

RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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One for the record books; 1997 poised to break \$14.7B

After seeing the flurry of deals that followed Telcom Act passage in February 1996, many in radio believed that the trading record set last year—\$14.4B—would stand for at least a decade. Not so. Breaking the record took only 10 months, not 10 years.

The deal that pushed 1997 trading volume past the '96 mark was Jacor Communications' (O:JCOR) \$620M late October buy of Nationwide Communications (RBR 11/3, p. 12-14). Including last week's issue (RBR 11/10), 1997 station trading was less than \$2M short of \$14.7B.

Although 1997 hasn't had a single deal come even close to last year's \$4.34B (radio value, from total of \$4.9B) merger of Infinity Broadcasting into Westinghouse/CBS (N:WX), there have been four \$1B-plus deals this year, plus lots of deals in the hundreds of millions. All of those mega-deals have added up, and it appears almost certain that total trading by year's end will exceed \$15B.

RBR observation: What will 1998 bring? Far be it from us to declare \$15B a trading record which will stand well into the new millenium. With radio companies becoming so large under deregulation, deals to acquire or merge any of the top 10 would ring up multi-billion-dollar price tags. As they say here in Washington—"a billion here, a billion there, and pretty soon you're talking about real money!"

Duopoly review possible

FCC Commissioner **Michael Powell** (R) has opened the door to reviewing the radio duopoly rules. During an informal press briefing Thursday, the former DOJ antitrust attorney said, "The assumptions behind the rules have changed" so a review of broadcast ownership may be warranted. Powell went on to say that the FCC should "assure that those rules make sense in light of the predicated changes," alluding to the DOJ's pending review of more than a dozen radio mergers. He also said there has been an "overtendency to judge competition by the largest companies." See *news analysis*, p. 4 & 6.

Powell against booze review

Add a name to the "no" column, on the issue of an FCC review of alcohol advertising. Commissioner **Michael Powell** (R) is apparently against such a review. "I personally would rather that issue be evaluated in the context of a more complete review," Powell said during a press briefing Thursday. He went on to say Congress may be baiting the Commission, "Five unelected representatives ought to be careful not to do something Congress would not do." Powell also said it may be more appropriate for the FTC to look at the issue.

FCC Chair **Bill Kennard** said two weeks ago the FCC should at least

hear debate on the issue (RBR 11/10, p. 4). Holdover Commissioner **Susan Ness** (D) has supported an alcohol advertising review in the past.

SW shifts direction; expands entertainment news

Refocusing its program offerings, SW Networks said it is adding three more entertainment news nets to its seven format-specific nets. It also said it was in negotiations to sell its long-form programming including its 24-hour Classical format. "It's been a long process and we're finally focused on entertainment content," said SW President **Dan Forth**. The three new nets: CHR entertainment news network, an entertainment news network, and SW Entertainment Express for coverage of TV, movie and celebrity news. SW also announced it has been reorganized under Sony Music Entertainment.

RBR observation: RBR sources say SW Nets says is close to selling its long-form programming, which RBR sources say has cost SW Nets millions in losses (RBR 9/29, p. 6). SW failed to close a deal back in September because it wanted to exclude in the sale its programming services, considered to be SW's most successful offerings.

AVI, SportsLine USA, and SportsFan in 3-way deal

In a revenue sharing deal, AVI and SportsFan Radio Net will be syndi-

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Long Island rate hikes? Fear not!

The DOJ's case against Chancellor (*RBR* 11/10, p. 3, 6) comes down to fear—and radio consolidation is the boogeyman. That's got Chancellor's attorney, **Edward Henneberry** of Howry & Simon, scratching his head. "They'll have to come up with evidence to bolster the complaint [of radio rate hikes]. I don't know what that evidence is."

So far, the evidence of rate hikes seems to reside in a fear from agencies that it's an inevitable scenario. "40% [of radio revenues] is outrageous; pretty soon they'll have 100%," said **Jean Pool**, EVP/Director, North America Media Services, J. Walter Thompson.

Howard Nass, SVP/Corporate Director spot buying, Foote Cone Belding, admits there are no examples of hikes,

yet. "We won't see rates rise dramatically because everyone is so sensitive right now. The ball is theirs and the playing field is theirs. That's not very good."

In reality, evidence of indiscriminate rate hikes is downright scarce. Media Market Guide's CPP projections show the general trend (which coincides with Chancellor's LMA of SFX stations since July 1996) is down slightly (see graph, left) "because the preponderance of listening comes from NYC stations," said **Kathleen Coffey**, president, Media Market Resources. "Nassau-Suffolk CPPs are already at a premium making other options more attractive."

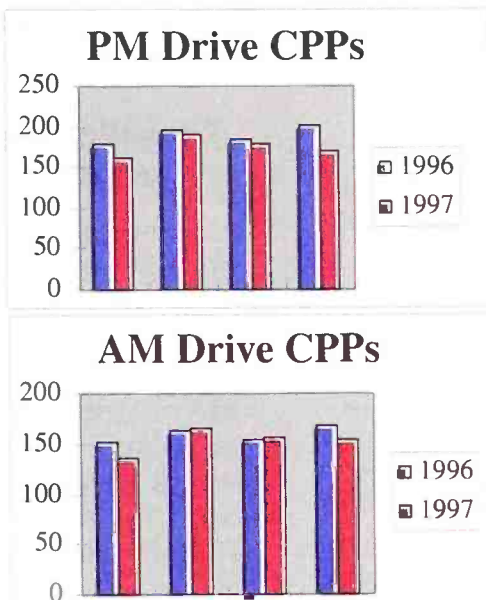
Those other advertising options keep radio rates at bay, despite radio consolidation. According to Ad Audit President **Kip Cassino**, Long Island is the #1 cable market in the U.S.: "Newspaper has gone so high that adver-

tisers and agencies are looking for another targetable source of advertising." In 1996, cable netted \$36.437M in ad revenues. For the first six months of 1997, Ad Audit estimates \$20.791M, which would put cable about on par with radio revenues (\$42.7M). "That's very high for cable," said Cassino.

Long Island Newsday, of course, totally dominates Long Island with a whopping \$416M of revenues in 1996, nine times more than all the radio station revenues combined. For the first nine months of 1997, *Newsday* posted \$349M, according to Competitive Media Reporting. Despite the fact that the lone LI paper has no other major daily competitor, it is facing increasing pressure from the shopper and niche publication market, which Cassino says is "booming."

"Even within radio, we think there's a substantial alternative," said Henneberry, pointing to Barnstable's growth in the market and to the competition from New York stations, which command 60% of the p12+ audience and 60% of the 25-54 audience. "Advertisers are getting hammered by newspapers and TV; we're trying to build up radio, that's the whole point of the Telecommunications Act."

Chancellor has 30 days to file an answer to the DOJ, which Henneberry says will happen soon after the Thanksgiving holiday.



Source: Media Market Guide (Nassau-Suffolk) CPP projections, A25-54

cating a daily eight-hour block of sports talk programming from CBS SportsLine (*RBR* 11/10, p. 6) beginning Dec. 1. Global Media will handle the sales and WinStar Networks, along with AVI, will handle station affiliations. WinStar Communications (O:WCII) is also the owner of Winstar Networks, Global Media and SportsFan.

SportsFan will need to juggle its lineup to offer the programming block which will include "The Drive," hosted by **Scott Kaplan** and **Sidney Rosenberg** from 2P-6P ET; and "Sports Uncensored" with **Craig Carton** and **C.J. Silas**, airing 10A-2P ET. The block is already airing on about 40 stations, said **Ross Levinsohn**, VP programming, SportsLine.

Predating this deal was an earlier agreement between AVI and SportsLine, which called for AVI to syndicate SportsLine's "The Drive" and other programming (*RBR* 7/28, p. 7). According to Levinsohn, AVI then brought SportsLine and

SportsFan together. "We ramp up a lot quicker," he said.

Tower bill introduced

Sens. **Patrick Leahy** (D-VT) and **James Jeffords** (R-VT) have introduced a bill (S1350) which would repeal the FCC's authority to overrule a local jurisdiction in the placement of radio, TV and wireless towers. "These tower siting rules should be stopped once and for all, and the way to ensure that is to tear them out by their roots which were planted in the 1996 Telcom Bill," said Leahy.

The proposed FCC rule would place the burden of proof on communities, instead of on tower developers. Leahy says it makes no sense because tower companies have the data and resources to explain why they have chosen a particular site.

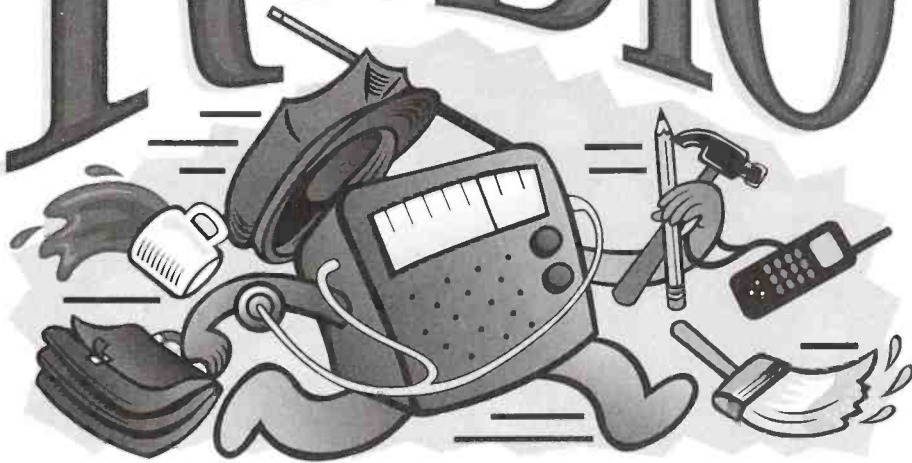
The senators say they support progress, but are worried towers will soon dot the peaks and valleys of the Green Mountain State.

Radio may not be "Gored"

The much-dreaded Gore Commission will leave radio alone. So says **Gigi Sohn**, a Commission member and Executive Director, Media Access Project. "I think [radio broadcasters] should cool their jets," Sohn told *RBR* last week. Sohn, who is one of the group's more liberal members, says the FCC and Congress have separated TV from radio, so it is logical the Gore Commission do the same. "I think this is a way to obscure the things we are there for," Sohn added. The Commission is focusing on HDTV and whether broadcasters should be forced to obey stricter public interest obligations in exchange for the new digital TV licenses (*RBR* 10/27, p. 3).

NAB spokesman **John Earnhardt** thinks it is still too soon for radio broadcasters to sigh in relief, since Sohn is just one of the 21 members of the Commission. The panel's next meeting is set for Dec. 5.

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DOJ suit divides broadcasters

Not all broadcasters are rushing to the support of Chancellor in its impending legal battle with the Department of Justice (*RBR* 11/10, p. 3).

The American Community AM Broadcasters Association (ACAMBA) said it "applauded" the DOJ's suit against Chancellor Media in Long Island. ACAMBA's president, **Bryan Smeathers**, was one of the first broadcasters to contact the DOJ about two consolidation cases in west central Kentucky and Owensboro (#256). In Owensboro, Smeathers said Brill Media, which owns (or has pending deals to own) WKDQ-FM, WVJS-AM, WBKR-FM, WOMI-AM, and WSTO-FM, "clearly has more than 40% of the Owensboro market. How can they own all that and get past the DOJ's arbitrary 40% rule?"

In his own market, Smeathers' station WMTA-AM competes with Starlight Broadcasting, which owns three (WNES-AM, WKYA-FM, WQXQ-FM) of the four stations in Muhlenberg county, plus a weekly newspaper and one-third of another. "That's tough to compete with, plus the FCC just gave them a translator," said Smeathers, who has been leading the fight for translators for AM stations. "Anyone who says consolidation isn't affecting small markets is out of their mind."

Even broadcasters who have benefitted from consolidation's effect on rising sale multiples, have expressed concerns. "I am not fully convinced that consolidation is necessarily the best thing for this industry," said **Paul Robinson** of Emerald City Radio Partners, who has sold stations to both Capstar and Clear Channel. "There are many owners that wonder how eliminating competition in the radio industry is going to create an increase in employment and ownership opportunities for people like me."

The key, said Robinson, is the change in how radio companies are financed. "What happens when the public's interest comes in conflict with the shareholders' interest? Public companies will be forced to do anything they have to do to protect the shareholders first, and the public second."

RBR observation: One frightening side result of this high-profile case could be a radio house divided, ultimately affecting radio's relationship with all sectors: the public, the investment community, the advertising community, not to mention Congress and the FCC.

Making an overseas radio investment

As Dorothy said, "I don't think we're in Kansas anymore, Toto." Well, that's true, but then there isn't an awful lot left to buy in Kansas, anyway.

So maybe some of those people who have sold their Kansas (or California, or Massachusetts, or wherever) radio stations are trying to figure out what to do with all of that money. Maybe there is a non-compete that keeps them out of the buyer's markets, or maybe the sellers simply have decided that it costs too much to stay in the game in the U.S.

In short, maybe the time is right to bring all of that expertise gained in the most competitive market in the world to some other locale. And having cash in hand doesn't hurt, either.

The first thing that one must understand about investing in the electronic media outside of the United States is that it is very difficult to own 100% of a deal. And even if it is legal, it is far more efficient to get into business with a local partner, one who understands the culture and the mores of the marketplace.

The investor can bring sales, marketing, research, programming and management expertise to the table (and don't forget the cash), but the investment has a far better chance of succeeding with a local partner.

Different countries have different rules on foreign ownership. As most readers know, the U.S. has a regulation that prohibits foreign ownership of more than 25%. Prohibitions on foreign ownership by Americans vary from country to country.

For instance, in the United Kingdom, there is a prohibition on foreign ownership to the extent of no more than 49%. That is further expanded to exclude "control," even if control is exercised by a minority shareholder.

If you are a citizen of the European Union, however, the rules are very specific in allowing 100% ownership. So, if your grandfather was born in Ireland, you can qualify for an Irish passport, thereby making you a citizen of the European Union.

Being a citizen of the European Union automatically grants you the opportunity of 100% ownership in any of the EU countries, which includes the UK, France, Ger-

many, Italy, Spain, Belgium, The Netherlands, etc.

Pricing of an investment becomes more complicated when one goes abroad. The concept of Media or Broadcast Cash Flow as it is applied in the U.S. is rare overseas. Multiples of after-tax earnings are starting to come into play, but the reality is that there are so many startups and so much radio that is just coming up on the curve, that in many instances, what eventually evolves is a sort of estimated "stick" value.

As an example, Capital Radio in London recently sold its 13% holdings in another UK company, GWR. GWR owns a variety of medium-to-small stations in the UK, but it also owns the only National FM license in the UK, "Classic FM." While "Classic FM" has had a history of mismanagement and disappointing earnings, the station is now turning around, and offers the potential of becoming hugely profitable. Capital Radio sold its 13% for £24M (approximately \$38.6M). This would value the entire company at £108+M (\$175M), which defies any rational calculation based on earnings multiples.

What we saw in this sale, however, was a buyer who understood that radio advertising in the UK is growing at the rate of some 15% a year, and who understands that there is considerable upside available in the new management team that has been installed. The future looks pretty good.

As one goes further East in Europe, it becomes apparent that much of the valuation is based on emotions coupled with a seat-of-the-pants judgment as to how much money is going to be spent in radio advertising over the next few years, blended with the buyer's judgment as to how much expertise he or she can bring to the table.

No wonder investing in this developing marketplace is not for the faint of heart. But for those who have confidence in their own abilities and who have a vision for the future of the planet, it can be one very exciting and rewarding ride.

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WBIU-AM

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KYKR-FM
KTOC-FM

Corpus Christi, TX

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KRYS-AM
KRYS-FM

Fayetteville, AR

KKIX-FM
KKZQ-FM
KEZA-FM

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KZBB

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KKCL

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KAFX-FM

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KRMD-FM

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KKYR-FM
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KTYL-FM
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KKTX-FM

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KIXS-FM
KLUB-FM

Waco, TX

KBRQ-FM
KCKR-FM
KTKK-AM
WACO-FM
KWTX-AM
KWTX-FM

CapStar/ PacifiStar

Modesto, CA

KVFX
Yuma, AZ
KTTI-FM
KBLU-AM

CapStar/ AtlanticStar

Dover, DE

WSRV
WDOV

Wilmington, DE

WJBR-AM
WJBR-FM
WDSO

Winchester, VA

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WNTW

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KEYN-FM
KFH-AM
KRBB
KWSJ

Drake

Communications

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KWMO-FM

Tahlequah, OK

KTLO
KEOK

Lazer

Broadcasting

Big Bear City, CA

KXSB

Hemet, CA

KSDT-AM
KXRS-FM

Oxnard, CA

KXSP
KXLM

Noalmark

Broadcasting

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The News War, Part 1:

Aging Boomers mean news no afterthought

America's need for news is larger than ever. News magazines fill prime time six nights a week, cable news networks are fighting for fractions of a rating point, news-based Web sites abound on the Internet, and more and more radio stations are doing news, including those with music intensive formats.

Such is the graying Baby Boomers' growing appetite for news. Arbitron New Media's *Pathfinder* study, which interviewed people age 16-74, found that 95.5% of radio listeners heard at least one radio newscast. It also found that radio news listeners were more likely to watch TV news. With the success of news magazines such as "60 Minutes", "Dateline" and "20/20," it is no wonder more stations are rushing to include news in the programming mix.

The driving force on news has been consolidation, says **Barbara Cochran**, president, Radio and Television News Directors Association. "As one owner has more stations, it's now easier to have news on more stations. The initial thought that consolidation would mean less news has turned out to be wrong."

Radio's changing climate of consolidation, not to mention the leaps forward in software technology, have many stations reassessing their news products. No longer is there one or two wire services to choose from, instead there are several new names to

the news business. Then there is the proliferation of digital technology. Many music-intensive FMs and production studios have made the leap to digital, while news operations remain relics of a technologic past.

A Lone Star State broadcaster says she's holding off on digitizing her station. WOAI-AM San Antonio GM **Betty Kocurek** says "We know that's coming, but at this point everything is terribly expensive and [the systems] are such hardware hogs." Kocurek has yet to see a system that meets all her needs without filling her studios with computer terminals. "I'll have no room left for people," she jokes.

WMAQ-AM Chicago GM **Weezie Kramer** says the systems may enable one person to do the work of three, but she's not convinced they are built for big news stations.

KQV-AM Pittsburgh GM **Bob Dickey** agrees. "I will look at digital when I feel digital and an All News operation have caught up with each other," he says. With a large staff, and ten workstations, the cost to convert would be significant for KQV. "You bet cost is important," says Dickey.

WBT-AM Charlotte is one of the few news-intensive stations that have taken the plunge into digital. "We had to face the fact that this kind of technology is going to be commonplace," says News Director **John Stokes**. With 13 workstations it cost WBT tens of

thousands of dollars to digitalize, but the station has saved money on paper, carts, and service contracts. "There was a bit of a learning curve that was difficult for some, but it does make you more efficient," says Stokes.

WTOP-AM Washington has recently digitized its All News operation. PD **Jim Farley** says he shopped around, speaking with Dalet, Metro, Computer Concepts—and in the end chose AP's soon-to-be-released Sound Desk. "I'm convinced digital is the way to go," says Farley. WTOP traded its PCs, and will end-up paying \$30,000 to convert its 20 workstations to digital. "Probably, in the long run, it will pay for itself," says Farley.

With so many software choices and wire service options, many GMs say they feel inundated by brochures, sales pitches, and new names to the news game. Dalet Marketing Manager **Astrid Carver** says "there is a lot of anxiety, but they're forced to take the plunge." She adds, "Radio groups will put a few names on their short list, so not everyone will be around in five years."

"They've got to face up to the fact that this technology is here," says Stokes. "Think about stations 15 or 20 years ago that were playing records on turntables when CDs came out—the same kinds of arguments were made then. I think once it's explained it will be accepted, and you can save money to boot."

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"There is so much money on the line, you have to be cautious," says **Erik Disen**, director of engineering and facilities at KRLD-AM and KOOO-AM Dallas. He says it would cost \$250K to make a complete switch to digital for KRLD and the Texas State Network.

But why spend the money at all? "What problem do we have that it's solving? If it is not solving a problem, why spend the money," asks Disen. "Your local 7-11 never buys technology just because its cool to have." And Disen knows CBS will only spend the money if it can make or save money. "I don't know that I can justify that," he says.

Software's hard choices

Perhaps the place where the advancements are the greatest, and the competition the most fierce, is in the battle of software technology. With an estimated 99% of newsrooms still not digitized, you can understand why so many companies are fighting for a piece of the newsroom budget. At last count nearly a dozen software packages were on the market, including those marketed by AP, Computer Concepts, Dalet, Media Touch, Metro, RCS and Scott Studios.

Dalet News is already being used by some of the big guys, such as ABC Radio Networks, BBC/Bristol, and Danmarks Radio. Dalet's high points include its audio cuts embedded within copy and its compatibility with other traffic, production and other station software applications. "Its all integrated from the moment you get audio to the moment it goes out to the air," says Carver. She says it's not just the on-air board that Dalet News speaks with, but also traffic and production workstations. In the past, the Dalet's system biggest shortfall has been its inability to capture wire copy, something the Windows-based system can now do, according to Carver. Base price: \$30,000.

One of the most complete systems is marketed by Computer Concepts Corp. Its NewsRoom was the first Windows-based system on the market, and it has the largest number of stations using its system in the US, including Standard News, KLBK-AM Austin, WBT-AM Charlotte and small market stations such as KICD-AM Spencer, Iowa. NewsRoom features wire and audio capturing and editing capabilities, prompter, and the ability to embed audio cuts into copy. Large operations may find its phonebook, e-mail and future file functions particu-

larly handy. Another interesting feature is its portability: NewsRoom can be used in the field or at a permanent bureau site, and with a modem the sound and copy can be sent back to the main system at the station.

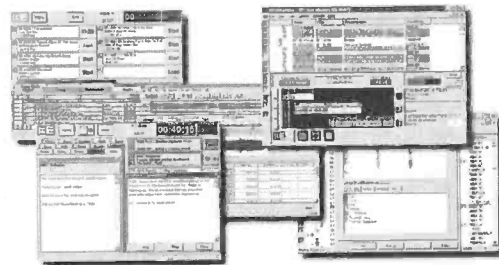
"Ours is probably the most flexible system out there, at the same time it is probably the most powerful," says **Mark Bailey**, Computer Concepts president. He says that power can be used to sort multiple incoming feeds and customization for each station. NewsRoom can also be networked with traffic, production, and on-air systems—plus place news scripts onto a station web site. Although early editions of NewsRoom had teleprompter problems, the latest model features smooth scrolling. The base price, for two workstations, costs \$3,000 but the average user has six terminals at a price of \$5,400.

The Associated Press is not willing to let its only contact with newsrooms be on the content end. It is coming out with a new software package called Sound Desk. It will feature AP's wire, cart stacking and digital editing. AP hopes to have its software on the market by the end of the year. WTOP-AM Washington was one of its test sites. "AP wowed us with some inter-

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Which wire?

All the bells and whistles that digital systems bring into the newsroom do not erase the need for news content. Like the software companies, news content providers are increasingly locking horns to win subscribers.

The granddaddy of wire services is the Associated Press, and with 3,000 subscribers, it continues to be the most used. Although the number of competitors is growing, competition is nothing new for the wire which dates back to 1848.

AP offers a variety of products and packages to broadcasters, and faced with new options open to stations, it is loosening-up subscriber rules. AP has always been a cash-only, no barter operation but the recent syndication of an AP staple, available for barter, may indicate a shift of thinking. *RBR* has also learned that AP will begin making its wire available to radio stations on a dayparted basis, so stations could simply take morning drive if that is the only time they do news (*RBR* 11/10, p. 4). Initial reaction, particularly by music-intensive stations, has been positive.

United Press International is the Associated Press' most enduring competitor. Bruised and battered from poor management and even worse bookkeeping through a series of ownership changes, UPI has learned to be lean and mean (*RBR* 10/27, p.8). It offers the traditional news summaries, sports, and regional news in two dozen states—but it is the show prep and features that UPI feels are the strongest. "UPI was the first broad-

cast wire, but as time has gone on, we've begun to realize the entertainment stuff for jocks is much more important than it used to be," says **Howard Dicus**, UPI GM. UPI boasts the largest roster of show prep features, including format wires, consumer news, and horoscopes. "We've found that whatever information gets passed along to listeners is done by jocks, but ours is written by news people, so the facts are accurate," says Dicus. UPI also offers NewsWraps, complete scripts written around UPI audio cuts. Dicus says the feature allows news stations to direct efforts toward local news, sidekicks to spend more time on the air, or for jocks to read an up-to-date script.

Dicus admits he is often reminded by broadcasters of UPI's near death in the 1980's. But UPI is back, and has grown back to 350 clients, plus 20 networks, and newspapers could once again be clients. "Their short stories look like our broadcast wire," says Dicus.

But don't look for UPI to barter says CEO **James Adams**, "We're not in the barter business, we're in the selling of news business." UPI is targeting Christian and heavy music stations (*RBR* 10/27, p.8).

Upstart ABC Newswire has come on strong, growing from 99 affiliates in 1993 to more than 1,000 today, putting it firmly in the number two slot. "We ask the stations what they want and fulfill their needs," says **Glen Leeder**, GM ABC Newswire.

ABC has teamed-up with Reuters, ESPN and *USA Today* to provide hard copy to music-intensive stations. ABC NewsWire offers the usual news headlines, but it also sends what is considered by many as the

best feature and prep material. "We decided there was an opportunity there," says ABC VP/News Radio **Bernard Gershon**.

ABC positions its wire differently depending upon the station. For big news stations, it can be a compliment to the AP; while it could be an economic alternative for small market stations. ABC, unlike AP or UPI, is willing to offer stations its wire for barter. In exchange for 28 units a week, with one per daypart, a station gets the ABC wire. Leeder says roughly 50 stations are barter subscribers.

Metro Networks has also gotten into the news game. Its new Metro Source includes a news browser featuring stories from Metro bureaus around the country, plus stringers in 35 state capitals. "With over 350 broadcast journalists nationwide, we have one of the largest news gathering operations in the country," says Tomlinson. Metro has also inked a deal with "Hard Copy" for audio, with more deals expected by the January 1 launch date. Metro hopes to nab those 53% of radio stations that their research shows do not have a wire. While their software and editing technology is much like the others, Metro is hoping their wire makes it more attractive to stations.

WTOP was one of Metro's test stations, and Farley says they found it was easy to use right out of the box. "It's a perfect system for a small newsroom," says Farley. But sources at another of Metro's test stations tell *RBR* that wire content is its biggest downfall. "You can't reinvent the wheel in three or four months." He says there have been improvements, as Metro begins to develop an infrastructure.

esting stuff, it's vastly superior," says Farley. "It is much more seamless with, literally, click and drag technology," he says. By proving their software can work in a news intensive setting, AP hopes to have the edge when pitching CBS/Westinghouse, which owns most of the nation's All News stations.

UPI, too, has a software package. WorldView has been designed for small stations or those without a news staff. WorldView's best feature is its price. It's free for UPI subscribers.

Metro Networks is no longer the traffic copter guys. It now does news for 475 stations, and is marketing an "all inclusive" news software system. Metro VP/News **John Tomlinson** describes Metro Source as "an all encompassing product that includes

information and the ability to write and edit and report from the same workstation." This one-stop workstation features Metro's news wire, audio cuts, cart deck and editing feature, plus a prompter. The Windows-based system can also download AP wire copy and other audio networks. "We haven't found a system that it is incompatible with," says Tomlinson.

An interesting feature of Metro Source is its price tag. In markets where Metro is already a force, stations can get the system for straight barter, via ten second live reads during a newscast. In smaller markets (76-200), Metro is offering a cash and barter deal. "Our goal is not to create a software product that we could market to stations. Our goal is to grow the whole news side of the business," says Tomlinson.

Affiliate fight is on

The affiliate battle is also being waged. Last Monday, WTMJ-AM Milwaukee (#29) switched from CBS Radio to ABC Radio for its national news. Why make the switch? **Mary Alice Tierney**, VP, Journal Broadcasting Group, says it was ABC Radio's willingness to customize news for the News/Talk station.

"ABC will give WTMJ full access to its news correspondents around the world," says news director **Dan Shelley**

On its debut, WTMJ's talk hosts spoke with ABC correspondents in Aman, Jordan for the Iraqi-US showdown, and in Boston for the au pair trial. In what may be a hint of things to come, ABC is customizing a network newscast for WTMJ during afternoon drive. If it works in Milwaukee, the service could be expanded to other markets.

BROADCAST INVESTMENTS™

November 12—RBR Stock Index 1997

Company	Mkt:Symbol	11/5 Close	11/12 Close	Net Chg	Pct Chg	11/12 Vol (00)	Company	Mkt:Symbol	11/5 Close	11/12 Close	Net Chg	Pct Chg	11/12 Vol (00)
Ackerley	A:AK	16.750	16.062	-0.688	-4.11%	6	HefTel Bcg.	O:HBCCA	67.312	69.062	1.750	2.60%	145
Alliance Bcg.	O:RADO	1.000	0.750	-0.250	-25.00%	0	Jacor	O:JCOR	44.125	44.843	0.718	1.63%	4049
Am. Radio Sys.	N:AFM	48.937	48.625	-0.312	-0.64%	1048	Jeff-Pilot	N:JP	79.750	75.687	-4.063	-5.09%	842
AMSC	O:SKYC	9.000	8.625	-0.375	-4.17%	157	Jones Intercable	O:JOINA	13.250	13.125	-0.125	-0.94%	397
Belo Corp.	N:BLC	48.000	49.812	1.812	3.78%	670	Metro Networks	O:MTNT	32.750	31.875	-0.875	-2.67%	480
CD Radio	O:CDRD	21.125	20.625	-0.500	-2.37%	1025	New York Times	N:NYT	56.000	55.437	-0.563	-1.01%	3341
Ceridian	N:CEN	41.625	42.500	0.875	2.10%	3930	News Comm.	O:NCOM	1.875	1.812	-0.063	-3.36%	59
Chancellor	O:AMFM	65.062	58.812	-6.250	-9.61%	8101	Pacific R&E	A:PXE	3.625	4.500	0.875	24.14%	16
Childrens Bcg.	O:AAHS	3.750	3.562	-0.188	-5.01%	404	Paxson Commun.	A:PXN	10.812	9.625	-1.187	-10.98%	8408
Clear Channel	N:CCU	70.562	68.437	-2.125	-3.01%	2663	Pulitzer	N:PTZ	55.312	54.500	-0.812	-1.47%	10
Cox Radio	N:CXR	33.625	33.187	-0.438	-1.30%	117	Saga Commun.	A:SGA	20.000	20.000	0.000	0.00%	16
DG Systems	O:DGIT	4.000	3.500	-0.500	-12.50%	134	SFX Bcg.	O:SFXBA	74.125	73.312	-0.813	-1.10%	1722
Disney	N:DIS	85.062	83.062	-2.000	-2.35%	14367	Sinclair	O:SBGI	38.250	35.625	-2.625	-6.86%	506
Emmis Bcg.	O:EMMS	44.000	43.500	-0.500	-1.14%	51	TM Century	O:TMCI	0.875	0.656	-0.219	-25.03%	0
Faircom	O:FXXM	0.687	0.625	-0.062	-9.02%	230	Triathlon	O:TBCOA	10.875	9.750	-1.125	-10.34%	151
Fisher	O:FSCI	122.000	122.000	0.000	0.00%	0	Tribune	N:TRB	57.000	55.812	-1.188	-2.08%	6261
Gaylord	N:GET	30.562	30.437	-0.125	-0.41%	780	Westinghouse	N:WX	28.000	27.875	-0.125	-0.45%	20571
Granite	O:GBTVK	9.937	10.000	0.063	0.63%	673	Westwood One	O:WONE	31.125	29.250	-1.875	-6.02%	6199
Harris Corp.	N:HRS	46.125	43.437	-2.688	-5.83%	2231	WinStar Comm.	O:WCII	25.500	26.312	0.812	3.18%	11906

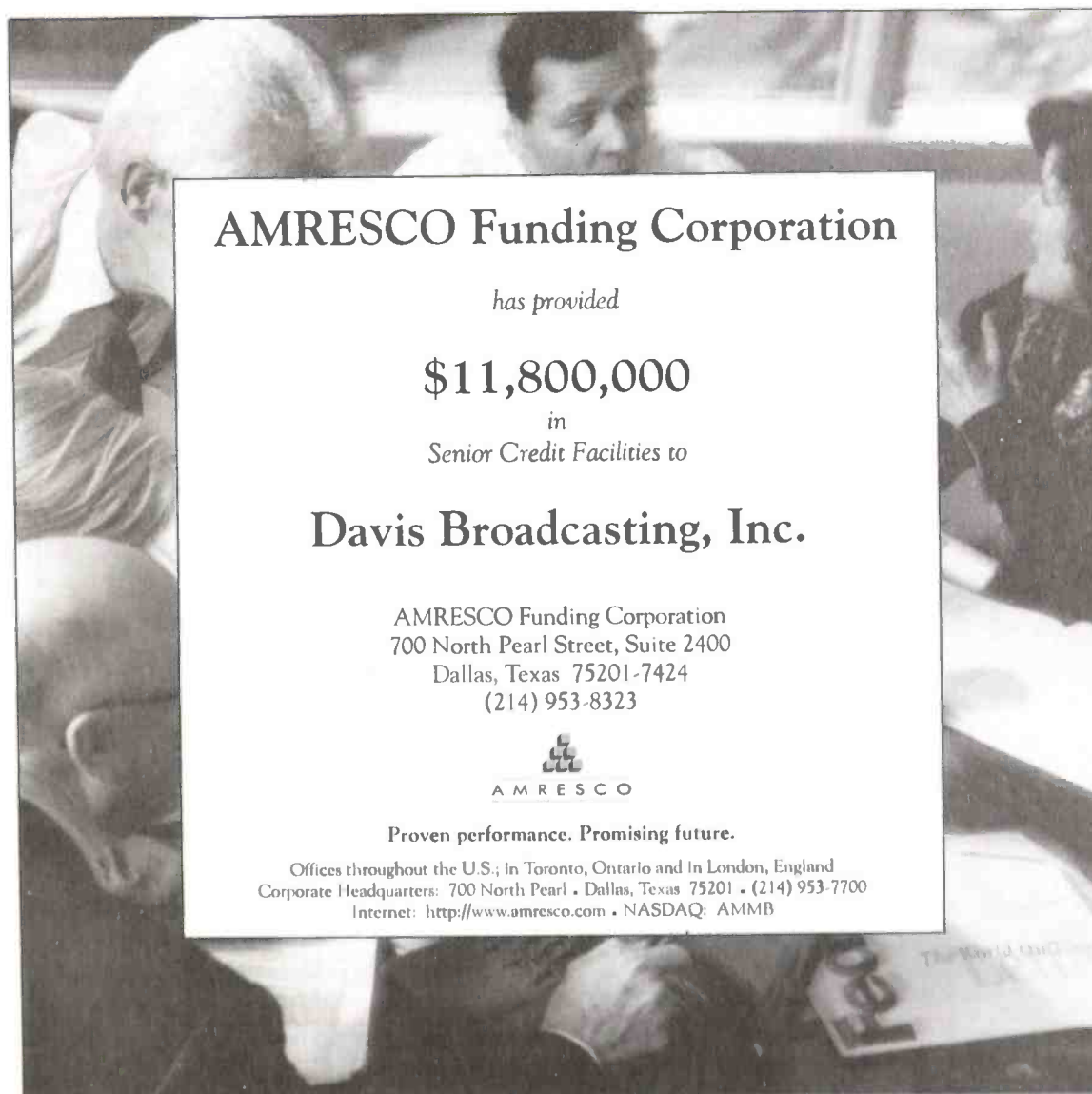
The hits keep on coming!

Radio stocks continued to exceed Wall Street expectations with Q3 earnings reports. Analysts surveyed by First Call had expected Cox Radio (N:CXR) to report net income of 14 cents per share (an improvement of two cents over a year ago), but when Cox released its report (11/11), the net was an astounding 21 cents per share! Cox reported Q3 net revenues up 67.2% to \$55.2M and broadcast cash flow ahead 94.6% to \$20.6M. On a same-station basis, revenues gained 17.8% and cash flow 36%.

Other reports:

- HefTel Broadcasting (O:HBCCA) said Q3 net revenues rose 99.1% to \$37.2M and broadcast cash flow shot up 181.1% to \$15.8M. After-tax cash flow was \$12.2M, compared to a negative \$28.2M a year ago. On a pro forma basis, revenues gained 22.2% and cash flow 74.4%. HefTel also announced that it would split its stock two-for-one, effective 12/10.

- Radio One (public bonds) reported that Q3 net revenues increased 53.2% to \$9.5M and broadcast cash flow gained 51.7% to \$4.4M.



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by Jack Messmer

Roll over Beethoven! Marlin buys heritage AOR

Woody Tanger has made the first move to take Marlin Broadcasting away from its Classical roots with a deal to acquire WCCC-AM & FM Hartford, CT. The heritage AOR combo has been owned since the '60s by **Sy Dresner**, who may be best known for having given the first big break to **Howard Stern**. The station is featured prominently in both the book and movie versions of Stern's "Private Parts."

Stern, whose syndicated show airs on WCCC, expressed shock that his old boss was selling the combo and talked at length on the air with Dresner. "It's a sad day," said Stern in a rare on-air display of sentimentality.

Tanger plans to continue WCCC's AOR format and will keep Stern's show on the air—"That's set in stone," Tanger said. It's the first format diversification for Marlin, which previously sold

its Classical stations in Philadelphia and Detroit but still owns WTMI-FM Miami and WBOQ-FM Gloucester-Boston, both Classical. Tanger, who's working with Bank of Boston and Burr, Egan, Deleage & Co., says other deals are in the works. **Broker: Tony Rizzo, Blackburn & Co.**

RBR observation: Even Stern couldn't get Dresner to reveal the price tag. We'd estimate it to be in the high-teens.

Morris blooms in desert

Morris Communications is jumping into the Palm Springs, CA market in a big way! Details were sketchy at deadline, but the company headed by **Bill Morris**, which recently moved headquarters from Topeka, KS to Augusta, GA, is buying the following

stations from four different sellers: KCMJ-AM & FM, KNWZ-AM & FM, KPSL-AM, and KCLB-AM & KSES-FM. Sources say the price tags total in the double-digit millions. **Broker: Tom McKinley and Austin Walsh, Media Services Group**

At deadline...

A swap and cash deal will give Capstar Americom's Fresno stations and take Capstar out of Reno. Both companies get bigger superduopolies. **Broker: Media Venture Partners**

Cumulus enters Texas

The latest market for fast-growing Cumulus Media is Abilene, TX. Cumulus is buying KBCY-FM and KCDD-FM for \$1.812M from companies owned by **Virginia Ann Hine, John Flahavin** and **Ed Harvey** and KHXS-FM from **Larry Hickerson's** IQ Radio for \$375,000. **Broker: Norman Fischer & Associates**

Capstar spinning suburban trio

Frank Washington and his backers are again serving as friendly and perhaps temporary buyers for some stations being spun off by **Steve Hicks's** Capstar Broadcasting Partners. Washington's BBR II LLC and its Westchester Radio LLC are taking over WFAS-AM & FM White Plains, NY and WZNN-FM Mount Kisco, NY, with Capstar retaining a small non-voting interest. BBR II is paying Capstar \$350,000 cash, but is also borrowing \$14.5M from Capstar and an additional \$35M from Bankers Trust, making the total value of the deal \$49.85M.

The White Plains combo is in the New York market and WZNN is in the Poughkeepsie market.

Capstar, however, will retain rights to buy the stations back at the greater of either 1) fair market value, as agreed by the buyer and seller, or 2) the current purchase price plus a 20% annual compounded internal rate of return.

Washington previously bought WJBR-FM Wilmington, DE, which

Albert L. Wertheimer, President of
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Inside the Regent-Faircom deal

Wall Street traders are going to get their first opportunity to invest in Regent Communications, as a result of the company's deal to acquire Faircom Inc. (O:FXCM) for \$31M (*RBR* 10/27, p. 12). No cash is changing hands, but rather Faircom will be merged into Regent, with Faircom shareholders receiving new Regent preferred shares for their Faircom stock.

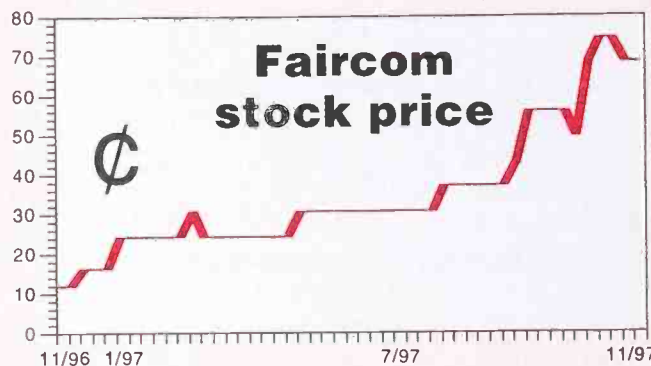
The new Regent preferred, which will be publicly traded, will be valued at \$5 per share and carry a 7% cumulative annual dividend. The preferred will be convertible, one-for-one, into Regent common stock.

Lots of details have to be filled in before this deal closes, including the exact exchange rate for Faircom, but it's expected to work out to about 76 cents worth of Regent preferred for each Faircom share. Thus, Faircom shareholders should expect to receive one Regent preferred share for approximately each 6.58 Faircom shares. Since Faircom has 24M shares, they will be exchanged for approximately 3.6M Regent preferred shares.

Once the merger closes, Regent CEO **Terry Jacobs** will no longer have majority voting control of the company, so he's filed with the FCC to transfer control of all of Regent's current stations to "New Regent," which will include Faircom founder **Joel Fairman** as a director. **Jack Wyant** of Blue Chip Venture Company, Faircom's financial backer, will also become a Regent director. Other major equity owners will include GE Capital, The Bank of Montreal, River Cities Capital and Regent co-founder/President **Bill Stakelin**.

Reporting to the SEC and Wall Street is nothing new to Jacobs. He was the founder, in 1979, of Jacor Communications (O:JCOR), a company which still bears a derivative of his name.

Once the Faircom merger and all other pending deals close, Regent will own 29 stations in 11 medium and small markets. Pro forma 1997 revenues for the combined company are estimated at \$25M. Broker: **Dean Meiszer**, The Crisler Co.



Capstar had to spin off to clear the way for the Evergreen/Chancellor merger, which gave Chancellor Media (O:AMFM) the maximum five FMs in the adjacent Philadelphia market. Hicks, Muse, Tate & Furst, headed by Steve's brother, **Tom Hicks**, is a major investor in both Chancellor Media

and Capstar.

RBR observation: Is this White Plains sale clearing the way for an imminent purchase of a fifth New York FM by Chancellor Media? ...or merely removing a potential obstacle in case a Big Apple signal becomes available?

International deal news

Emmis in Hungary for \$20M

Emmis Broadcasting (O:EMMS) has taken its international strategy from passive to active by cinching one of two Hungarian FM licenses for \$20M. The license is for seven years.

Emmis had bid on both licenses; the other was awarded to U.K. newspaper company Daily Mail. "We targeted Hungary because they are privatizing," said **Jeff Smulyan**, chairman, Emmis. *RBR* sources say that the license Emmis got was its second choice, but Emmis characterized the signal as "the strongest commercial radio frequency in the country." Total advertising revenues of \$460M are expected for 1997, with radio's share at 8% or \$36M.

The deal is key to Emmis' international strategy to "build a global base of business," said Smulyan, who added that the company would start in Eastern Europe and expand from there. Before it was awarded the Hungarian license, Emmis was a passive investor in Talk Radio UK, which it has since exited.

The station will start operations in the next few months with **Randy Bongarten** overseeing Hungaria Radio Rt., the company in which Emmis is a majority investor.

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TRANSACTION DIGEST™

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Nov. 5 through Tuesday, Nov. 11. *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.

2,600,000,000—* 111 stations in various markets, 100% stock sale of various subsidiaries of American Radio Systems (N:AFM) from the shareholders of ARS (Steve Dodge et al) to Westinghouse Electric Corp. (N:WX), headed by Chairman Michael H. Jordan and CBS Stations Group CEO Mel Karmazin. \$44 per share in cash, plus debt assumptions for total of \$2.6B. Numerous **superduopolies**. Notes: Some of the 111 stations are pending purchases or divestitures by ARS. Westinghouse is applying for temporary **waivers** from the FCC, where required, to comply with ownership limits and the one-to-a-market rule. For details of this deal, see *RBR* 9/22, special insert, and 9/29, pp. 3, 12-13. Broker: CS First Boston

\$370,000,000—* WNSR-FM New York, **KBIG-FM** Los Angeles & **KLDE-FM** Houston from Bonneville Holding Company (Bruce T. Reese), a subsidiary of Bonneville International, owned by the Corporation of the President of the Church of Jesus Christ of Latter Day Saints (Gordon B. Hinckley), to various subsidiaries of Chancellor Media (O:AMFM, Scott K. Ginsburg et al). \$3M cash payment for option, additional \$57M in cash at closing. Remainder of price is exchange of WTOP-AM & WGMS-FM Washington & KZLA-FM Los Angeles (below). **Superduopoly** in each of the three markets. LMAs since Oct. 9. For further details, see *RBR* 8/11, pp. 12-13. Broker: Paul Leonard, Star Media Group

\$310,000,000—* KZLA-FM Los Angeles & **WTOP-AM & WGMS-FM** Washington DC from various subsidiaries of Chancellor Media (O:AMFM, Scott K. Ginsburg et al), to Bonneville Holding Company (Bruce T. Reese), a subsidiary of Bonneville International, owned by the Corporation of the President of the Church of Jesus Christ of Latter Day Saints (Gordon B. Hinckley). Exchange in partial payment for WNSR-FM

New York, KBIG-FM Los Angeles & KDLE-FM Houston (above). **Superduopoly** in DC market with WXTR-AM, WWVZ-FM (Frederick MD), WWZZ-FM and LMA of WTOP-FM (Warrenton VA). LMAs since Sept. 30. For further details, see *RBR* 8/11, pp. 12-13. Broker: Paul Leonard, Star Media Group

\$13,200,000—* KBOI-AM, KQFC-FM & KKGL-FM Boise (Boise-Nampa ID), 100% stock sale of Pacific Northwest Broadcasting Corp. from Wilson Properties LC (Charles H. & JoAnne J. Wilson) to Citadel Broadcasting Company, a subsidiary of Citadel Communications (Larry Wilson et al). \$500K escrow, balance in cash at closing. However, should Citadel consummate an IPO prior to closing, \$1.425M of the total will be paid in Citadel stock at the IPO price. **Superduopoly** with KIZN-FM & KZMG-FM, which are being purchased separately from a related seller. Note: LMA to begin upon expiration of Hart-Scott-Rodino anti-trust waiting period.

\$550,000—WHIM-AM Providence (West Warwick RI) from Providence Broadcasting Inc. (Richard A. Muserlain) to Hibernia of Providence LLC, a subsidiary of Hibernia Communications LLC (Michael R. Craven, James B. Thompson, Marcos A. Rodriguez). \$27.5K escrow, balance in cash at closing. Note: ABC Radio Networks will have options to purchase this station from Hibernia.

\$200,000—WPJM-AM Greer SC from Antelope Broadcasting Inc. to Full Gospel WPJM 800 AM Radio, Inc. (Bobby Cohen, et al). \$75K deposit, balance in cash at closing. LMA in place.

\$226,000—WEBO-AM & WGRG-FM Binghamton (Owego NY), 50% stock sale from Michael T. McKilligan to Thomas J. Mollen Sr. \$17.6K downpayment, additional \$158.4K in cash for stock, \$50K in ad trade with McKilligan Industrial Supply under consulting agreement. Steven J. Gilinsky continues as 50% stockholder.

\$171,500—KRMX-AM Pueblo CO from Ventana Enterprises Inc. (Jerry De La Cruz, Diane Young) to Metropolitan Radio Group Inc. (Gary Lewis Acker). \$10K escrow, balance in cash at closing.

\$112,500—WTOC-AM & FM Jonesboro LA from Jackson Parish Broadcasting (A.T. Moore) to Willis Broadcasting Corp. (Levi E. Willis). \$11,250 deposit, balance in cash at closing.

\$110,000—* WTOS-FM Skowhegan ME from Mountain Wireless Inc. to Cumulus Licensing Corp. (William Bungeroth). Cash deal. Will form a **duopoly** with WQCB-FM Brewer ME and WBZN-FM Old Town, ME. Mountain Wireless is buying WHQO-FM, Showhegan.

\$100,000—WZBZ-AM Plattsburgh NY from Barry Lunderville to Family Broadcasting Inc. (Alex and Jennie McEwing). \$50K downpayment, balance at close. Family Broadcasting is already operating the station under a LMA. Family Broadcasting owns WGLY-FM Waterbury, VT.

\$95,000—KZXX-AM Kenai AK from Brent Elkington to JDDJ Broadcasting Inc. (James, Dolly & Ryan Wenstrom, Donald, Jennifer & Nathan Hoffman). Assumption of note payable to The Jacqueline S. Lindauer Trust, with the principal due adjusted to \$95K.

\$88,000—WALZ-FM Machias ME from Henry Chausse to Michael Goodine, William McVicar and Roger Holst, a General Partnership. \$20K cash, balance in a promissory note.

\$85,000—KDMN-AM Buena Vista CO from Alpine Broadcasting Corp. (R. Don Taylor) to Pilgrim Communications Inc. (P. Gene Hood, Randy Hood). \$15K downpayment, balance in cash at closing.

\$76,000—WHKL-FM Crenshaw MS from John Pelham Ingram to Batesville Broadcasting Co. (J. Boyd Ingram). Would create a duopoly with WJBI-AM and WBLE-FM, Batesville.

\$75,000—KPSO-AM Falfurrias TX from Brooks Broadcasting Corp. (Raymond Creely) to The Evangelistic Worship Center (Lee De Los Santos). \$15K in cash at closing, \$60K note. Note: The seller will retain KPSO-FM.

\$75,000—WSSG-AM Goldsboro NC from Creative Broadcasting (Peggy Strickland) to Robert Swinson. Cash deal.

\$71,200—WJKI-AM Woodruff SC from Jackie Cooper Media Inc. (Jackie B. Cooper) to Cadence Inc. (James M. Gibert, James V. Gibert). \$1.2K downpayment, balance in cash at closing.

\$55,000—WEKT-AM Elkton KY, 50% stock sale of M&R Broadcasting Inc. from Marshall Sidebottom (who retains 50%) to C. Nicholas Reed. \$20K, \$35K note.

\$50,000—WTNW-AM Tuscaloosa AL from WBHJ, LLC to Tuscaloosa Radio Co. (Mike Hubbard, E. Kirk Wood). \$50,000 cash. LMA since Aug. 5.

\$34,719—WKCH-FM CP Whitewater WI from WKCH Radio (Scott Trentadue) to Goetz Broadcasting Corp. (Nathan and Robert Goetz). Goetz had owned 49% of WKCH Radio, now it owns 100%. Goetz Broadcasting owns WFAW-AM and WSJY-FM Ft. Atkinson WI, which overlap with WKCH.

\$25,000—WAUC-AM Wauchula FL from Marlene Ayala to Dora A. Cruz. \$7K deposit, balance a promissory note.

\$18,000—* WFXD-FM Marquette MI from Vista Point Inc. a/k/a Vista Pointe Communications Inc. (Kris Erik Stevens) to Mid Pen Broadcasting Inc. (Wallace D. Steinhoff). Cash equal to accounts payable, provided that the amount payable to Stevens shall not exceed \$18K. **Duopoly** with WQXO-AM & WHCH-FM Munising MI.

\$17,126.52—WLAS-AM Statesville NC from Eckhardt Broadcasting (Keith Eckhardt) to Eastern Broadcasting Inc. (Ronald Benfield). \$17K promissory note.

\$14,500—WBXQ-FM Altoona (Cresson PA), 7.63% stock sale of Sounds Good Inc. from Edward Horak a/k/a Edward Sherlock (0.83% afterward) to David A. Barger (53.7% afterward). Barger is also loaning the corporation \$90K.

\$14,000—KAKR-FM CP (96.5mHz) Sterling City TX from Leonel Sanchez and Mark C. Nolte, a Joint Venture, to GBE of Abilene LLC (Herbert L. Graham, William Phillip Graham). \$14K escrow to transfer at closing.

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