the 1990s.

The Standard & Poor's 500-stock index was up an even more impressive 26.7% for the year, and unprecedented fourth consecutive year of 20% plus gains. In the fourth quarter, it rose 20.9%, beating the Dow industrials through a greater representation of large-capitalization growth stocks, its eighth-best quarter ever and second best since 1975, after the third quarter of 1996.

Besting them all was the Nasdaq Composite Index, up 29.5% for the quarter, its third best, because it is so heavily weighted with large technology stocks, which were amongst the quarter's and year's best performers. For the year, it was up 39.6%, its third-best year ever.

The trends that prevailed before the steep summer and fall correction—which some called a bear market—came back in even greater force. Technology stocks led, while commodities trailed. Large stocks whipped small, and growth stocks beat value.

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BROADCAST INVESTMENTS™

January 20—RBR Stock Index 1999

Company	Mkt:Symbol	1/13 Close	1/20 Close	Net Chg	Pct Chg	1/20 Vol (00)	Company	Mkt:Symbol	1/13 Close	1/20 Close	Net Chg	Pct Chg	1/20 Vol (00)
Ackerley	N:AK	18.187	17.875	-0.312	-1.72%	141	HefTel Bcg.	O:HBCCA	46.437	48.250	1.813	3.90%	1819
Alliance Bcg.	O:RADO	1.062	1.031	-0.031	-2.92%	0	Infinity	N:INF	25.250	26.750	1.500	5.94%	11768
Am. Tower	N:AMT	27.187	29.812	2.625	9.66%	2629	Jacor	O:JCOR	67.000	71.875	4.875	7.28%	2627
AMSC	O:SKYC	5.625	6.000	0.375	6.67%	120	Jeff-Pilot	N:JP	74.312	72.562	-1.750	-2.35%	1824
Belo Corp.	N:BLC	19.062	19.437	0.375	1.97%	1104	Jones Intercable	O:JOINA	33.875	39.000	5.125	15.13%	1480
Big City Radio	A:YFM	4.750	4.125	-0.625	-13.16%	29	Metro Networks	O:MTNT	43.500	46.968	3.468	7.97%	952
Broadcast.com	O:BCST	170.000	120.000	-50.000	-29.41%	8995	NBG Radio Nets	O:NSBD	2.000	4.020	2.020	101.00%	995
Capstar	N:CRB	21.375	24.625	3.250	15.20%	15156	New York Times	N:NYT	32.750	34.250	1.500	4.58%	7569
CBS Corp.	N:CBS	35.125	36.125	1.000	2.85%	40072	OmniAmerica	O:XMIT	29.750	31.875	2.125	7.14%	1078
CD Radio	O:CDRD	34.000	34.500	0.500	1.47%	1285	Otter Tail Power	O:OTTR	41.500	44.750	3.250	7.83%	119
Ceridian	N:CEN	68.000	73.125	5.125	7.54%	7767	Pacific R&E	A:PXE	1.500	1.687	0.187	12.47%	64
Chancellor	O:AMFM	44.625	54.750	10.125	22.69%	97770	Pulitzer	N:PTZ	86.125	84.625	-1.500	-1.74%	368
Childrens Bcg.	O:AAHS	3.000	2.562	-0.438	-14.60%	457	RealNetworks	O:RNWK	49.500	57.250	7.750	15.66%	13391
Citadel	O:CITC	24.250	26.625	2.375	9.79%	1982	Regent Pfd.	O:RGCIP	7.000	6.875	-0.125	-1.79%	2
Clear Channel	N:CCU	56.750	64.250	7.500	13.22%	9936	Saga Commun.	A:SGA	18.750	19.250	0.500	2.67%	26
Cox Radio	N:CXR	37.312	40.000	2.688	7.20%	387	Sinclair	O:SBGI	19.500	18.250	-1.250	-6.41%	2479
Crown Castle	O:TWRS	20.250	22.750	2.500	12.35%	1035	SportsLine USA	O:SPLN	29.500	31.250	1.750	5.93%	9077
Cumulus	O:CMLS	16.750	16.000	-0.750	-4.48%	135	TM Century	O:TMCI	0.406	0.406	0.000	0.00%	0
DG Systems	O:DGIT	7.250	6.687	-0.563	-7.77%	4309	Triangle	O:GAAY	0.010	0.017	0.007	70.00%	2550
Disney	N:DIS	36.000	36.000	0.000	0.00%	74069	Triathlon	O:TBCOA	11.125	11.875	0.750	6.74%	138
Emmis	O:EMMS	47.437	49.000	1.563	3.29%	2027	Tribune	N:TRB	64.000	68.750	4.750	7.42%	3417
Fisher	O:FSCI	66.500	65.750	-0.750	-1.13%	66	Westower	A:WTW	31.375	31.500	0.125	0.40%	85
Gaylord	N:GET	30.125	31.000	0.875	2.90%	384	Westwood One	N:WON	28.125	28.687	0.562	2.00%	308
Granite	O:GBTVK	6.875	7.875	1.000	14.55%	969	WinStar Comm.	O:WCII	39.250	44.375	5.125	13.06%	14809
Harris Corp.	N:HRS	37.750	38.125	0.375	0.99%	5574							

Marketwatch.com first hit of '99

CBS (N:CBS) and Data Broadcasting (O:DBCC) must be proud parents. Their joint venture, Marketwatch.com (O:MKTW) met all expectations and debuted on Wall Street as the first hot IPO of 1999.

Shares of the Internet site, which specializes in business news and stock research, jumped 473.5% from the IPO price in the first day of trading (1/15). Lucky investors who'd been able to buy at the IPO price of \$17 were holding shares worth \$97.50 each just a day later.

CBS and Data Broadcasting each still own 38% of Marketwatch.com.

What did **Mel Karmazin** pay for CBS' stake, now worth well over \$400M? Ex-

actly \$30M in radio and TV advertising.

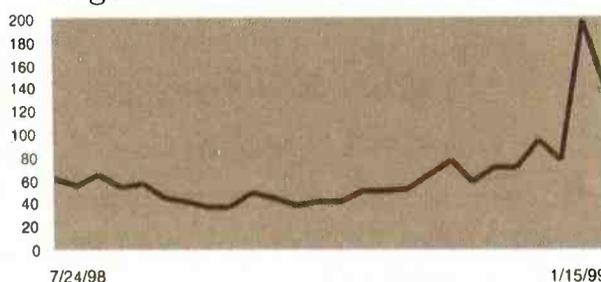
RBR observation: It's a scenario that we've seen over and over—an Internet company prices its IPO, then the issue shoots up several hundred percent as soon as it begins trading. So why don't the companies price their IPOs higher? The problem is that the run-up for Internet stocks is usually from small investors buying and selling a few hundred shares. Should a big institutional investor try to sell tens of thousands of shares, it could burst the bubble and send the stock plunging toward the IPO price. The Web-infatuated little guys may or may not be crazy to pay the high prices for these high-risk stocks, but the big players tend to wait for some trading history to develop before they start buying and selling in large blocks.

Broadcast.com flying high

Mark Cuban's Broadcast.com (O:BCST) gave back some of its price run-up, but is still holding onto a triple-digit price. Our chart, (right) shows the weekly closing price for the stock.

As RBR reported last week (1/18, p. 6), Broadcast.com is working on improved video streaming, including

video tied to some Premiere Radio Networks programming, and is splitting its stock two-for-one next month.



Harris holding steady

Harris Corp. (N:HRS) reported net income of \$52.8M for its fiscal Q2 which ended 1/1/99, virtually tying the \$52.7M mark of a year earlier. That came despite a decline in revenues to \$919M from the previous year's \$970M.

"We are realizing benefits from our restructuring program and from other aggressive cost-reduction activities," said CEO **Phillip Farmer**.

Ceridian splitting stock

Ceridian Corp. (N:CEN), the parent company of Arbitron, announced that it will split its stock two-for-one, effective for shareholders of record on Feb. 10. The announcement came as Ceridian reported higher revenues and earnings for 1998.

Full year 1998 earnings (without including an unusual gain from a Q4 land sale) were \$140.1M. Comparable earnings for 1997 were \$123.9M. Revenues rose to \$1.16B from \$1.07B.

"We are pleased to report the highest level of operating profits in the history of Ceridian," said Chairman/CEO **Lawrence Perlman**.

by Jack Messmer

Whose checkbook is fat enough to buy Chancellor?

Last week's surprise announcement that Chancellor Media (O:AMFM) was being put on the auction block (see page 3) has put into play the largest radio company ever assembled. Chancellor's radio division, headed by President **Jimmy de Castro**, will have annual billings of nearly \$1.8B, once pending deals close to roll in Capstar (N:CRB) and Triathlon (O:TBCOA).

When you're number one though, who can afford to buy you?

Speculation on Wall Street immediately focused on one company: **Lowry Mays'** Clear Channel Communications (N:CCU), although it might have to spin off a lot of Chancellor Outdoor to get the deal past DOJ. The

only other reasonable candidate from within broadcasting is Disney (N:DIS), but that would require CEO **Michael Eisner** to embrace the idea of devoting mega-bucks to expanding radio. CBS (N:CBS) is unlikely to bid for Chancellor, since it would have to spin off virtually all of the top-10 market stations, the most desirable radio assets.

Otherwise, a buyer for all of Chancellor would have to be a big bucks domestic company (due to foreign ownership restrictions) in a related industry which could realize some synergy with Chancellor's radio/TV/outdoor businesses. Fox? NBC? A Baby Bell? AOL? Microsoft? Maybe, but not likely say Wall Streeters.

The pool of bidders might be a little bigger for the pieces of Chancellor—a scenario that's not being ruled out. CBS would be a good prospect for outdoor. Hearst-Argyle (N:HTV), Belo (N:BLC) or any other similar-size TV group for Chancellor's LIN TV group. Radio could draw several bidders, particularly if it is split into large- and small-market chunks.

"I think Chancellor will do whatever will fetch them the highest price," said Lehman Bros. analyst **Tim Wallace**. He estimated the take out value for Chancellor at \$60-65 per share. That would put the total value, including \$7.2B in debt (pro forma for all pending acquisitions), between \$21.4B and \$22.6B.

Why now? **Bishop Cheen** of First Union Capital Markets suggested three possible reasons for the move by Chancellor's board of directors: 1) Boosting the value for stockholders (the reason being cited by the company); 2) An expectation that Sen. **John McCain** (R-AZ) will prevail over the FCC in expanding the audience cap for TV, which would maximize the sale price for the LIN assets; and 3) Fear that FCC Chair **Bill Kennard** (D) will prevail in tightening ownership limits. "I discount that point the most," Cheen noted.

Coos Bay quadruple play

Michael O'Shea's and **Ivan Braiker's** New Northwest Broadcasters is adding Coos Bay, OR as its third market. It'll pay \$1M to **Larry Goodman's** Bay Broadcasting for KBBR-AM, KOOS-FM, KACW-FM & KISN-FM. Broker: Montcalm

Close encounter of the radio kind

Like the aliens in "Close Encounters of the Third Kind," **Joel Hartstone** and **Paul Rothfuss** are paying a visit to Muncie, IN. Their Sabre Communications is buying WXFN-AM & WLBC-

continued on page 15

Eric H. Halvorson, Vice President of
Oasis Radio, Inc.

has agreed to transfer the assets of

**KAVC-FM
Lancaster, California**

for

\$1,600,000

to

Terry S. Jacobs, Chairman, and William L. Stakelin, President, of
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Strong annual gains for SBS

Raul Alarcon's Spanish Broadcasting System (public bonds) posted gains of more than 26% for both revenues and cash flow for the company's fiscal year, which concluded 9/27/98.

Net revenues increased 26.9% to \$76.1M. SBS said the increase was due mainly to including full-year results for WRMA-FM & WXDJ-FM Miami and WLEY-FM (formerly WYSY) Chicago, which were acquired for a total of \$144M in March 1997. Also boosting the company's top line were WPAT-FM & WSKQ-FM New York, which SBS said enjoyed higher billings due to higher ratings. On the down side, KLAX-FM Los Angeles had lower revenues.

Broadcast cash flow gained 26.4% to \$36.6M. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased 27.2% to \$29.7M.

Even after recording a \$1.6M one-time loss for refinancing, SBS posted net income of \$18.8M, compared to a net loss of \$6.2M the previous year. Part of the improvement was due to a \$36.2M gain on the sale of SBS's AM stations, but also reflected higher operating income and lower interest expenses.

Here's a snapshot view of SBS's recent fiscal years:

Spanish Broadcasting System

(All \$ in millions)

For fiscal year ended:

Category	9/25/94	9/24/95	9/29/96	9/28/97	9/29/98
Net revenues	\$40.1	\$47.3	\$48.6	\$60.0	\$76.1
Broadcast cash flow	\$18.0	\$24.3	\$20.8	\$29.0	\$36.6
EBITDA	\$15.1	\$20.0	\$17.0	\$23.4	\$29.7
Net income (loss)	\$66.7	\$2.0	(\$4.5)	(\$6.2)	\$18.8

Source: SBS Form 10-K filed 12/28/98

Growing Hispanic market

According to SBS's annual report (SEC Form 10-K), there are now 27.2M Hispanics in the U.S.—about 10.3% of the total population. By the year 2010, Hispanics are expected to surpass African-Americans as the largest minority group, accounting for 13.5% of the U.S. population.

While radio still claims less than 8% of all U.S. ad spending, SBS noted that 27% of ad spending aimed at Hispanics goes to radio. That was approximately \$375M in 1997, out of a total Hispanic advertising pie of \$1.4B.

Those figures are expected to continue to grow at a healthy rate, since the fast-growing Hispanic market accounts for approximately 6% of total U.S. purchasing power, while ad spending to reach Hispanics accounts for only 2.7% of total ad spending.

SBS is the second-highest billing Spanish radio group in the country—behind Heftel (O:HBCCA)—and the highest billing minority-owned group—although fast-growing Radio One is not far behind. All stock of SBS is owned by President/CEO Raul Alarcon Jr., his father, Chairman **P. Raul Alarcon Sr.**, and his father-in-law, **Jose Grimalt**, a director of the company.

Bringing Buyers and Sellers Together Nationwide

Radio Transactions Closed in 1998:

WWBA-AM
Pinellas Park, FL

WMRN-FM
Marion, OH

WYMR-FM
Sebring, FL

KDIF-AM
Riverside, CA

KMBY-FM
Monterey, CA

KGRS-AM
Burlington, IA

WSGA-AM
Savannah, GA

WLWU-FM
Tampa, FL

WQTL-FM
Findlay, OH

WAVQ-FM
Ingls, FL

WMRN-AM
Marion, OH

KIST-AM
Santa Barbara, CA

KBUR-FM
Burlington, IA

KXFD-FM
Boise, ID

WJCM-AM
Sebring, FL

WBAW-AM
Bamwell, SC

WLWU-AM
St. Petersburg, FL

WHMQ-FM
Findlay, OH

KKLQ-FM
Portland, OR

WZAT-FM
Savannah, GA

WOFX-FM
Beverly Hills, FL

KHIP-FM
Monterey, CA

WITS-AM
Sebring, FL

KMXD-FM
Des Moines, IA

WLNI-FM
Lynchburg, VA

WDIF-FM
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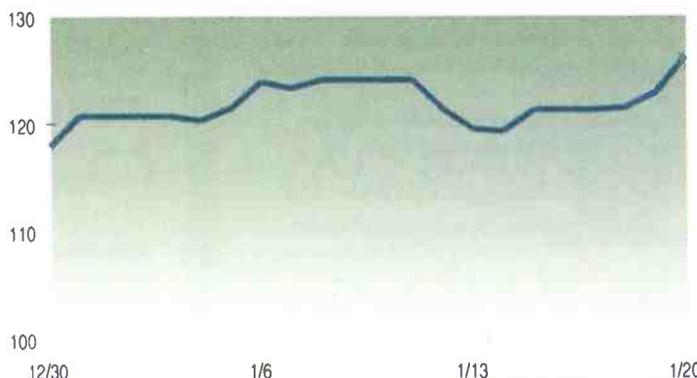
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The Radio Index™

RADIO BUSINESS REPORT
Voice of the Radio Broadcasting Industry

THE WALL STREET JOURNAL
RADIO NETWORK

A big boost from Chancellor (and merger partner Capstar) sent The Radio Index™ to a record high close of 126.18 last Wednesday, 1/20. That was a gain of 6.84 from a week earlier.



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WGUL-FM, Dade City, Florida

Buyer: Mega Communications
Purchase Price: \$3.5 Million

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T RANSACTION D IGEST™

by Jack Messmer

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.

\$77,000,000—* WTMA-AM, WTMZ-AM, WXTG-AM, WSSX-FM, WWWZ-FM, WMGL-FM, WSUY-FM & WNKT-FM Charleston (Dorchester Terrace-Brentwood-St. George-Ravenel-Summerville SC), **WNBF-AM, WKOP-AM, WAAL-FM, WHWK-FM & WYOS-FM** Binghamton (Binghamton-Chenango Bridge NY), **WMDH-AM & FM** New Castle IN and **WWKI-FM** Kokomo IN from various subsidiaries of Wicks Broadcast Group LP (Rex Tackett, pres., radio) to Citadel License Inc. (Larry Wilson), a subsidiary of Citadel Communications (O:CITC). Existing **superduopolies** in Charleston and Binghamton. Broker: Merrill Lynch & Co.

\$4,000,000—* WDEA-AM, WWMJ-FM & WEZQ-FM Bangor (Ellsworth-Bangor ME) from Dudman Communications Corp. (Martha Tod Dudman) to Cumulus Licensing Corp. (Richard Weening, Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). \$400K escrow, balance in cash at closing. **Superduopoly** with WBZN-FM & WQCB-FM. LMA since 12/16/98. Broker: Blackburn & Co.; George Silverman

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\$3,000,000—KSOX-AM & FM McAllen-Brownsville (Raymondville TX) from Edgar L. Clinton to Sendero Multimedia Inc. (Alberto A. Munoz II). \$100K escrow, balance in cash at closing.

\$2,000,000—* KLRA-AM & KHUG-FM Little Rock (England AR) from Pearson Broadcasting of England Inc. (Max H. Pearson) to Equity Broadcasting Corp. (Larry E. Morton, Gregory W. Fess, Max W. Hooper & others). \$50K escrow, \$1.5M (less escrow) in cash at closing, \$500K note. LMA since 12/15/98. Double **duopoly** with KRNN-AM & KHTE-FM, plus LMA of KDRE-FM. Broker: MGMT Services Inc.

\$1,000,000—* KBFW-AM Bellingham WA from Bellingham Broadcasting Corp. (Steven L. Smith) to Saga Broadcasting Corp. (Ed Christian), a subsidiary of Saga Communications (A:SGA). \$250K escrow, balance in cash at closing. **Superduopoly** with KGMI-AM, KPUG-AM, KAFE-FM & KISM-FM Bellingham.

\$665,000—* KRRB-FM Dickinson ND from Roughrider Broadcasting Co. (Ray David) to KLTC/KCAD LLC, a subsidiary of Roberts Radio LLC (Robert W. Pittman, Robert B. Sherman). \$35K escrow, balance in cash at closing. **Duopoly** with KLTC-AM & KCAD-FM Dickinson ND. Broker: Jerry Johnson, Johnson Communication Properties

\$600,000—WKBL-AM & FM Covington TN from Royce D. Wilson d/b/a WKBL Radio to Covington Broadcasting Inc. (S. Keith Phelps, Jerol W. Hopkins, Sammy W. Beasley, Robert V. Lakey). \$500 downpayment, additional \$149,500 in cash at closing, \$450K note.

\$492,000—* WMPO-AM & FM Middleport OH from ET Broadcasting Inc. (Lenny Eliason) to Positive Radio Group Inc. of Ohio (Vernon, Virginia & Edward Baker). \$100 option payment, balance in cash at closing. Double **duopoly** with WBGs-AM & WBGY-FM Point Pleasant WV.

\$300,000—WERI-AM Westerly RI from Bear Broadcasting Co. (Natale, Linda & Mark Urso, Juliet Rice) to WRNI Foundation (Joseph D. Mercurio, pres.). \$60K in cash at closing, \$240K note. Note: The buyer is converting this commercial station to non-commercial operation and requesting a **waiver** of the main studio rule to operate

this station from the WBUR Group studio complex in Boston.

\$250,000—KLEB-AM GoldenMeadow LA from Callais Cablevision Inc. (Corey Callais) to Coastal Broadcasting of Larose Inc. (Jerry & Linda Gisclair). Combo with WLRZ-FM Larose LA. \$25K downpayment, balance in cash at closing. LMA since 10/23/98.

\$125,000—* KBHX-FM CP (96.1 MHz) Redding (Shingletown CA) from Redding FM Inc. (50% Brian Edward Power, 50% Phoenix Broadcasting Inc.) to Phoenix Broadcasting Inc. (Gary Katz, Jerrie Rindahl-Katz & others). Power is being paid \$50K cash and a \$75K note for his 50% interest and the CP is being transferred to the other 50% owner. **Duopoly** with KAWX-FM.

\$75,000—WPTW-AM Dayton (Piqua OH) from Cox Radio Inc. (N:CXR, Robert Neil, pre.) to Frontier Broadcasting LLC #2 (Bart E. Johnson, Archie Griffin, George Edwin Johnson, Julie Ann Johnson, Thomas A. Pierce). \$75K cash. LMA since 10/5/98.

\$70,000—KBUG-FM Osceola MO from KBUG LLC (Jane K. Gore, David C. Gore) to Lake Area Educational Broadcasting Foundation (James J. McDermott, Larry E. Ollison, Alice J. McDermott, Alan Sullivan, Don Neuharth, James Freeburger). \$70K cash.

\$67,000—WTAL-FM Tallahassee (Monticello FL) from Monti Radio LC (Gisela Huberman, Adam Levinson, Bruce Timm) to WW & NIA LLC (James Wilson III). \$25K escrow, balance in cash at closing. **Broker:** Media Services Group

\$52,000—WONG-AM Canton MS from Dr. William J. Truly Jr. d/b/a Ola Communications System to John H. Pembroke. \$52K cash.

\$25,000—* KOXZ-FM CP (94.3 MHz) Comanche TX from Charles H. Strickland to 377 Broadcasting Inc. (Robert S. Elliott Jr., Robert E. Haschke). \$25K cash. **Duopoly** with KSTV-AM & FM Stephenville-Dublin TX.

N/A—KRVQ-FM Shreveport (Blanchard LA) from Delaney Broadcasting Inc. (Cynthia M. Delaney, Sandra Kittler) to Ninty-Five Point Seven Inc. (John D. Mitchell, Cynthia M. Delaney, Hal Bundrick, Sandra Kitler). Merger for exchange of stock. Delaney is currently a 75% owner of the seller and a 20% owner of the buyer. This merger will increase her ownership of the buyer to 20.86% and Kitler will receive a 6% stake. Mitchell, who is Delaney's father, will remain the majority shareholder

with 64%. **Duopoly** with KSYR-FM Minden LA, which recently upgraded to Class C2 on 95.7 MHz and now has city grade coverage of all of Shreveport. KRVQ, a new Class C3 on 102.1 MHz, has city grade coverage of all but a tiny portion of the city limits of Shreveport.

N/A—WWGF-FM Donalsonville GA from Augusta Radio Fellowship Institute Inc. (C.T., Sylvia & Mark Barinowski) to C.T. Barinowski, a sole proprietor. Transfer for no consideration. Note: This station will convert from non-commercial to commercial operation.

N/A—KXRD-FM Victorville CA and **KLRD-FM** Yucaipa CA from Shepherd Communications Inc. to Educational Media Foundation (K. Richard Jenkins & others). Transfer between non-profit organizations for debt assumption. Note: Includes five translators in the Palm Springs CA, Eugene OR and Portland OR markets.

N/A—WVAY-FM Wilmington VT from Border Broadcasting Inc. (William Goddard, Jeffrey Shapiro) to Dynacom Corp. (William & Samuel Goddard, Jeffrey & Robert Shapiro, Kenneth & Samuel Elias, Robert Lipman, William Stanley). Transfer between related corporations for business purposes.

continued from page 12

FM for \$4M from **James Davis, Al Rent, Morrey Mannies and David Smith.** **Broker:** Terry Greenwood, Patrick Communications

Immaculate deal in SFO

Doug Sherman's Immaculate Heart Radio is paying \$1.2M for KRHT-AM Concord, CA, which will cover most of the San Francisco Bay area once an already-approved CP is constructed. The sellers are **Chester Coleman and Joe Buerry.** **Broker:** Chester Coleman (who else would you expect?), American Radio Brokers/SFO

More deals

- **Rich Heibel's** KBGZ-FM CP Galena, KS-Joplin, MO to **Robert Landis's** Land Go Broadcasting for \$220,000 as its third Joplin FM. **Broker:** Doug Ferber, Star Media Group
- **Daphne Corcoran's** and **Neal Cortell's** WVFM-FM Campton, NH to **Steven Silberberg's** Northeast Broadcasting Co. for \$325,000. **Broker:** Patrick Communications, Kozacko Media Brokers

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for

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from

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