

Jacor stock sale raises \$515 million

Money will be used to finance Citicasters and Noble mergers

By Elizabeth A. Rathbun

While the Justice Department continues to study some of Jacor Communications Inc.'s deals, the company has raised about \$515 million to help finance them.

The sale of stock and debt, which ended last Tuesday, will more than triple Jacor's debt load, from \$196 million to \$625 million. The proceeds will be used to finance Jacor's mergers with Citicasters Inc. and Noble Broadcast Group Inc., and repay debt. Jacor raised the \$515 million in three ways:

- \$315 million from the sale of 11.25 million shares of common stock at \$28 per share;
- \$100.15 million from 15-year,

zero-coupon convertible bonds, and

- \$100 million from the issue of 10-year senior subordinated notes.

Jacor in February agreed to buy 29 radio and two TV stations, bringing its total to 52 radio stations and two TVs. Ten of the new radios are from Noble; the rest are from Citicasters. The two deals are valued at \$981.1 million.

The company will continue to look for more stations to buy in fragmented markets, Jacor says in a June 6 Securities and Exchange Commission filing. By acquiring several stations in such markets, Jacor can create "a market-leading position.... The company [also] may exit markets it views as having limited strategic appeal," the filing says.

In the filing, Jacor lists the risks that

investors may encounter. These include the fact that the Justice Department has requested information about Jacor's holdings in two cities. With its Noble buy in Denver, Jacor would grow from four to eight stations and its share of radio revenue would increase from 35.3% to 47.9%. Two requests for information about that market have not been answered, the filing says.

In Cincinnati, where Jacor is based, Justice asked about Jacor's plans to buy a TV station as well as three more radios from Citicasters. Jacor already owns four radio stations there. Justice's second request for information about this deal expired on June 7.

A Justice Department spokesperson last Wednesday would say only that "we're [still] looking at the transactions." Jacor officials did not return telephone calls seeking comment.

According to the filing, Jacor agrees that it needs a waiver of the FCC's one-to-a-market rule in Cincinnati as well

Argyle, Clear Channel make LMA in Providence

CBS affiliate will sell ads, produce news for two stations

By Steve McClellan

Argyle Television and Clear Channel Communications have struck a joint marketing and programming agreement for stations in Providence, R.I., the 46th-ranked Nielsen market. The deal is subject to FCC approval of Clear Channel's proposed acquisition of WPRI-TV Providence from CBS. The Argyle station involved is Fox affiliate WNAC-TV.

WPRI-TV would be the managing partner, selling advertising for both stations, which would share revenue. WPRI-TV also would produce news programs for WNAC-TV.

"This is not your typical [local marketing agreement]," says Argyle Chairman Bob Marbut. Typically, he says, the managed station "sells for a whole lot of cash upfront." In this case, it's more of a joint venture, with partners "sharing the pain as well as the spoils."

Part of the motivation for Argyle was its desire to get WNAC-TV into the news business in the most efficient way possible. The station has no news staff

or studio and was looking at steep capital expenditures if it were to start its own news organization.

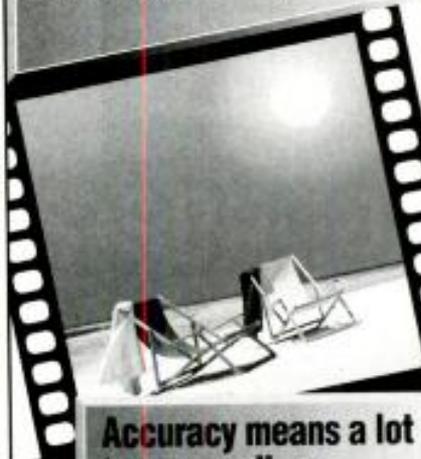
Under the agreement, Clear Channel will produce a separate and "branded" newscast for the Fox affiliate. WPRI-TV will produce other local programming and on-air promotions for WNAC-TV. "There's a significant commitment from them to do a good job promoting Fox" on the Fox outlet, Marbut says.

All but two of 30 positions at WNAC-TV will be eliminated, Marbut says, but WPRI-TV will expand its staff to execute the joint agreement, and staffers losing jobs at WNAC-TV will be candidates for the new posts at WPRI-TV.

Clear Channel has been a pioneer in the LMA arena, and company chairman Lowry Mays has known Marbut for 25 years. The two companies are housed in the same office complex in San Antonio, Tex. "They're one floor below us," Marbut says, adding that it takes "a lot of trust between the partners to do a deal like this."

Argyle did a previous LMA. When it owned KDFW-TV Dallas, it made an arrangement to manage KDFI-TV there. ■

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