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The Hicks Bros:

Texas twosome spending billions to own more radio stations than anyone else. SFX is latest buy. What's next?
RBR's in-depth coverage: pp. 3, 10, 12-13



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Hicks brothers win SFX for \$2.1B

Finally. After weeks of intense bidding, Capstar Broadcasting Partners and its financial backer, Hicks, Muse, Tate & Furst, emerged the victors with a \$2.1B bid for SFX Broadcasting.

Capstar won with a deal to pay SFX's public shareholders \$75 for the radio group, sans concert business. Westinghouse's (N:WX) CBS was in the bidding to the end, also at \$75, but was apparently not satisfied with some details of the SFX deal that Capstar accepted. Jacor Communications (O:JCOR) had dropped out of the bidding war at \$70. See page 10 for in-depth financial details.

By adding the 71 SFX stations, Capstar will leap to third place among all US radio groups, in terms of billings (see page 12 for the new top-10). Of course, it was already number one

in terms of number of stations, and SFX will take Capstar to a total of 314 stations. Only a few will have to be sold or swapped to meet local ownership limits. Also, Capstar is expected to trade out of the largest SFX markets—Dallas, Houston and San Diego (possibly Pittsburgh and Indianapolis)—with another Hicks, Muse-related company, Chancellor Media, a likely recipient of many of those properties.

The acquisition is a homecoming for Capstar CEO **Steve Hicks**, who used to be president of SFX. He told *RBR* it was a "bittersweet" experience. The sweet part is obvious, but why bitter? "I sold my SFX stock last year for \$40," he explained.

Hicks sees more than just a group of stations being added to Capstar by the deal. "SFX has some very strong programming assets in some of its

middle-market operations," he said. Using Capstar's "Star System" intranet system, which connects all of its stations, Hicks foresees using some of those strong programs on multiple stations within a region.

SFX Executive Chair **Bob Sillerman** and President **Mike Ferrel** won't be left with nothing to do. SFX's concert promotion business is being spun off prior to closing as a separate public company, SFX Entertainment, and they're already working on deals to acquire more concert companies. "The concert business is equally attractive to us as the radio business was when we became a public company in 1993," said Sillerman.

Sillerman is also the largest shareholder of Triathlon Broadcasting (O:TBCOA), which is free to acquire more stations in non-Capstar markets.

More Capstar-SFX coverage on pages 10, 12 & 13.

SFX sale could lead to rep change

Once again, a group deal is about to cause major shifts in the rep business (*RBR* 2/3, p. 4). Interep, with a couple of exceptions, is the current SFX rep. The bulk of the stations are split between D & R and McGavren Guild; Allied has four SFX stations.

Interep is already bracing for the loss, expected when the deal closes. "It's about 5% of our revenue," said **Ralph Guild**, Chairman, Interep, who adds he's confident that Interep will have replaced the revenue by the time the deal closes next summer.

Jones Radio Network expands to short form

The company known for its 24-hour formats, Jones Satellite Networks, has changed its name to Jones Radio Network. The move underscores Jones' new strategy to include short-form syndicated programming. Jones offered its first 24-hour satellite-delivered programming in 1989.

RBR observation: Talk about an explosion in the number of short-form syndicated shows! No wonder Jones wants a piece of the action.

Rice stations lose licenses

Seven stations could be up for grabs in Missouri and Indiana with the revocation of the licenses assigned to **Michael Rice's** Contemporary Broadcasting, Inc. and Lake Broadcasting, Inc. Rice was convicted in 1994 of having sex with five minors, and is presently in a Farmington, MO prison serving an 84-year prison sentence—he'll be up for parole in eight.

As reported in *RBR* [8/25 p.3] WBOW-AM, WZZQ-AM/FM, KFMZ-FM, KBMX-FM, and KFYE-FM, as well as CPs for new FMs in Bourbon,

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CNN says Metro Source can't carry its actualities

Last week we reported that Metro Networks' new news software, Metro Source (*RBR* 8/25, p. 4) will include audio actualities from CNN. Metro Networks, which uses the CNN name in its promotion materials and uses samples of CNN audio in the Metro Source demo, has a limited reciprocal agreement with CNN for its original, unbranded news actualities for Metro's local newscasts. The deal does not extend to the new product, Metro Source, so far, has no outside news source other than its own local newscasts for audio actualities.

"CNN has no involvement or intention to become involved with the Metro Source project," said **Robert Garcia**, GM, CNN Radio. "Metro is entitled to use CNN actualities in its regional newscasts only and may not distribute them for use by affiliates."

CNN Radio has a long-term agreement with Westwood One, which offers CNN Radio News to affiliates.

RBR observation: Technology still can't replace good ol' fashioned news gathering. The CNN name would have lent a lot of credibility to the fledgling news effort.

MO and Huntsville, MO face revocation. FCC regulations generally prohibit a convicted felon from holding broadcast licenses.

Ken Brown, GM for WZZQ-AM/FM, and WBOW-AM says the ruling "came as no surprise" and says Contemporary will appeal. Although it has hit the local papers, Brown says advertisers haven't been frightened from signing long-term contracts.

RBR observation: The stations in Columbia, MO and Terre Haute, IN are the most attractive. The stations in each city bill roughly \$1M, and the group could be worth as much as \$5M—the licenses alone could be worth as much as \$3M to the FCC, if auctioned.

XStar may go commercial

Xavier University's XStar Radio Network is looking at spinning off its stations above 92 MHz to pay for public broadcasting.

The plan is for XStar to commercialize WVXI-FM, Crawfordsville, IN, WVXG-FM, Mt. Gilead, OH and WVXM-FM, Manistee, MI. XStar would keep commercial its pending purchase of WMLQ-FM Rogers City, MI. The for-profit stations could clear an estimated \$500,000 a year (on \$1.5M billing), money which would keep the public radio network afloat.

GM **Jim King** jokingly describes himself as a "mini-**Randy Michaels**" in reference to the CEO of Jacor, also based in Cincinnati.

RBR observation: Congress is cutting funding, NPR is raising rates and the economy is booming—so it just could work! If it's a bust, it will make it a whole lot easier to sell the four commercial frequencies.

Jacor takes on FCC

Jacor could be itching to take on the FCC. It is refusing to pay or even respond to a \$4K indecency fine leveled by the FCC in June for two "Bubba the Love Sponge" programs aired on WEBN-FM Cincinnati. Both were outside the safe harbor (9A-10P) and were deemed indecent. The Commission is expected to refer the case to DOJ, where Jacor could raise Free Speech arguments.

Merger-Mania draws Congressional review

The Senate Commerce Committee plans to announce mid-month it will hold hearings on the "lack of competition" in the telecommunications industry—including radio. *RBR* sources say many on Capitol Hill are worried about the effects of mega-mergers and buyouts, like this week's SFX/Capstar deal.

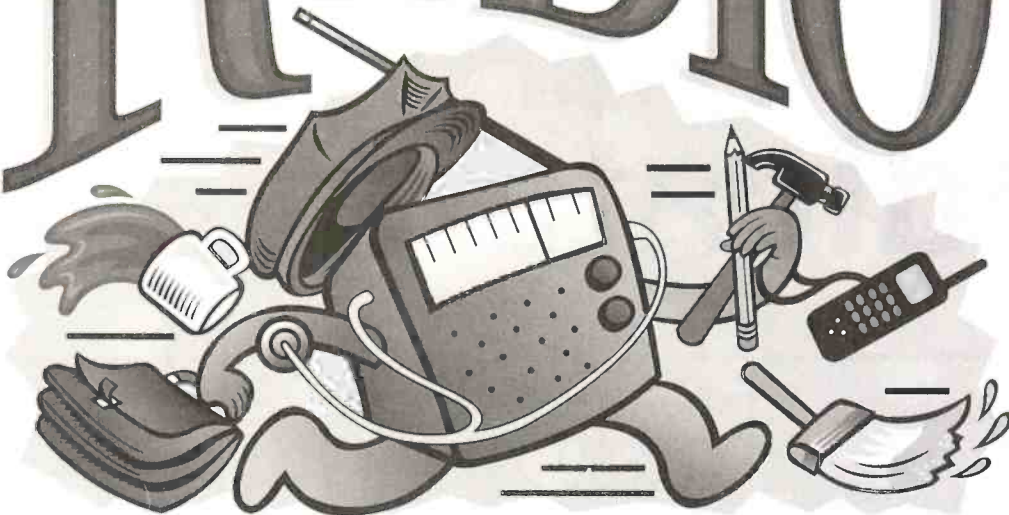
Lowry hits \$1B mark

Clear Channel founder and CEO **L. Lowry Mays** officially became the radio industry's first home-grown billionaire last Wednesday (8/27) when the company's stock closed at \$66.25 for the first time. That made his stock in Clear Channel worth \$1,000,369,634.

Just last month (*RBR* 8/11, pp. 8-10), we reported that Mays was on the verge of becoming the first person to build a net worth of \$1B from a company whose primary business is radio. At that time, his holdings were worth \$900M.

That last \$100M came quickly, with radio stocks in general getting a boost from the SFX and ARS auctions. Clear Channel's stock got an additional boost when Standard & Poor's announced (8/21) that the broadcaster would be added to the S&P 500 after trading closed last Friday (8/29).

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ARBITRON

by Katy Bachman

Four new syndicators to watch

Move over ABC, Westwood One and Premiere. There's mounting competition in the wings. Several new radio networks are moving to capitalize on the increased demand for syndication programming brought about by consolidation.

That won't be easy. Starting and building a radio network with multiple program offerings takes time, money and outstanding shows. One success story—Premiere Radio Networks, recently purchased by Jacor for \$185M in April (RBR 4/14, p. 3)—took ten years to become the number three radio network.

Each of these new syndicators is going after a different segment of the market and each has a different strategy for success. But if these four new radio networks play it right, the bigger nets will be facing quite a battle for market share.

NetStar aims at Women

When it launched "The **Susan Powter Show**" last month, NetStar Entertainment Group President/GM **Steve Youlios** said his network would specialize in Talk programming aimed at Women. "Most nationally syndicated Talk programs target men," he said. "Current offerings out there now are mostly psychological or political. Powter is a voice for women."

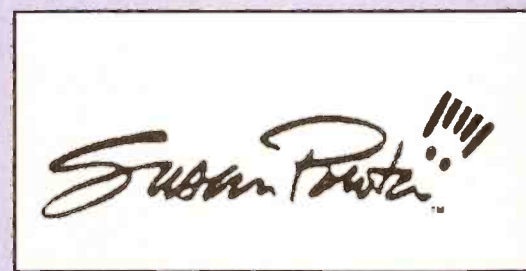
This month, NetStar debuted "Psychic Friends Radio Network." Also aimed at Women, the live program airs daily 10P-2A. "The objective is to put morning drive quality radio on late at night when most stations air re-runs," Youlios said.

NetStar may be onto something. Female demos, overall, are capturing more national advertising dol-

lars than male demos. According to an Interep study of the allocation of national spot dollars in the top 50 markets, 15% of dollars were placed against Women compared to 8.9% for Men (RBR 7/21, p. AB3).

Formed in April, NetStar executives have a strong track record in both radio and syndication. Chairman/CEO NetStar **Alan Fuller** was most recently president of SBI, the national syndicator of the "Dr. **Laura Schlessinger Show**." Youlios' 20-year radio career includes management positions with Jacor and 13 years with CBS Radio Networks.

1



HGTV grows to radio

Some of the most successful shows in radio these days air on the weekends. The listeners to these shows are loyal, even fanatical. The topics? Gardening, home improvement, arts and crafts (RBR 7/28, p. 8). That's the target audience for the upcoming Home & Garden Radio Network, set to debut with 20

hours of programming in the first quarter of 1998.

"From day one we planned to



launch a radio network," said HGTV founder and president/CEO, **Ken Lowe**. While Lowe launched the cable network in late 1994, his roots are in radio, holding positions as a radio personality and program director before moving into television programming in 1996 for Scripps Howard.

If HGTV's advertiser list is any indication, its radio counterpart is well poised to serve the lucrative

continued on page 8



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Four Sydicators

continued from page 6

\$587B home and garden industry. "Since HGTV began, we've grown from 40 advertisers to more than 700," noted Lowe, who added that HGTV gets more than just the local hardware store, it gets blue chip advertisers such as Ford and AT&T. "These

audiences are very active and they ring the cash register."

But will it translate to radio? "The radio is a natural place to reach people," said Lowe. "They can take it to the workshop or outside to the garden."

Advertisers looking to reach the home and garden audiences can take

advantage of a fully integrated media package with HGTV and Home & Garden Radio Network. The network regularly uses an 800 number, a web site, and a magazine. Much like a radio show, several HGTV shows use an interactive phone that urges viewers to participate in programs as they air.

AVI surfs to the web for its first launches



American View, Inc. (AVI), formed April 1996, was virtually unknown until it recently hooked up with veteran programmer **Kent Burkhart**, a director of CBS SportsLine Radio

and former consultant. Now AVI is poised to jump into the radio syndication game with the announcement that it will be one of the first syndicators to take Internet programming and broadcast it on radio stations.

Along with a daily four-hour morning drive program, "The Drive," hosted by **Scott Kaplan**, AVI will also offer a Saturday College and Sunday Pro football program, all available September 1. The total program package includes one minute commentaries

from select CBS SportsLine athletes. CBS SportsLine's deal with AVI is that AVI will clear 60 or more radio station affiliates within 18 months of launch.

Less than a week after it announced its Sports programs, AVI purchased programming from Small Planet, a syndicator with three weekend programs heard in 100 markets: "Rise Up" with **John Ritter**, a Sunday morning inspirational show heard on Country stations; "Lost 45s" with **Barry Scott**, a show featuring rarely heard music from the 70s and 80s; and "The Amazin' 80s" with **Al Bandiero**.

Expect more sports programming announcements soon from AVI, both from CBS SportsLine's 70 hours of



Internet programming (its Board of Advisors reads like a who's who of current and former star athletes such as **Joe Namath**, **Michael Jordan**, **Arnold Palmer**, **Joe Montana**) and from individual stations across the US. Said Burkhart: "There are quality things out there that are on the air at radio stations that we can pick up and Sports is only one-twelfth of what we're doing."

AVI's strategy isn't gunning for the big radio syndicators—it's thinking boutique. "There's a lot of drivel on the air," said AVI Chairman/CEO, **David Addington**. In order to attract quality programming and talent, AVI said it will share revenue (based on gross, not net as is the common practice) with the air talent and provide them with equity positions.

Said Burkhart: "Our whole position as a syndicator is not to have 300 to 500 shows like Westwood One or ABC, but to have a dozen shows maximum."

First Broadcasting Nets targets the majors

First Broadcasting Networks (FBN) has more than a snappy name for its first program offering, a 24-hour Oldies format called "Rock & Roldies." Behind the scenes, it has **Bill Drake**, the legendary programmer who invented "Boss Radio," and Rock n' Roll Hall of

Famer **Humble Harve**, aka, **Harvey Miller** for on-air.

It also has an ambitious plan to roll out a new format each quarter to eventually offer 10, 24-hour formats. To accommodate those for-

mats, FBN is nearing completion of 14 all-digital studios in its Dallas headquarters. "Rock & Roldies," is slated to be up and running August 15 with the first affiliate on the air by September 1. The next formats are likely to be



ROCK & ROLDIES
YOUR 101 FM

Alternative Rock and Soft Adult Contemporary, say *RBR* sources.

If FBN's plan goes as scheduled, it will be going nose to nose with several major competitors, including ABC,

Westwood One and Jones Satellite Networks. Like FBN, Jones is primarily in the 24-hour format biz with 12, 24-hour formats, several of which were introduced in radio's dereg era.

But unlike the competitors, FBN formats will be positioned for major markets. "We're going to take the same concept we did with "Rock & Roldies" and apply it to all our formats. We'll find the programming gurus and recruit the best jocks in the category," said **Charlie Strickland**, president, FBN. Putting its money where its mouth is, FBN is also offering ratings guarantees to stations, which won't have to pay if the ratings don't go up.

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by Jack Messmer

Complicated deal builds Capstar, creates a new Sillerman company

In short, **Steve Hicks'** Capstar Broadcasting Partners, with backing by Hicks, Muse, Tate & Furst, is buying SFX Broadcasting (O:SFXBA) for \$2.1B—\$1.2B in cash and \$900M in debt assumption. But the financial details are much more complicated.

First, Capstar isn't buying SFX's concert business, which will be spun-off to a separate company, SFX Entertainment, which will continue to be run by SFX Executive Chair **Bob Sillerman** and President **Mike Ferrel**. Each holder of one share of SFX Broadcasting stock will receive one share of SFX Entertainment stock, which is being valued at \$5.50. Added to the \$75 cash being paid for each SFX Class A share, 14.6M in all, that makes the value to SFX's public share-

holders \$80.50.

The deal is a bit different for the super-voting Class B stock held by Sillerman and Ferrel. They're getting \$97.50 each for their 1M shares. However, the two are also giving up rights under their employment agreements to warrants for 350,000 additional shares. "The premium that is being paid for the B stock coincidentally is offset by the compromise that we made in our employment and compensation agreements," Sillerman said.

In addition, Sillerman is being paid \$25M under a five-year agreement not to compete in Capstar's markets.

Capstar will be assuming \$900M in SFX's debt obligations and a deal announced last week by SFX to buy Sinclair's (O:SBGI) three Nashville

stations for \$35M. Hicks, Muse will be providing \$400M in new equity for the SFX purchase. Financing for the remaining \$800M is yet to be determined. Closing isn't expected until the second quarter of 1998.

Based on recent reports by SFX, this deal is around 20 times trailing cash flow. Steve Hicks says he views it as 12.5 times projected 1998 cash flow for SFX's "core properties," which doesn't include the big market stations he expects to spin-off for \$500M or more. **Broker: Paul Leonard**, Star Media Group

More Capstar coverage on pp. 3, 12 & 13.

RBR observation: Almost as amazing as seeing a \$2.1B radio deal was seeing CBS in the bidding for a group with mostly small- and medium-market stations. That's a sea-change for the radio industry, with even the biggest industry giant looking down-market for growth. We look for CBS's **Mel Karmazin** to bid even more aggressively for American Radio Systems (RBR 8/25, p. 3), whose stations are generally considered a more desirable group of assets than SFX. Clear Channel's **Lowry Mays**, who moved to the sidelines early in the SFX bidding, should also have a lot more interest in ARS. Jacor's **Randy Michaels**, who finished third in the SFX bidding, is hot for ARS.

The bid to beat, though, might again be Hicks, Muse. **Tom Hicks** has done lots of multi-billion-dollar deals in all sorts of industries. Doing a \$3B radio deal on top of a \$2B radio deal would be no problem for the Texas high-roller.

Paxson deal reconfigured

Clear Channel Communications (N:CCU) modified its deal with Paxson Communications (A:PXN) on the way to the final contract, which was signed

Robert F. X. Sillerman, Executive Chairman

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to

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Shaking up Charleston (again)

If it wasn't confusing enough when Wicks Broadcast Group and **William Dudley** swapped several of their Charleston, SC stations a few months back (*RBR* 5/26, p. 12), the market landscape is now being redrawn again. This time Wicks is exercising its rights to acquire two of Dudley's stations, WSUY-FM & WRFQ-FM for \$3.85M.

But wait, you say, isn't Wicks already at the Telcom Act ownership limit in Charleston? Right you are, but Wicks is assigning its rights to **Terry Jacobs'** and **Bill Stakelin's** Regent Communications. Wicks gets a cash kicker of \$600,000. Regent also replaces Wicks as \$1.5M lender with an option to buy WSSP-FM, owned by Dudley and **Randy Odeneal**.

OK, so Regent ends up with four FMs and rights to buy one more, right? Wrong, bucko, because Regent is redoing its deal with Jacor Communications (O:JCOR) and doesn't expect to close on WXLY-FM & WEZL-FM after all. Instead, it'll sell WRFQ-FM to Jacor, although details of that deal are yet to be worked out.

last week. The total price tag for Paxson Radio has been reduced from \$693M to \$633M, but Paxson is keeping some assets that were included in the original sale (*RBR* 6/30, p. 3).

The DOJ said Clear Channel's billboard division, Eller Media, would have had too large of a share of the billboard business in the Tampa market with Paxson's 178 "faces" added in, so it's been dropped from the final deal. Eller, however, will still get 348 Orlando billboards.

Also, Clear Channel isn't buying Paxson's two minor leagues sports teams (football and hockey).

"All of those assets are still for sale," noted Paxson CEO **Bud Paxson**. He said the final contract also discarded a \$15M conditional payment based on 1998 cash flow because the parties couldn't agree on the terms.

In the end, Clear Channel will pay \$600M to Paxson for 42 Florida radio stations, six state or regional radio networks and 348 billboards. Clear Channel will also close Paxson's deal to buy four West Palm Beach stations from American Radio Systems (N:AFM) for \$33M. Broker: **Bill Lisecky**, CEA

Barnstable buying LMAs

Barnstable Broadcasting is paying \$11M to acquire WGSM-AM, WRHD-AM, WMJC-FM & WRCN-FM from **Gary Starr's** Islandwide Broadcasting L.P. Barnstable has LMA'd the Eastern Long Island stations since April.

9/1/97 RBR

Sports net adds O&Os

One-On-One Sports is adding two major market O&Os with an \$8M deal to buy WNRB-AM Boston from Communicom, plus a deal to buy WDBI-AM (formerly WEJM) Chicago from Douglas Broadcasting for \$10M. That will take One-On-One to five O&Os in the top 11 markets. Broker: Questcom (for WNRB)

Emmis adds nets

Emmis Broadcasting (O:EMMS) is entering the state network business with a deal to acquire Network Indiana and AgriAmerica Network. The two nets will be integrated with Emmis' superduopoly in its hometown, Indianapolis.

RBR's Deal Digest

Regent Communications is selling its three Lexington, KY FMs even before closing on the superduopoly. **Ralph Hacker's** HMH Broadcasting will add the trio to its top-billing combo, WVLK-AM & FM... Disney's (N:DIS) ABC Radio is buying KidStar's KKDZ-AM Seattle, which has carried ABC's Radio Disney since the KidStar net died... Hochman Communications is buying KAMO-AM & FM for \$900,000 and KBRS-FM for \$650,000 to team with KZRA-AM & KMCK-FM in the Fayetteville, AR market. Broker: **Robert Macclini & Stephan Sloan**, Media Services Group

CLOSED!

Capstar Broadcasting Partners, Inc., R. Steven Hicks, Chairman and CEO, has acquired **Benchmark Communications**, Joe Mathias and Bruce Specter, Principals.

Randall E. Jeffery
and
George I. Otwell
provided advisory services to
Capstar Broadcasting Partners.

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RANDALL E. JEFFERY, JR.
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ELLIOT B. EVERS
415-391-4877

GEORGE I. OTWELL
513-769-4477

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Appointments requested at MVP's suite,
New Orleans Hilton Riverside
during NAB.

Top 10 radio groups by company

(all \$ in millions)

	Radio group	1996 gross revenues	No. stns.	Revs. incl. LMA/JSA stns.	No. stns.
1	CBS Radio (Westinghouse)	\$1,010	76	\$1,010	76
2	Chancellor Media	\$808	98	\$808	98
3	Capstar Broadcasting Ptnrs.	\$573	314	\$573	315
4	Jacor Communications	\$435	151	\$446	157
5	Clear Channel Communications	\$406	169	\$409	171
6	American Radio Systems	\$382	96	\$384	97
7	ABC Radio (Disney)	\$306	26	\$306	26
8	Cox Radio	\$214	48	\$217	49
9	Emmis Broadcasting	\$140	14	\$140	14
10	Heftel Broadcasting	\$138	37	\$138	37

Top 10 radio groups by attributable investor

(all \$ in millions)

	Radio group	1996 gross revenues	No. stns.	Revs. incl. LMA/JSA stns.	No. stns.
1	Hicks, Muse, Tate & Furst	\$1,381	412	\$1,381	413
2	CBS Radio (Westinghouse)	\$1,010	76	\$1,010	76
3	Jacor Communications	\$435	151	\$446	157
4	Clear Channel Communications	\$406	169	\$409	171
5	American Radio Systems	\$382	96	\$384	97
6	ABC Radio (Disney)	\$306	26	\$306	26
7	Cox Radio	\$214	48	\$217	49
8	Emmis Broadcasting	\$140	14	\$140	14
9	Heftel Broadcasting	\$138	37	\$138	37
10	Susquehanna Radio	\$127	21	\$127	21

Source: BIA's MasterAccess Radio Analyzer

We're number one! (and so are they...)

When Hicks, Muse, Tate and Furst and Capstar Broadcasting Partners announced that they had a \$2.1B deal to buy SFX Broadcasting (O:SFXBA), newspapers all over the country ran headlines proclaiming that Hicks, Muse had become "the nation's largest radio company," surpassing Westinghouse's (N:WX) CBS.

Is Hicks, Muse indeed the nation's largest radio group? Well... sort of, and then again, sort of not.

Hicks, Muse is the founder, financial backer and largest shareholder of Chancellor Broadcasting (O:CBCA). Once Chancellor completes its merger with Evergreen Media (O:EVGM) this month, the combined company, Chancellor Media, will have pro forma 1996 billings of \$808M, according to BIA, compared to \$1.01B for CBS. Hicks, Muse Chairman **Tom Hicks** will be Chairman of Chancellor Media and Hicks, Muse will have a substantial stake in the company. However, **Scott Ginsburg**, currently founder and CEO of Evergreen, will be the biggest shareholder and serve as president and CEO.

Hicks, Muse's other radio investment is Capstar Broadcasting Partners—launched last year with Tom's brother **Steve Hicks** at the helm—the company which is buying SFX. Once that mega-deal and other pending acquisitions close, Capstar will have pro forma 1996 revenues of \$573M.

Public shareholders of Chancellor and Evergreen (and, for that matter, Scott Ginsburg) have no stake whatsoever in privately-held Capstar. Conversely, Steve Hicks and other management stockholders of Capstar have no stake in Chancellor or Evergreen, unless they happen to own a few shares of the publicly traded stock.

Because Hicks, Muse has an attributable interest (defined by the FCC as more than 5% of equity) in both radio companies, stations owned by one count against the other in determining local ownership limits. Thus, Capstar recently had to divest an FM in Wilmington, DE because Evergreen owns the maximum five FMs with contour overlaps from the adjacent Philadelphia market (*RBR* 8/25, p. 12). FCC waivers are also required for either radio company to acquire radio stations in any market where either of Hicks, Muse's two TV investments, LIN and Sunrise, has a station.

RBR will continue to track the two radio companies separately, since they have separate management structures and (once Capstar completes its pending IPO) separately-traded stocks. Even so, the charts (above, left) show both top-10 lineups.

Susquehanna Radio Corporation

David E. Kennedy, President
has agreed to sell

KBYA (FM)

Fair Oaks (Sacramento), California

for

\$15,900,000

to

Entercom

Joseph M. Field, President

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



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Movin' on up: Capstar takes the high ground with SFX deal

Like most of Capstar's group acquisitions, the purchase of SFX does not bulk up its existing markets. Rather, it is a territorial expansion. What is remarkable is the quality of the territory. It is Capstar's first full-fledged foray into the top 50 markets. The only areas of overlap between the two groups are in Greensboro-Winston Salem and Greenville SC. In Greensboro, however, Capstar is contributing a combo which

is actually on the fringe of two markets while being solidly in neither. In Greenville, Capstar is getting back stations it had traded to SFX. (Jackson MS also features stations which have already gone back and forth between the two groups.) Although its group purchases have only on occasion produced market overlap for consolidation purposes, the group has not been shy about striking smaller deals to bulk up in newly-acquired markets. Once this deal passes regulatory muster, we can probably expect a flurry of such deals.—
Dave Seyler

Group	MkSz	Market	AMs	FMs	Stns
SFX	7	*Dallas	0	2	2
SFX	9	**Houston	1	3	4
SFX	14	*San Diego	0	2	2
SFX	20	**Pittsburgh	1	4	5
SFX	29	Milwaukee	1	1	2
SFX	31	*Providence	1	2	3
SFX	36	*Indianapolis	1	2	3
SFX	37	**Charlotte	0	3	3
SFX/Cap	41	**Greensboro	3	3	6
SFX	42	**Hartford	1	4	5
SFX	44	*Nashville	0	2	2
SFX	48	**Raleigh	0	4	4
Mkts 1-50		12 mkts	9	32	41
SFX	53	**Jacksonville	2	4	6
Capstar	55	*Birmingham	1	2	3
SFX	56	**Richmond	0	5	5
SFX	57	**Albany NY	2	3	5
Capstar	58	**Honolulu	3	4	7
SFX/Cap	59	**Greenville SC	2	6	8
SFX	60	*Tucson	2	2	4
Capstar	64	**Fresno	2	3	5
Capstar	65	**Allentown	3	3	6
Capstar	66	**Grand Rapids	1	3	4
Capstar	73	Harrisburg	1	1	2
Capstar	74	**Wilmington DE	2	3	5
SFX	77	*Springfield MA	1	2	3
Capstar	81	**Baton Rouge	3	3	6
Capstar	85	Stockton	1	0	1
Capstar	88	**Columbia SC	2	4	6
Capstar	88	*Des Moines	1	2	3
Capstar	90	*Wichita	1	2	3
Capstar	93	Daytona Beach	0	1	1
Capstar	96	**Melbourne	2	3	5
SFX	97	*New Haven	0	2	2
Mkts 51-100		21 mkts	32	58	90
Capstar	102	**Roanoke	2	7	9
Capstar	107	Worcester	1	1	2
Capstar	115	**Huntsville	2	4	6
Capstar	117	*Portsmouth	1	2	3
Capstar	118	**Jackson MS	4	6	10
Capstar	119	**Fort Pierce	1	5	6
Capstar	121	**Madison WI	2	4	6
Capstar	122	**Modesto	1	3	4
Capstar	125	**Pensacola	0	3	3
Capstar	126	**Corpus Christi	1	3	4
Capstar	127	Shreveport	1	1	2
Capstar	128	**Beaumont	1	3	4
Capstar	131	*Reno	1	2	3
Capstar	133	*Biloxi	0	2	2
Capstar	134	*Stamford	2	2	4
Capstar	139	**Huntington	5	5	10

Capstar	140	**Montgomery	0	3	3
Capstar	143	*Killeen	0	2	2
Capstar	144	**Tyler-Longview	1	4	5
Mkts 101-150		19	26	62	88
Capstar	153	**Savannah	2	4	6
Capstar	154	*Salisbury	0	2	2
Capstar	155	**Fayetteville AR	0	4	4
Capstar	160	Poughkeepsie	1	1	2
Capstar	165	**Anchorage	3	4	7
Capstar	170	*Fort Smith	1	2	3
Capstar	172	**Lubbock	2	4	6
Capstar	176	Asheville	1	1	2
Capstar	190	**Waco	2	4	6
Capstar	191	*Danbury	1	2	3
Capstar	192	*Springfield IL	1	2	3
Capstar	193	Manchester	1	1	2
Capstar	198	*Cedar Rapids	1	2	3
Mkts 151-200		13 mkts	16	33	49
Capstar	213	**Tuscaloosa	1	3	4
Capstar	216	**Wheeling	2	5	7
Capstar	219	*Winchester	1	2	3
Capstar	221	Burlington	0	1	1
Capstar	230	*Battle Creek	2	2	4
Capstar	241	**Texarkana	1	3	4
Capstar	248	*Lawton	0	2	2
Capstar	259	*Jackson TN	1	2	3
Mkts 201-265		8 mkts	8	20	28
Capstar	n/a	*Fairbanks	1	2	3
Capstar	n/a	**Four Corners	1	3	4
Capstar	n/a	Gadsden	1	1	2
Capstar	n/a	*Lufkin	0	2	2
Capstar	n/a	*Victoria	0	2	2
Capstar	n/a	White Plains	1	1	2
Capstar	n/a	*Yuma	1	2	3
Unrated mkts		7 mkts	5	13	18

* = duopoly ** = superduopoly

Capstar's station distribution by market size

The addition of SFX stations to the Capstar portfolio gives a nice boost to one of the group's strongholds, markets 51-100, adding 32 stations. What is really significant, though, is the total of 39 stations added in markets 1-50. Before, that number would have been two.

Market size	Total			Total				
	mkts	AMs	FMs	Stns	Sup	Dup	Cmb	Std
Mkts 1-50	12	9	32	41	6	5	1	0
Mkts 51-100	21	32	58	90	12	6	1	2
Mkts 101-150	19	26	62	88	12	5	2	0
Mkts 151-200	13	16	33	49	5	5	3	0
Mkts 201-265	8	8	20	28	3	4	0	1
Unrated mkts	7	5	13	18	1	4	2	0
Total	80	96	218	314	39	29	9	3

sup = superduopoly dup = duopoly cmb = AM-FM combo std = standalone

BROADCAST INVESTMENTS™

August 27—RBR Stock Index 1997

Company	Mkt:Symbol	8/20 Close	8/27 Close	Net Chg	Pct Chg	8/27 Vol (00)	Company	Mkt:Symbol	8/20 Close	8/27 Close	Net Chg	Pct Chg	8/27 Vol (00)
Ackerley	A:AK	14.000	15.375	1.375	9.82%	159	Jacor	O:JCOR	44.875	43.750	-1.125	-2.51%	1208
Alliance Bcg.	O:RADO	0.500	0.500	0.000	0.00%	0	Jeff-Pilot	N:JP	69.125	70.250	1.125	1.63%	2406
Am. Radio Sys.	N:AFM	45.625	49.375	3.750	8.22%	1209	Jones Intercable	O:JOINA	10.875	11.500	0.625	5.75%	1853
AMSC	O:SKYC	7.500	7.500	0.000	0.00%	34	Katz Media Group	A:KTZ	10.375	10.375	0.000	0.00%	60
CD Radio	O:CDRD	19.250	19.000	-0.250	-1.30%	461	Metro Networks	O:MTNT	30.250	29.750	-0.500	-1.65%	741
Ceridian	N:CEN	45.500	37.062	-8.438	-18.55%	38253	New York Times	A:NYTA	48.312	48.000	-0.312	-0.65%	3598
Chancellor	O:BCA	38.750	43.250	4.500	11.61%	868	News Comm.	O:NCOM	1.937	1.812	-0.125	-6.45%	0
Childrens Bcg.	O:AAHS	3.750	3.375	-0.375	-10.00%	270	Pacific R&E	A:PXE	2.875	3.000	0.125	4.35%	85
Clear Channel	N:CCU	62.000	66.250	4.250	6.85%	7357	Paxson Commun.	A:PXN	11.875	12.250	0.375	3.16%	1335
Cox Radio	N:CXR	26.687	26.937	0.250	0.94%	18	Pulitzer	N:PTZ	52.812	52.250	-0.562	-1.06%	103
DG Systems	O:DGIT	6.500	6.750	0.250	3.85%	1	Saga Commun.	A:SGA	20.750	21.000	0.250	1.20%	124
Disney	N:DIS	80.375	78.500	-1.875	-2.33%	11292	SFX Bcg.	O:SFXBA	67.750	73.937	6.187	9.13%	14144
Emmis Bcg.	O:EMMS	43.500	49.250	5.750	13.22%	1291	Sinclair	O:SBGI	37.000	37.125	0.125	0.34%	211
Evergreen	O:EVGM	43.500	47.750	4.250	9.77%	10154	TM Century	O:TMCI	0.468	0.468	0.000	0.00%	0
Faircom	O:FBCM	0.375	0.375	0.000	0.00%	100	Triathlon	O:TBCOA	7.687	7.875	0.188	2.45%	0
Fisher	O:FSCI	130.250	126.250	-4.000	-3.07%	400	Tribune	N:TRB	51.000	50.437	-0.563	-1.10%	943
Gaylord	N:GET	23.437	23.250	-0.187	-0.80%	15134	Westinghouse	N:WX	26.500	26.312	-0.188	-0.71%	20558
Granite	O:GBTVK	11.000	11.125	0.125	1.14%	172	Westwood One	O:WONE	30.000	28.000	-2.000	-6.67%	4051
Heftel Bcg.	O:HBCCA	65.125	62.250	-2.875	-4.41%	496							

**Kelly Callan, Fred Kalil, Frank Higney,
Dick Beesemyer, Tom Zlaket
and Frank Kalil**

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Gregory Marcus and Anthony Gazzana, Principals

has agreed to sell

WRJN (AM) and WEZY (FM)

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for

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S.H. Bliss, President

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**Transaction Digest
continued from page 16**

\$1,400,000—* KTLT-FM Wichita Falls from Pegasus Broadcasting Inc. (Kenneth R. Schroder) to Apex Broadcasting L.L.C. (Bruce M. Holberg). \$70K escrow, balance in cash at closing. **Superduopoly** with KWFS AM-FM, KNIN-FM, coming in two separate deals. Broker: Patrick Communications Co.

\$1,400,000—* KWFS AM-FM Wichita Falls from American General Media Corp. (Anthony S. Brandon, L. Rogers Brandon) to Apex Broadcasting L.L.C. (Bruce M. Holberg). \$62.5K escrow, \$200K consulting agreement, balance in cash at closing. **Superduopoly** with KNIN-FM, KTLT-FM, coming in two separate deals. Broker: Patrick Communications Co.

\$1,186,900—* WJUS-FM Ft. Walton Beach from F.W.B. Radio Inc. (Gerald D. Schroeder, pres) to Holladay Broadcasting Co. Inc. (Clay E. Holladay, Georgia R. Edmiston). Cash. **Superduopoly** with WYZB-FM, WFTW-AM, WKSM-FM, WNCVO-FM.

\$1,100,000—WQBN-AM Tampa-St. Petersburg (Temple Terrace FL) from Radio Tropical Inc. (Efrain Archilla-Roig) to Genesis Communications II Inc. (Bruce Maduri, J. Donald Childress). \$55K escrow, balance in cash at closing. Broker: Donald K. Clark

\$650,000—WYXZ-FM Crestline OH from Mid-Ohio Radio Partners Ltd. (Barry F. Gerber, pres) to Elyria-Lorain Broadcasting Co. (Gary Kneisley, pres et al). \$25K escrow, \$475K cash at closing, \$50K non-compete, \$100K consulting agreement. Broker: Burt Sherwood & Assocs.

TRAILING 12 MONTHS

CLOSED
August 1996

WNNJ AM-FM
Sussex County, NJ
Nassau Broadcasting
from
Group M
Communications

CLOSED
September 1996

KPTY-FM
Phoenix, AZ
Rainbow
Broadcasting
from
NPR Phoenix, LLC

CLOSED
February 1997

KHOM-FM
New Orleans, LA
KHOM Associates
to
Clear Channel
Communications

CLOSED
March 1997

WGCO-FM
Savannah, GA
Clark Broadcasting
to
New Adventure
Communications

CLOSED
July 1997

WLLZ
Detroit, MI
Greater Media
to
Crawford
Broadcasting

CLOSED
July 1997

WNFT
Boston, MA
Greater Media
to
American Radio
Systems

CLOSED
June 1997

WSUS-FM
Sussex County, NJ
Nassau Broadcasting
from
WSUS Communications

FILED
July 1997

WPZE
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Salem Communications
to
Hibernia Communications

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RADIO OUTLOOK 1997

- Veronis, Suhler & Associates forecasts total radio advertising to grow 9.3% per year to \$18.3 billion in 2001
- Transaction volume is robust: over \$23 billion worth of radio stations have changed hands in the last 18 months
- Debt and equity financing is readily available
- Financial players and public companies are entering the radio arena
- Valuations for private sale transactions are reaching all-time highs
- Reduction in capital gains tax is likely to spur additional activity

There has never been a more appropriate time for radio station owners to consider their transaction alternatives



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Veronis, Suhler & Associates, the leading investment bank exclusively serving the media and communications industry, specializes in helping entrepreneurs and family-owned businesses to maximize value through private sale transactions, mergers and acquisitions.

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Director for Radio Broadcasting

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New Orleans Hilton During
The NAB Radio Show*

VERONIS, SUHLER & ASSOCIATES INC

350 PARK AVENUE, NEW YORK, NY 10022

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Aug. 20 through Tuesday, Aug. 26. 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.

\$330,000,000—* 24 stations from various subsidiaries of HMI Broadcasting Corp. (William Evans, trustee), whose equity is owned by News Corporation (Rupert Murdoch, N:NWS), to various subsidiaries of Sinclair Broadcast Group Inc. (David Smith, O:SBGI). \$63M escrow, \$604M (less escrow) plus prorated amounts estimated to increase total to \$630M. Radio portion estimated by RBR. Existing **superduopolies** in Kansas City and Rochester, duopolies in Portland, Milwaukee, Norfolk and New Orleans. Creates **superduopoly** in St. Louis.

\$13,200,000—* WCBW-FM St. Louis (Columbia IL) from Continental Broadcasting Group Inc. (Marvin B. Kosofsky, pres) to Citicasters Co. (Randy Michaels, pres.), a subsidiary of Jacor Communications Inc. (O:JCOR). \$1.75M escrow, balance in cash at closing. **Superduopoly** with KATZ AM-FM, KMJM-FM. LMA may begin on Sept. 23 if deal has not yet closed. **Broker:** Gary Stevens & Co.

\$4,450,000—* WSUY-FM & WRFQ-FM Charleston (Charleston-Mt. Pleasant SC) from Highbourne Communications and Village Communications (William Dudley) via Wicks Broadcast Group (Craig Klosk, VP) to Regent Broadcasting of Charleston, a subsidiary of Regent Communications Inc. (Terry Jacobs, Bill Stakelin). Wicks is exercising its options to acquire these stations (RBR 5/26, p. 12) and transferring its acquisition rights to Regent for payment of \$600K. Regent will pay \$2.5M for WSUY and \$1.35M for WRFQ. It will also pay \$1.5M to Wicks to replace WSSP-FM, owned by Dudley and Randall Odeneal. **Superduopoly** with WEZL-FM & WXLY-FM (but see p. 12).

\$3,700,000—* WXTA-FM Erie (Edinboro PA) from WinCapp Broadcasting Inc. (Robert & Constance Winters) to Media One Group-Erie Ltd. (James & Thomas Embrescia). \$250K escrow, balance in cash at closing. **Duopoly** with WRIE-AM & WXKC-FM.

\$3,000,000—WCFI-FM Lajas PR from Ramon Rodriguez and Associates Inc. (Ramon Rodriguez Guzman) to Radio X Broadcasting Corp. (Roberto Davila Rodriguez). Payment or assumption of \$267,870 bank loan, new \$1M note, balance in cash at closing.

\$2,950,000—WOSN-FM Ft. Pierce FL (Indian River Shores FL) from Indian River Shores Radio Partners (Carl Como Tutera et al) to Centennial Broadcasting Florida L.P. (Allen B. Shaw et al). \$137.5K escrow, balance in cash at closing. **Broker:** The Mahlman Company

\$2,750,000—* KVNI-AM & KHTQ-FM Spokane (Coeur d'Alene-Hayden ID) from North Idaho Broadcasting Co. (B. Todd Hagadone) to QueenB Radio Inc., a subsidiary of Evening Telegram Co. (John B. Murphy, Elizabeth Murphy Burns, three Murphy family trusts). \$125K letter of credit as escrow, \$2.5M in cash at closing, plus 80% of face value of accounts receivable, \$250K under non-compete agreement. **Superduopoly** with KTRW-AM, KKPL-AM, KXLY-AM & FM & KZZU-FM, plus JSAs of KNJY-FM & KEZE-FM. The buyer is requesting a **waiver** of the one-to-a-market rule to own seven radio stations in the same market with KXLY-TV (Ch. 4, ABC).

\$1,900,000—* WAMA-AM Tampa-St. Petersburg (Tampa) from Efrain Archilla-Roig to WAMA Inc., a subsidiary of ZGS Broadcast Holdings (Ronald J. Gordon, pres). \$50K advance payment, \$45K escrow, \$1.305M cash at closing, \$500K note. **Duopoly** with WRMD-AM. **Broker:** Donald K. Clark.

\$1,750,000—* KNIN-FM Wichita Falls from Moran Broadcasting Co. (Richard J. Moran) to Apex Broadcasting L.L.C. (Bruce M. Holberg). \$100K escrow, balance in cash at closing. **Superduopoly** with KWFS AM-FM, KTLT-FM, coming in two separate deals. **Broker:** Patrick Communications Co.

\$1,500,000—WMOL-AM, WREZ-FM, WZZL-FM Paducah KY (Metropolis IL/Reidland KY) from WMOK Inc. (Gary Kidd) to Withers Broadcasting Co. (W. Russell Withers Jr.). \$50K escrow, \$200K non-compete, balance in cash at closing. The two FMs each reach parts of Paducah area but do not overlap.

continued on page 15