The banks stepped in; advertisers address NAB.

Four representatives of top US advertising time consumers asked those assembled in New Orleans to make improvements to radio now.

Will the FCC's Mass Media Bureau hold into CATV?

GM stats reveal depressed ad market

July revenues: The bleeding slows

BIA finds station consolidation in a 42% solution

Mickey Mouse trades cheese for eggs

Mega hit up by FCC for lights violation

Satellite radio aimed at the affluent young

Revenues and promotions as fall season sets in

Agency perspective: Don't force cluster buys

NAB panel: Secrets of sales success

Radio AdBiz

The Urban Radio Leader

American Urban Radio Networks

American Urban Radio Networks

NAB strikes three deals at NAB

Sole digital IBOC AM and FM developer for US broadcasters iBiquity Digital announced at NAB in New Orleans. It has completed licensing deals with Broadcast Electronics and Naule as well as a deal with Philips Semiconductors for chipset development. Both Broadcast Electronics and Naule will integrate iBiquity’s technology into new line of IBOC transmitters and excitors, scheduled for launch at NAB 2002.

“IBOC we are very excited to work with iBiquity to bring digital broadcasting capability to AM and FM radio stations everywhere,” said iBiquity President/CEO Bob Brudie. This agreement formalizes our relationship into a long-term partnership to evolve IBOC semiconductor offerings for multiple integrated solutions for consumer electronics.”

iBiquity also has a working relationship for chipset development with Texas Instruments – GM.
Big advertisers sound off on radio

They all use radio already—and they’re not going away—but four big advertisers told NAT Radio Show attendees that the radio industry needs to improve its performance.

(1) Mary Kay Eschbach, McDonald’s, Jeni Cranmer, Pfizer, and Joseph Lanatini, FCB, are all steamin’ hot and delivered some complaints about the medium in their appearance at the NATR Radio Show.

“The industry needs to do a better job of selling themselves,” said Joseph Lanatini, Assistant Manager of Media at Procter & Gamble. He said he’d like to see better information about the audience that radio can deliver and what the medium can do for advertisers.

In a similar vein, Jeni Cranmer, Media Manager of National Radio for Pfizer (via a recent merger acquisition of Warner-Lambert), suggested that the industry needs to develop new tools for calculating radio’s national reach—including both network and syndicated programming—since the current models are outdated and under-estimate radio’s audience reach.

“I have about eight infin-”... (Continued on page 10)

Ad spending is down and dirty

The total revenue of all advertising media for the first half of 2001 is down 5%, according to a report just released by CMR. This is based on a total of $47.5 billion, compared to last year’s total of $50.4 billion during the same period.

Out of 12 media categories, national spot radio by far suffered the most, dropping 22% . National newspapers was in the same neighborhood, down 19.7% . Spot TV was third-worse with a 14% decline, followed by the other radio category, networks, which was down 12.5%. Local spot radio was not part of the CMR study.

National syndication, cable TV and outdoor were the only categories to register increased business, with gains of 5%, 4% and 3% respectively.

Of the top ten advertisers, only AIG Time Warner have significantly increased advertising expenditures. Most of the others are down.

RBR observation: While it is well documented that ad revenues are in a slump, that study shows only part of the picture. Radio’s greatest strength, local business, is completely unrepresented here. While things aren’t good, they aren’t nearly this bad, either.

The two radio categories accounted for 5% of this study’s 2000 figures, radio’s share dropped to 3% for 2001. I think we all know where that drop slot-came from! Anyway, check out the charts below and behold the fright—RBR.

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Radio News

July revenues down 4%

The radio business is still unable to equal the numbers it put up in 2000, but it's getting closer, past guessing by local forecasters. Figures from the Radio Advertising Bureau show that local business for the first half of 2002 is down 7%.

The national category was down 14%, however, bringing the total for the month down 4%.

SDS Launches Clear Channel Entertainment probe

According to a story in The Rocky Mountain News (7/31, Clear Channel Entertainment is engaged in a "low-profile probe" by DOJ for possible antitrust violations. Congressmen Bob Andrews (D-GA) and John B.

DOJ launches investigation of Clear Channel's.

"Some constituents came to me who are in the concert business and said they're concerned that one company is cornering the market," Andrews told the News. "They're freezing out the competition. I don't know whether they are right or wrong. But my job is to take credible questions that are raised—and these are credible questions—and ask the proper authorities to answer them."

Denver-based concert promoter: NOBODY In a particular Press release filed against Clear Channel last month (RBR 8/13, p.2, alleging antitrust violations. The entire business knows there's been a battle between Clear Channel and Live Nation; Jon Morcomme, co-owner of Nobody in Particular Press, told the newspaper, "We've had discussions with Jon about Clear Channel."

"We're not sure who owns this company," he said.

In Denver, Clear Channel owns the Fillmore Auditorium and recently entered into a partnership with the Pepsi Center to give it an advantage in bookers shows that. CCR is also reportedly working on an agreement with Denver officials to give it first rights to bring all future concert dates at Red Rocks Amphitheater.

Clear Channel Entertainment spokesperson Rachel Gary told The Rocky Mountain News that the company was not aware of the investigation. —CM

BIA says 42% of stations now consolidated

According to a new study by the BIA Financial Network, 42% of all US radio stations are now part of a consolidated operation. Since the Telecommunications Act of 1996, there has been a 20% increase in revenue generated and stations O&O and by the Top 50 groups. The study also says that the Top 50 groups last year generated 50% of industry revenues, while owning 18% of the commercial radio station pool. —CM

Disney and Kellogg form marketing alliance

Will ABC Radio stations be buying away Mickey Mouse’s Eggo waffles soon? Perhaps The Walt Disney Company (NYSE: DIS) and Kellogg Company (NYSE: KR) announced a new global, multi-year corporate alliance where Kellogg will have exclusive "signature meals" on ABC radio stations. ABC radio stations will feature "character breakfasts" and sold at restaurants located at these parks and resorts. For a part of "an array" of promotional synergies, Mickey Mouse and Friends, Winnie the Pooh, the Disney Princesses and characters from "The Lion King," "101 Dalmatians" and "Peter Pan," as well as characters from Disney/Pixar’s Toy Story, will be the featured characters in an on-air marketing blitz. This includes mentions of Eggo waffles in their ownása-cy.

Will $10K fine help Mega see the light?

The towers for WMGG-AM, FL. (On the Tampa- St. Petersburg market) were featured on a Belmont turned out lights. The Federal Aviation Administration, whose towers are on the lights to avoid any with the towers, informed the FCC of the problem. The next day the FCC confirmed the problem.

"A: Communications" man on the spot told the FCC that he was aware of one outage, and unware of another. The company was ordered to fix the problem, and was hit with a $10K fine. Mega argued that the fine was unnecessary. It did indeed fix the problem as ordered, and instituted new procedures to make sure that such a problem will no recurrence of the problem.

For those of you contemplating the "we fixed it and are guarding against the FCC, the FCC has indeed (or in these words), "That’s very nice. Pay up." —CM

Satellite services will be pinning hopes on the young

A study by Eastbay Resources has identified the most likely customer for satellite radio. "(O:Hi) and Xpress (O:XM). To the surprise of no one, young, affluent individuals will be the first to go for this service. To a somewhat lesser extent, they tend to be male.

The push for subscribers is only partially underscored, and the services have a long way to go to reach critical mass. This survey was conducted well before any major publicity push by either service, running from 3/22 through 5/7.

Stereo raises Canadian eyebrows

Industry watchdog organization The Canadian Broadcast Standards Council (CBSC) has determined that some segments of the Howard Stern show aired on OJLQ-FM Toronto were "sexual and degrading" and banned the Scream: Portrait Code of Canadian broadcasting. A CBSC panel specifically noted a show where a Playboy Playmate was told she would need to "smell underwear," he rolled up nake in a rug and forced to ride in a car in Stern’s lap while she was naked and eat food out of a dog dish while naked. Stern will face criminal and degrading in the extreme." The panel also objected to Stern’s calling a complaining a "fat cow" and a "fat pig who can’t go again.

The CBSC is asking CIQL for a written explanation and further steps to be put in place to prevent more of the same from happening over the airwaves there—CM

Arbitron/Edison Study the Internet

Arbitron/Edison Media unveiled their latest study, "Internet. VII. The Internet & Streaming: What Consumers Want Next." 50% of

Marcus: No end to downturn in view

Drew Marcus, managing Director and Global Co-head of Research at Dresdner Kleinwort Wasserstein, told the Money Times that he expects another major wave of consolidation. "Eventually a third major player will emerge," he said, to join Clear Channel (N:CCU) and Viacom’s (N:VIA) Infinity at radio’s top tier. He also noted that a large radio group would be "a perfect fit" for a media giant such as AOL-Time Warner (N:VMA) or News Corp. (N:WNG). While the economic downturn means that the large media owners have "kind of been stuck in a trough for the last six months," Marcus is advising investors to overweight their portfolios with radio and outdoor advertising stocks, since out-of-home media typically lead the way out of recession. Quizzing his colleagues from the audience, First Union Securities bond analyst Bishop Cheen asked whether investors should be buying stocks now, or wait until next spring? NORTHERNWESTERN GROUPS AVAILABLE

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THE EXLNE COMPANY MEDIA BROKERS CONSULTANTS
GM Talkback

By Carl Martuccio

To my fellow General Managers from around the country to share with us, and you, their views of the industry. This week: Bill Wells, GM; Skip Communications; KZST-FM, KLTI-FM, KBGP-FM, KXMT-FM, and KJNT-FM, Des Moines, IA.

What's big in Iowa is either cash or trips. People love to travel when they're from Iowa. On May 10th.

On Line 104, which is an AC, we will do some outside marketing, but we're not active on air with that. We do stuff with the "e.

On Line 105, we've promoted promotion put together, which is really a pays-club— it's full of pros.

Jeff Wells. They didn't want to do any on-air sales promotions planned for the fall. Our focus at Crawford Broadcasting's Portland radio stations has been very strong in the advertising, whereas we set national and local franchises and churches to focus on a daily or weekly, 30 minute, $15 minute program of music, teaching, preaching and news from a Christian perspective. When we started our first commercial radio station, the only commercial ads that we were currently selling are for local Christian events.

How is the fall doing? On the promotion for our Christmas station. We do all Christmas music on our Soft Rock station from Thanksgiving until Christmas right at midnight. It has become a huge success. During this period time we enjoy the highest ratings of the year.

As the year winds down, we have a Miller, KaplanHurford. They wouldn't pay for it. Obviously, it's not going to be a permanent fixture. The Christmas Station will be on air, and we're going to have a Miller, Kaplan Hurford. They wouldn't pay for it. Obviously.

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Secrets of sales success

Training was the word that kept coming up as a group of experienced managers in radio sales offered advice on how to recruit, train, and develop top notch account executives—people who will be more than great sellers and develop into real marketers.

"Customer service is key," said panel moderator Michael Davis, Sr. Account Executive at WTVD in Raleigh, NC. "Salespeople need to go beyond agency buyers and develop relationships with decision makers. By reaching planners, she said, the radio AE can supply them with information and make radio a key component of the ad campaign at the development stage.

Jones emphasized the need to get radio AE's to offer constant training to keep sales pros sharp, no matter how long they've been in the business. She noted that the account executive is the only person who truly understands the very basic elements of radio sales after taking for responsibility for a sale. The AE must be able to hit a number each month, "she recalled.

"What has made me successful is direct business," said April Johnson, Station Manager at Clear Channel's Jackson, MS. "I wouldn't want to be driving a car," she said, stopping at construction sites to see what businesses are going to fill the space that's not yet built.

Radio AdBiz

Quotation Doesn't Always Equal Quality

By Donna Spurrier

I love radio and think it adds great value to many of the campaigns we work on. Disturbingly though, radio appears to be following the path of many other industries now. Buy, sell, merge. Before you know it, we find ourselves with only two or three radio conglomerates in each market.

This can be great in some cases, not so great in others. I compare it to the banking industry. Big banks acquire small banks. Some consumers like the convenience and volume that a big bank offers. Others begin to dislike the "all-in-one" approach and begin to retreat back to a few local market banks that can offer the personal service they desire. As more and more consumers return to the smaller banks, these banks in turn build up their assets and become big banks, and the whole process starts over again. For some consumers, media buyers don't like. I'm one of those. I realize that there are many issues on the table when is comes to ownership and acquisition of media properties. And I'm relatively certain that the perspective of media planners and buyers is not on that table. However, there are also a few different ways media properties earn revenue, and then the buyers' input takes on a little different value. Or it should anyway.

What I'm seeing in local radio is concerning me. I'm seeing the greatest asset of the medium being diluted for the sake of the all-in-one sale. I came from an agency that wasn't a strong radio agency because of the fragmentation of the medium. They were all about reach and very heavy in broadcast television, and it works for their clients. But, in my experience, what can make radio so fantastic is the fragmentation, the differences. It's not unlike cable in that the format preference is so uniquely associated with this audience population that we're trying to impact. This is over-simplified, but we can almost pre-qualify the listener to some degree by the format choice alone. Research supports that there is great listener loyalty to their preferred formats.

The other fact about radio that just can't be compared to any other medium, and it's essential for a great radio campaign, is the ability to greatly enhance schedule performance with added value. I have found that given the opportunity, most radio sales people actually enjoy the opportunity to be creative and to reach out beyond the spot schedule. So that's what is so great about radio. BUT, with only two or three companies representing every station in a market, planners and buyers are being persuaded to force a connection between the varied formats and program offerings. Theoretically, when a buyer calls for station avail, that call list has been determined by significant qualitative research. This means, the format and delivery are a good fit for the target both quantitatively and qualitatively. So is it starting to happen now, more than ever with multiple station ownership, is that buyers are being bombarded with "must-huys" and "special multi-station" deals. If multiple owned stations are needed and can enhance the overall performance to the qualitative target, then great. Let's make a deal! But a word to the wise...don't force these mega-deals on buyers, and by all means, don't penalize them if they don't take advantage of what your sales team feels is the deal of the century.

Often, buying additional stations deep and trying to stay within budget constraint creates weak frequency on all stations and no audience is being impacted effectively. There are also obvious benefits of the ownership but not in every case. Like it or not, the media professional is the only person in the equation that is unbiased. Our job is to be the most effective and efficient. Most good media planners want and encourage good creative input, but that input should not be driven solely by the all-in-one approach. It just isn't as simple as "Hey, I can sell you eight stations now...all our troubles are over."

I say all of this in the spirit of partnership, buyers and sellers. The better we understand each other's world, the better our clients will be served. I mean that—our clients. Our client is your client and we must remain in the partnership mode as much as possible.

Radio's greatest strength is in its unique formats and options. Don't lose that asset just because the same person may sign all the paychecks.

Home fix-ups strong for NTR?

Summer weather makes it a good title for homeowners to be outside—fixing up the lawn, painting the house, even adding a garage or building the kids a new play area. In short, it's home fix-up time. Radio picked up non-traditional revenues from Home Improvement by far more than the annual rate in July. Also pacing above the already high annual average was Leisure—another weather-related category. After all, how many people want to buy boats and campers in January?—JM

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Quantity Doesn't Always Equal Quality

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Home fix-ups strong for NTR?

Summer weather makes it a good title for nTRA
Big City deals to pay its bills

Big City's (A.YPM) deal to sell its Phoenix FM four-
some to HCC (see related story on this page) will bring
much-needed cash into the company's coffers. It has
been facing a big interest payment due on $57M worth
of outstanding pub-
lic bonds—which is due in
just a few days—9/15, to
be exact (RBR 5/21, p. 12).
As of 3/31, the company's
cash on hand was well
short of the amount
needed to stay afloat.

The group is now down
to three markets, but
they're the biggest three—
New York, Los Angeles
and Chicago. In each, the
company operates a flot-
tilla of suburban FM sig-
als, each of which lack
full market coverage. By
using simultans, innova-
tive engineering techniques and
same or adjacent chan-
sels, it has been trying to use
two or three stations to
mimic the coverage of one
full-market signal.

RBR observation. The
joy is still out on the ques-
tion as to whether or not
Big City's game plan can be
profitable. If nothing else,
this deal should buy the
company more time to try
and make it work.—DS

The Radio
Index™

The Radio Index™ moved down 6.57 for the week to close 9/5
at 204.455.

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MAPLETON COMMUNICATIONS, LLC
Michael Meneray, President

loss agreed to acquire
KABX-FM, KYOS-AM & KIBG-FM
Merced, California

for $4,300,000
from
MERCED RADIO PARTNERS, L.P.
Ed Hoyt, President
YOSEMITE RADIO PARTNERS
Ed Hoyt, President

Patrick Communications was proud to serve as the broker in this transaction.

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9/10/01

HBC fills out in Phoenix

McHenry Tichenor's Hispanic Broadcasting Corp. (N:HPN) is
filling a gaping hole in its sta-
tion portfolio with the addition of four FMs in Phoenix. They
are coming from Big City Radio (A.YPM) for $34M cash. HBC
already operates KHOT-FM in the market, so this deal will max
out its three FM side. It does not own any property on the senior
hand.

The stations are KEJY-FM, KJJD-FM, KLRZ-FM and KSSL-
FM. The latter is already pro-
gramming an Hispanic Con-
temporary format. We expect
that the others, currently spin-
ning Alternative/Modern Rock
offerings, will also wind up
with some form of Hispanic
programming.

Phoenix is Arizona's third
market (in terms of general 122 popu-
lation) in the #12 Hispanic
radio market. Despite over
450,000 Hispanics, Spanish-lan-
guage radio has been surpris-
 ingly slow to catch on. Hoping
to capitalize on the strong up-
side potential in Phoenix along
with HBC are Entravision (N:EVQ), with an AM and three
FMs, and Radio Unica, with a
standalone AM.

RBR observation. Tichenor
must be hoping that the third
time is the charm, because this
is the third attempt his group
has made to add stations in this
market. HBC strikes a deal
worth an estimated $25M with
Z-Spanish for KELZ-FM (KBR
4/19/99) which never closed
on Entravision eventually scored
the station. Then its deal to
acquire KFRF-FM during last
year's Clear Channel
(N:CCU)/AMFM spin-off
evaporation was dismissed
by the FCC due to CCI's stake in HBC—open-
ing the door for Emmis (O:EMMS) to acquire it.—DS

How do you deal with a downturn?

It's time to stick with the basics in radio, group owners told the
finance seminar that kicked off
the NAB Radio Show (9/5) in
New Orleans. "If ever there
was a time to get closer to your
customers, now is the time," said
David Kennedy, President,
Susquehanna Radio. Those ad-
vertisers, he noted, are going
through the same difficulties that
broadcasters are dealing with in
the current soft economy.

Tony Brandon, President of
American General Media, noted
that his company has always
preferred to operate in smaller
markets where they could know
their customers, rather than
dealing with far away media buyers.

But he noted that consolidation
has also changed life for broad-
casters in smaller markets. For
example, Clear Channel (N:CCU)
has bought down into those
outliers. Some of us in these
smaller markets are hav-
ing to get used to having to deal
with companies that have these
tremendous resources," he noted,
saying that their deep pockets give them an advantage in
negotiations over such things as
call letters, contract extensions
and naming names in this case—
access to programming from Pre-
miere Radio Networks.

David Benjamin, President,
Triad Broadcasting, said the radio industry needs to focus
on building new cat-
 egories of advertisers. "En-
tire advertising categories
this time around have completely
disappeared," he said. And
Benjamin noted that he wasn't
just talking about dot-com,
but also the telecom industry,
which had been a major cat-
egory but is now going through
its own deepening fi-
nancial difficulties.

In these tough times, it's
important to remember that
radio business growth is
driven by the top line,
Benjamin said. "As an in-
dustry we have driven
away all of the cost cut-
ting that we can.

"Callers come back after tak-
ing his company off Wall Street
with new partner Forstmann
Little Co. Cited Communications
CEO Larry Wilson
advised others to wait until
they have critical mass to sell
their IPO. "I have no regrets
about going public—it was a
different way of life," he said,
noting that being public gave
Citadel access to capital that

made it possible to grow. But
after watching his stock price
go through a meltdown before
missing his number for one
quarter, Wilson is happy to
have a new, private partner.
"My plan would be to get big-
er—and I think Forstmann
Little's plan would be
to do some major ac-
quisitions and then, probably,
take it public again," Wilson
said.

Wilson also offered the
audience an own investment
advice for the current economy. "I'm not saying it's going to be
great, but there is no getting
that there's no sign yet that
the Fed's interest rate cuts are
boosting the economy.

Wilson and Cumulus Media (N:CUM) CEO Lew Dickey
Jr. briefly detailed what it is
likely to happen once the
FCC's crossownership rule—
generally prohibiting owner-
ship of newspaper and broad-
cast properties in the same
market—is eliminated. When
Dickey suggested that Gannett
(N:GCI) might jump back into
to radio, Wilson said no. "They
had a very bad experience in
radio." Drawing on his own
experience helping to build
Combined Communications as a
radio, TV, newspaper and outdoor company, Wilson said
newspapers are a better fit
with TV, but suggested that
the biggest radio group, Clear
Channel (N:CCU) might ac-
tually be a newspaper group, just as it's expanded into other
media. In support of that
view, Wilson recalled how
Karl Eller (now god-father
of Clear Channel's outdoor
division) fired up sales at
the Cincinnati Enquirer for
Combined Communications
by introducing the novel
concept of commission sales
just as for Gannett. "They
took our radio stations that
were doing very well at Combined Communications
and just did nothing with them," Wilson said
dismayed of the nation's larg-
est newspaper chain.—IM
Lenders say they're lending less

Financing is still available for radio groups to expand, but in the second panel of the 9/5 finance summit. But while their official limits remain at 6-8 times leverage, lenders say that the economy has made them more cautious—so actual lending is now about a full turn help than before. In other words, the real lending multiple is more like 5-5.5 times.

Kolobolski grabs a pair of '10s

Small group First Media Radio has expanded into two new mark-ets via a deal with Bruce Danziger's and Jeff Shapiro's 728 Group. Owner Alex Kolobolski told Radio Ink that the deal will provide $21 cash for WMOU-AM in Berlin, NH and WCDM-AM & WMOM- FM in Bayside, PA.

Neither is Arbitron-rated. In fact, if any section of Pennsylvania can be called "Nowcast," it's Clear Channel's stations inside that in the middle of it. It sits on I-80, miles from places like Altoona, State College and Johnstown, and even further from Pittsburgh and Youngstown. It does boast a small field even closer in, the "Clear Channel's home," a map, indicating that it is a cen-ter of business for the numerous small towns surrounding it. In these favorable times, the town of Berlin is similarly isolated.

First Media already owns an FM in the aforementioned State College market and was able to add a FM combo in Easton on Maryland's Eastern Shore. Bro-ker: Richard A. Foreman As-soociates Inc. (seller)-DS

Is another station cying a move into Vegas?

KRCY-FM Kingman AZ has been sold to Spectrum Scan Licenses Inc. of New York. Buyer: Edward A. Burbridge's Radio Inc. and another company called Cheyenne Inc., owned by John D. Dickson Sr. and others. The seller, Hualapai Broad-casters Inc., will be receiving the principal sum of $540K, which is a lot of scratch for a standalone FM in a non- Arbitron rated market in the middle of nowhere.

Could it be the possibility of moving the station to Dolan Springs, AZ has inflated its value? Apparently the e-neyors think the station could upgrade to a full Class C from that vantage point. It would also put the station some miles or so closer to Las Vegas if the tower were constructed in the middle of town. It was constructed to city-grade the town from the Vegas side, it could get a good bit closer to the large and growing larger gambling capital.—DS

Newburgh not so new for Clear Channel

Clear Channel Communications (NC CU) is buying WDLH-AM & WGTI-FM in Newburgh, NY from Robert L. Weil's Port Jervis Broadcasting Co. Inc. the radio giant has been running the stations in an LMA since 5/26. Before that, they were in an LMA with Nassau Broadcasting Partners. Clear Channel acquired Nassau's purchase option on the stations as part of a deal with Allen Station Inc. to sell a pair of Allen station sta-tions to Nassau (WURL 11/20/00).

The deal is valued at $2M. It marks the first pair of OK 94.1's that Clear Channel has acquired. Nassau's price is $1.3M. WURL was never even Arbitron-rated at any time in its history. Clear Channel has also added to its already substantial overlap in the market. The stations are not scheduled to launch until the end of the year—DS

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 substan-tial transfers of control of a license via a sale or other internal corporate restructuring (FCC Form 315). All deals are listed in descending order of sales price. Broker credits are based on contracts filled with the FCC. -DS

$5,350,000 KRRR-FM Cheyenne, Wyoming and KROU-FM Laramie, Wyoming

for

$3,500,000

to

Tony Brandon, President, of American General Media
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