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Capitol Hill takes sides in free air battle

by Frank Saxe

The battle over free or reduced-cost airtime for political candidates wages on in Washington. Despite a bipartisan attack on FCC Chair **Bill Kennard** (D) for leading the White House's charge, President **Clinton** formally requested an FCC inquiry into the issue (*RBR* 2/2, p.2).

"The dawning of the digital age of broadcasting makes it imperative that we update broadcasters' public interest obligations. The FCC must ensure that broadcasters, given the opportunity to benefit from their use of a valuable public resource, use this public resource to strengthen our democracy," the President wrote in a Feb. 5 letter to Kennard.

Support for FCC action on Capitol Hill is thin. Sen. **Don Nickles** (R-OK),

assistant majority leader, questions the constitutionality of such an FCC dictate in a letter to Kennard. "If this type of reform is to be implemented, it requires legislative action by Congress," writes Nickles.

Senators **John McCain** (R-AZ) and **Conrad Burns** (R-MT) are tacking an amendment onto the Supplemental Appropriations Bill, which would ban the FCC's ability to mandate free broadcast time to candidates.

The House Commerce Committee's top Democrat, Rep. **John Dingell** (D-MI), is also questioning the Commission's authority. "I have serious concerns about the wisdom of an unelected body of Federal regulators acting on just one component of what should be a comprehensive campaign reform

package," says Dingell. He has requested each Commissioner to explain by Friday (2/20) why they believe the FCC has such authority.

Leading the charge in favor of free time is Rep. **John Tierney** (D-MA) who, in a letter to the President signed by two dozen House members, writes, "We are convinced that the FCC has the authority to propose regulations in this area."

"I think that Congress is going to make it very clear to the FCC that they're not going to put up with this," says **Jim May**, NAB EVP/Government Relations. He predicts campaign finance reform will die at the hands of a Senate filibuster.

RBR observation: Now is the time for broadcasters to put their weight behind those in Congress opposing free airtime lest Clinton, Kennard and others gather more steam.

Bills back cross-ownership

by Frank Saxe

Newspapers would be able to own radio and TV stations under a bill introduced last week by Rep. **Scott Klug** (R-WI). The Newspaper Ownership Act has bipartisan support, and would reverse the current FCC ban enacted more than 25 years ago.

"At its core, this rule is unfair. Other competitors are not subject to the same restrictions. Why should we single out newspapers and broadcasters for punishment?" says Klug, a member of the House Commerce Committee and former

TV news reporter. A companion bill (S641) has been carried over from last session, sponsored by Sen. **John McCain** (R-AZ).

Not surprisingly, the bills have the backing of both broadcasters and newspaper owners. "Given the explosive growth in the Internet and other media outlets, it makes no sense to continue restricting free over-the-air broadcasters from owning newspapers in the same market," says NAB President and CEO **Eddie Fritts**.

The Newspaper Association of America also supports the bills.

continued on page 4

March, April pacing strong

Pacing continues at a brisk clip through Q1 and into Q2, according to the latest *RBR*/Miller Kaplan forward pacing report. As of Feb. 1, March is close to half sold and more than 25% of April inventory is spoken for. Both months are pacing significantly ahead of last year.

RBR/Miller Kaplan

Market sell-out percentage report

	1998	1997
Feb. 1	74.2%	75.7%
March	48.6%	44.6%
April	25.6%	22.9%

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Subscription Cost \$220.00

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Cross-ownership

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"Maintaining this selective cross-ownership limitation is discriminatory and unnecessary," says **John Sturm**, NAA's president and CEO.

With less than ten weeks of Congress' Second Session left, it is unclear whether the bills will make it to the floor. An aide to Klug says McCain's influence in the Senate could help push this along.

Friction at the FCC?

by Frank Saxe

Lest anyone think all is sunshine and roses among the new Commission members, think again. Commissioner **Harold Furchtgott-Roth** (R) is sounding-off on Chairman **Bill Kennard's** (D) list of 31 areas he would like the FCC to focus on as part of its biennial regulatory review. Furchtgott-Roth complains that the agency is required by the Telcom Act to look at every FCC regulation and find as many

ways of streamlining as possible.

"We have a disagreement with how to read the statute, I wouldn't call that a rift," says Furchtgott-Roth's chief of staff, **Paul Misener**. "The clear language of the statute directs us to review all regulations and to make a determination about those rules." Misener and **David Solomon**, the Commission's deputy general counsel, are trying to work out the problem internally.

"This is the most comprehensive review ever conducted by the FCC," Kennard tells *The New York Times*, adding that his plan follows the law. It is estimated that 10% of agency resources will go to the review.

Kennard's list of Mass Media Bureau policies to be reviewed includes changing ownership filing rules, so buyers and sellers would have to file less paperwork with the Commission. A review of broadcast ownership rules is being done separately. The FCC hopes to have any changes in place by Q3.

No settlement in DOJ Long Island suit

By Frank Saxe

A "bitter pill" is how the Department of Justice describes its lawsuit blocking Chancellor Media's (O:AMFM) proposed \$54M purchase of four SFX Broadcasting (O:SFXBA) stations on Long Island, NY. "We've been able to state our policy as clearly we can, but having a court case and a record made in front of a court will bring some degree of certainty to the industry," says **Charles Biggio**, DOJ senior counsel.

While both sides haggle over court dates, Biggio says he is anxious to go before a judge to prove the government's case which he believes will benefit the radio industry as a whole, adding, "They haven't presented us with a settlement position that we would find attractive."

Chancellor attorney **Ted Henneberry** says they have only tried to get a feel for what it is DOJ is after, insisting no serious settlement offer has been made. One court magistrate jokes that DOJ's idea of a settlement is Chancellor waving a white flag.

Biggio says there remain roughly two dozen markets under review, although some are being cleared, including Capstar's spinning of two Allentown stations to Clear Channel (*RBR* 2/2, p.4). Among those still being scrutinized are Colorado Springs and Scranton/Wilkes-Barre. Biggio won't confirm the \$2.6B CBS-ARS deal is before DOJ, saying only "we are aware of that case." Hicks, Muse's \$2.1B merger with SFX is also under investigation, but is viewed as separate from the Chancellor deal by DOJ.

Is TV next?

Biggio says DOJ has turned its attention to TV LMA's, including one in Columbus, OH. Sinclair Broadcast Group (O:SBGI) owns WTTE-TV (Ch. 28, Fox) and LMAs WSYX-TV (Ch. 6, ABC). BIA put combined 1996 billings at \$61.6M, about 38% of local TV revenues.

Not by a long shot is Sinclair the biggest media player in the Ohio capital. The *Columbus Dispatch* and its WBNS-TV (Ch. 10, CBS) bill nearly \$200M, 50% or more of total local ad dollars. The other TV owner DOJ fears may be bullied by Sinclair is NBC (WCMH-TV, Ch. 4, NBC), a subsidiary of General Electric (N:GE), the largest company in the US.

Enlisting agencies

At last week's American Association of Advertising Agencies meeting in Anaheim, DOJ renewed its call to ad agencies to help them spot anti-competitive practices in markets where radio and TV mergers are taking place. DOJ will even consider LMA's or JSA's that have been around for years—although it admits to getting few complaints about older deals.

News Analysis

Broadcasters beware—a dangerous precedent has been set

by Carl Marcucci

The latest news on the **Keith Van Horne** vs. shock jock **Matt "Mancow" Muller**, on-air sidekick **Irma Blanco** and Chancellor Media (O:AMFM) case may not be a good sign for broadcasters or the defendants—the Illinois Court of Appeals said (1/30) the trial can move forward.

Van Horne, a former Chicago Bears lineman and radio host on WLUP-FM filed his defamation suit against Muller, Blanco, WRCX-FM and Evergreen (now Chancellor) Media in Nov. '94 after Muller and Blanco painted Van Horne as an out of control killer, on air. Cook County Circuit Judge **Michael Hogan** dismissed the claim against Blanco but let it stand for Muller and Evergreen. Van Horne filed an amended complaint adding negligent hiring, supervision and retention to the charges and redefined the claim against Blanco.

Hogan dismissed the new claims. Van Horne then appealed to the First District Appellate Court of Illinois, which reversed the trial court decision and cleared the way for a trial on all remaining claims.

"A dangerous precedent has been set," said **Steven Baron**, a defense attorney in the case at D'Ancona & Pflaum. The ruling allows people to sue broadcasters over what their talent does or says on air. "This is the first time a court has imposed liability on a broadcaster for negligent hiring," added Baron.

And what about Muller/Chancellor's appeal to the Illinois Supreme Court? "We may appeal on the state level or even beyond that if necessary. It would be the kind of case I think the Illinois Supreme Court would be interested in," said Baron.

Christian Adams, a liability specialist in Alexandria, VA, believes if the case were tried Van Horne would lose: "In the end, the claim is all hot air. The First Amendment usually triumphs in these cases. They first have to prove defamation occurred and then they have to prove that the company knew it might occur."

"Van Horne would most likely be classified a public figure, thus making a successful defamation suit unlikely," said **Scott Bullock**, attorney, The Institute For Justice.

RBR observation: Unless this case is appealed and dismissed, broadcasters could face huge legal fees from a parade of similar cases, even if no one wins a dime. Chancellor should appeal and all broadcasters should thank them for it. This is definitely First Amendment territory.

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by Carl Marcucci

The next IBOC entrant: DRE offers an alternative to USADR

Now that broadcasters have two IBOC systems to evaluate with Digital Radio Express (DRE) entering the field (*RBR* 2/2, p. 2), *RBR* decided to "stack" them up in similarities and differences.

About DRE

TriTech Microelectronics (a division of Singapore Technologies) has funded DRE since April '97. Its main lab is located at TriTech's San Jose subsidiary. The company is headed by president **Norman Miller** and VP engineering **Derek Kumar**—a former engineer for Electronic Decisions, Inc., a subcontractor for USADR's first IBOC system.

DRE has designed a prototype IBOC system—exciter/modulator unit and receiver—that were both demonstrated (1/15) to broadcasters and members of the DAB subcommittee of the National Radio Systems Committee (NRSC). The NRSC will likely recommend an IBOC system to the FCC. The first DAB subcommittee meeting in one and a half years was held February 10 in Washington. Both USADR and DRE were there.

"I'm glad to see there are at least two horses in the race. I think that's good for everybody concerned. It's

good for the system developers because it's going to keep them on their toes, it's good for the broadcasters because they will be able to pick the best of at least two systems, said **Milford "Smitty" Smith**, VP engineering, Greater Media.

Smitty is the new co-chairman of the DAB subcommittee and was present at the demonstration: "It was not a detailed briefing by any means at all. What probably impressed me the most was the degree of integration. The exciter is mountable into a single 19" rack unit 3.5" tall with RF coming out and the receiver is down to a relatively small PCB (printed circuit board), and they have plans to reduce it down to a couple of chips. I would say it is going to be relatively economical cost-wise, but also [with] relatively low power consumption as well. Both are critical to realizing a system like this in the real world."

There were actually four total boxes in the demo: "The full signal chain on the transmit side was a CD player followed by an Omnia dynamics processor followed by a modified Zephyr codec which was encoding MPEG 2.5 layer 3 and then that went into the

modulator/exciter," said **Steve Church**, president, Telos Systems.

While the exciter unit doesn't need further integration, the receiver size will be reduced with IC chip design by TriTech as part of the partnership. In reaching the hardware stage, they are well on their way in that development: "We're using a standard front-end Ford factory car stereo receiver, tapping into its IF at 10.7 MHz and doing the digital processing afterward," said **Curtis Schmidek**, director audio/communications group, TriTech.

How the systems differ

At first glance, the DRE and USADR systems seem similar (see chart, p. 8), however, notable differences exist.

1. Signal Dropouts

USADR's system has a patent pending blend-to-analog backup (*RBR* 11/3/97 p. 8-10; 8/25/97, p. 7-10), DRE claims the ability to broadcast a stronger digital signal without increased interference. "Because of the flexibility in modulation [explained later] we can better tailor our spectrum usage to reduce interference—that may result in the ability to increase power," said Kumar.

"We can stay within the spectral mask being recommended for IBOC while achieving range equivalent to analog. It doesn't require more power,

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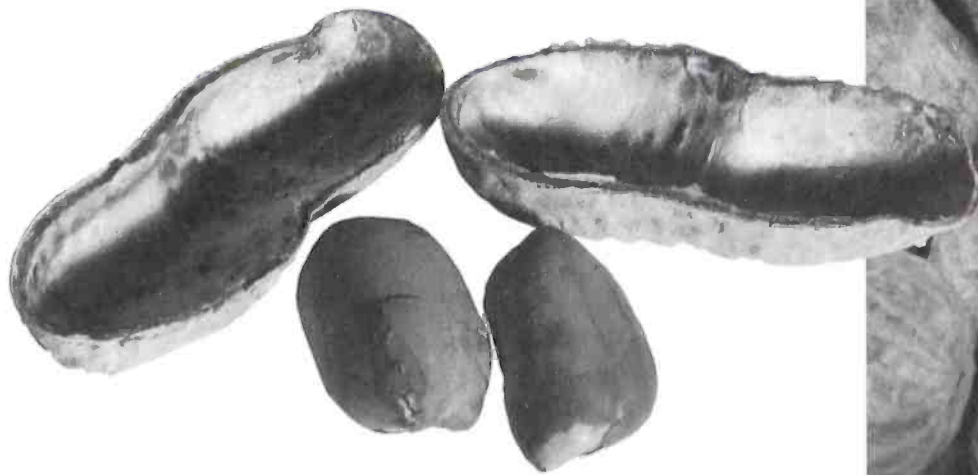
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DRE's receiver, linked to a Ford factory stereo; DRE's IBOC exciter.
Source: DRE

but the IBOC signal strength can be increased for greater range without causing significant interference with the analog or first adjacent channels. I think that's something we're going to find in the field trials," said Schmidek.

In a general sense, for DRE's system to be superior without an analog-blended backup, it needs to broadcast a more robust digital signal and stay within the legal contours. This way, it would have a solid signal in areas where USADR's is dropping out and blending to analog, and still not interfere with stations out of the market.

But in a stoplight fade or other situation garnering too little or no signal strength, if the receiver isn't moving, the IBOC signal could go out and listeners would hear nothing until the light turns green. Still, DRE's focus is not to depend on analog, but avoid digital dropout altogether. "Blend-to-analog requires considerable circuitry which may be better employed in improving the robustness of the IBOC DAB signal. Instead of trying to dynamically merge the analog and digital signals in real-time, DRE's approach is to solve the problem of flat-fading in the digital domain, so the need to fall back to analog is minimized in the first place," said Miller.

Only extensive field testing will prove if IBOC signals alone can effectively fill poor coverage holes in a market. However, DRE recommends a simple switching circuit to mono-analog when the receiver is well outside market-quality coverage.

There are many other technical factors, including interleaving and pulse shaping that contribute to keeping the signal "filled up" with data, but at this point DRE has not released a formal design paper because of patents pending, so those comparisons can't be made.

2. Codec comparisons, modulation methodologies

For audio, the coding/compression technologies also differ. USADR is using Lucent Technologies' Perceptual Audio Coding (PAC), DRE (will be) using Advanced Audio Coding—backed by Sony, AT&T, Dolby & Fraunhofer—with MPEG-4 compression. Telos Systems will partner with DRE to provide audio encoding and transmission equipment for the product should it be adopted as the IBOC broadcast standard.

DRE's data rate for FM is higher—128 kbps (flexible) vs. USADR's 96 kbps (fixed) (AM is 48 kbps for USADR, 32-64 kbps for DRE). "We have designed a flexible system with data rates up to 192 kbps for FM without having to darken the analog signal [or] give up the full redundancy of the sidebands. Data rate is determined by the individual broadcaster's programming and terrain conditions in the coverage area," said Kumar. For multipath-vulnerable markets, the data rate could be dropped down to 112 kbps or lower for added forward error correction in the signal. The receiver automatically interprets the data rate for each station.

Could USADR's fixed data rate, a lower 96 kbps, imply more forward error correction? "We could have gone higher, but the tradeoff for the most straightforward and robust forward error correction was 96 kbps," said **Rick Martinson**, USADR Project Manager for IBOC at Westinghouse Wireless Solutions.


DRE's higher bit rate is achieved using trellis coded modulation with 8PSK (phase shift keyed) multicarriers. USADR uses 4PSK multicarriers with binary coded modulation. (each group will use their respective modulation types for AM as well).

The faster rate can allow, and implies higher sound quality. Could 8PSK multicarriers be a sacrifice for signal robustness? There are coding and 3 dB detection losses using 8PSK vs. 4PSK. It's harder for the receiver to decode eight different digital phase states than four. "We looked at 8PSK

continued on page 10

A quick comparison: USADR and DRE similarities

- They both broadcast digital signals on the upper and lower sideband of the analog signal.
- If either of the digital streams is impaired from interference or multipath, the other will still be usable—they are redundant.
- Both have no interference to the host analog signal or first adjacent stations.
- Both claim digital signal reacquisition in less than one second and use forward error correction technology in overcoming multipath or signal obstructions while driving.
- They need much of the same equipment add-ons for plugging into existing facilities.
- Both offer digital subcarriers for systems like Muzak.
- Most existing analog subcarrier frequencies can continue to be used without added interference.

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and found the forward error correction algorithms aren't as effective and it is not as robust in multipath fading noise. "The plus with 8PSK is you can squeeze more information into the same available bandwidth, achieving 128 kbps. The information density is higher, but harder to decode," said USADR's **Brian Kroeger**, chief scientist, Westinghouse Wireless Solutions.

Both companies have made their modulation choices and are sticking to them. Kumar stressed trellis coded modulation is "well known to be superior to [other] methods in noise-limited environments where bandwidth is at a premium." And, trellis coded modulation is more effective using 8PSK multicarriers. That combination also contributes to DRE's data rate flexibility. Which tradeoff (or paradox!) is better remains to be heard.

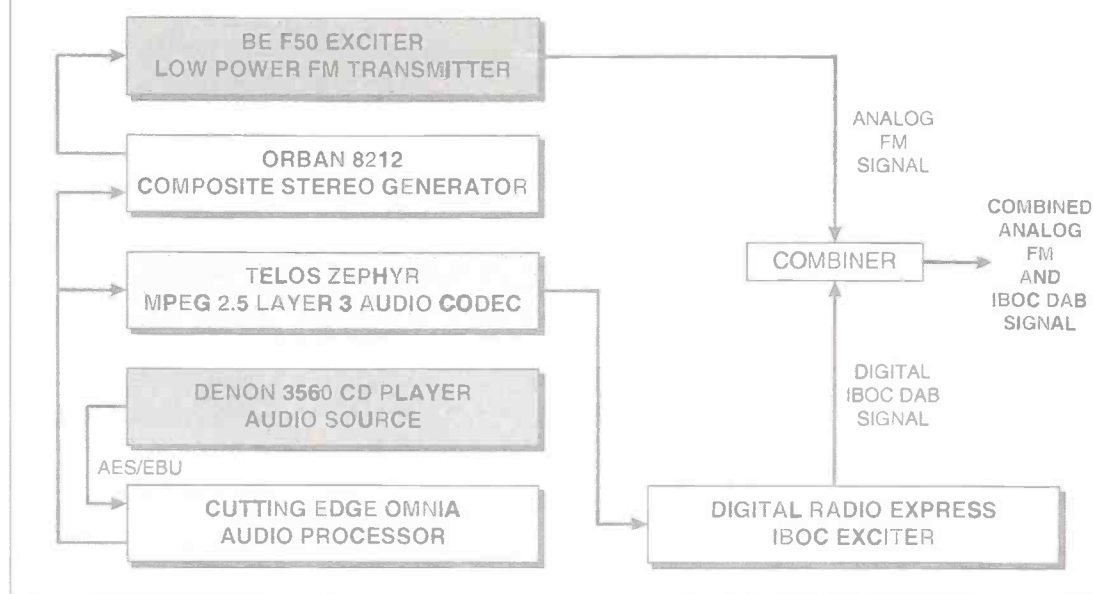
Another factor is which codec will sound better or be more compatible with existing (digital) multiple compression schemes used in the hard drive storage of music and non-linear STLs. With different compression algorithms eliminating certain portions of the audio to make it fit for storage and transmission, what will it sound like after PAC and AAC add their compression to the list? Field testing will help to provide the answer.

Hooking IBOC up

Similarities and differences aside, both systems will face the same limitations within the air chain of some stations. "Some FMs may have trouble running IBOC—especially if the digital signal is inserted into an existing FM transmitter—because the digital signal exists on the edges of the channel outside the analog signal," said **Chip Morgan**, president, CMBE Inc. Just like a subcarrier (SCA) signal, the digital signal is greatly affected by the bandwidth of the transmission system. A broadband system will handle the IBOC system better.

Older transmitters tend to be narrow-band and will have trouble doing the job. However, "A lot of the radio stations that have upgraded in the

Transmitter System



A block diagram of DRE's transmitter system used in the 1/15 demo. Source: DRE

past ten years or so can more easily implement IBOC," says Schmidek. "My understanding is that there's enough [solid state FM Class C] transmitters out there with parallel power modules at the end where something can be revised for Class AB operation."

Older antennas also may not be linear or broadband enough to be effective. "The fact that some antennas out there that are narrowly tuned or poorly tuned will tend to cause digital signals to be received with less signal strength than predicted," said Morgan.

Both systems need much of the same equipment for FM implementation. So far in USADR's testing, pairing a digital signal with the existing analog required a linear amplifier after the digital exciter and a combiner unit for output to the antenna. "I think that's still accurate for DRE [s system] as well," said Schmidek. One difference: While the encoder box went before DRE's exciter in the test, USADR's is built into the exciter unit. DRE has plans to integrate them both into one.

Although transmitter manufacturers are working a product to drive both analog and digital signals with one amplifier, using two and combining them may be inefficient. "Unfortunately, it wastes 95% of the power of the digital transmission system and 5% of the analog. It's a pretty ugly

way to do it, but that's what has been done so far," said **Dick Fry**, sales application engineer, Harris.

The AM chain of equipment may only require the exciter box. Harris is one company that markets an AM transmitter line (the DX series) that can drive both digital and analog signals from the same amplifier. And for FM: "We're working as closely as we can with the USADR people, and hope to do the same with DRE. We're neutral in the respect that we want to understand what [will] be required on the hardware side so that when the implementation phase comes, we will be there with products," said **John Delay**, AM product manager, Harris.

RBR observation: While there is probably not a big difference in the sound quality of these systems, the deciding factors will be coverage in tough reception areas, ease of implementation and cost to broadcasters.

Both DRE and USADR have mutual respect for one another—and patents pending. In conversation with us, neither has thrown stones. If DRE is on to something, the best scenario would be the two companies partnering, using the best components of each system to more quickly and effectively dunk the same basket they're shooting for—to make IBOC a commercial reality and to begin manufacture.

BROADCAST INVESTMENTS™

February 11—RBR Stock Index 1998

Company	Mkt:Symbol	2/4 Close	2/11 Close	Net Chg	Pct Chg	2/11 Vol (00)	Company	Mkt:Symbol	2/4 Close	2/11 Close	Net Chg	Pct Chg	2/11 Vol (00)
Ackerley	N:AK	16.500	17.375	0.875	5.30%	255	Jacor	O:JCOR	52.062	55.500	3.438	6.60%	11120
Alliance Bcg.	O:RADO	0.656	0.500	-0.156	-23.78%	0	Jeff-Pilot	N:JP	78.125	81.062	2.937	3.76%	3587
Am. Radio Sys.	N:AFM	59.875	59.687	-0.188	-0.31%	975	Jones Intercable	O:JOINA	15.000	16.125	1.125	7.50%	1066
AMSC	O:SKYC	8.250	8.250	0.000	0.00%	75	Metro Networks	O:MTNT	34.000	33.500	-0.500	-1.47%	143
Belo Corp.	N:BLC	54.000	56.125	2.125	3.94%	476	NBG Radio Nets	O:NSBD	2.500	2.500	0.000	0.00%	0
Big City Radio	A:YFM	8.687	8.562	-0.125	-1.44%	175	New York Times	N:NYT	66.812	66.312	-0.500	-0.75%	1044
CBS Corp.	N:CBS	30.000	31.500	1.500	5.00%	15946	News Comm.	O:NCOM	1.437	1.375	-0.062	-4.31%	5
CD Radio	O:CDRD	15.875	17.312	1.437	9.05%	468	Otter Tail Power	O:OTTR	37.750	37.625	-0.125	-0.33%	10
Ceridian	N:CEN	44.625	46.000	1.375	3.08%	6011	Pacific R&E	A:PXE	3.625	3.875	0.250	6.90%	0
Chancellor	O:AMFM	37.812	41.250	3.438	9.09%	13398	Pulitzer	N:PTZ	60.125	65.437	5.312	8.83%	184
Childrens Bcg.	O:AAHS	3.312	3.750	0.438	13.22%	326	RealNetworks	O:RNWK	15.562	16.187	0.625	4.02%	549
Clear Channel	N:CCU	83.000	85.562	2.562	3.09%	4282	Saga Commun.	A:SGA	20.000	20.625	0.625	3.13%	13
Cox Radio	N:CXR	40.750	40.500	-0.250	-0.61%	534	SFX Bcg.	O:SFXBA	88.500	89.250	0.750	0.85%	5379
DG Systems	O:DGIT	3.000	3.250	0.250	8.33%	125	Sinclair	O:SBGI	46.500	53.625	7.125	15.32%	5410
Disney	N:DIS	108.312	110.812	2.500	2.31%	12907	SportsLine USA	O:SPLN	23.875	20.062	-3.813	-15.97%	5045
Emmis Bcg.	O:EMMS	46.750	46.250	-0.500	-1.07%	400	TM Century	O:TMCI	0.562	0.562	0.000	0.00%	0
Faircom	O:FXCM	0.875	0.875	0.000	0.00%	19	Triathlon	O:TBCOA	10.187	10.500	0.313	3.07%	68
Fisher	O:FSCI	122.000	125.000	3.000	2.46%	4	Tribune	N:TRB	61.062	62.375	1.313	2.15%	2778
Gaylord	N:GET	31.250	30.625	-0.625	-2.00%	426	Westower	A:WTW	18.937	18.625	-0.312	-1.65%	160
Granite	O:GBTVK	11.375	12.000	0.625	5.49%	6730	Westwood One	O:WONE	34.375	34.375	0.000	0.00%	187
Harris Corp.	N:HRS	47.750	50.250	2.500	5.24%	3851	WinStar Comm.	O:WCII	36.125	35.500	-0.625	-1.73%	4650
Heftel Bcg.	O:HBCCA	47.187	50.875	3.688	7.82%	1655							

More records fall; No disappointments yet

•Clear Channel Communications (N:CCU) reported 1997 gross revenues up 98% to \$790.2M. Operating income before depreciation and amortization gained 97% to \$302.7M. After-tax cash flow rose 99% to \$213.4M. Net income increased 69% to \$63.6M. Needless to say, all were records. Clear Channel did not break out figures for its radio, TV and outdoor divisions.

•Universal Outdoor Holdings (O:UOUT), which is set to merge with Clear Channel (RBR 1/26, p. 16), reported record net revenues of \$209.6M, up 175.4% over 1996. Operating cash flow rose 176.9% to \$108M. Universal reported a net loss of \$9.3M, but said that exclusive of non-recurring, non-cash and extraordinary charges, it had pre-tax income of \$2.1M.

RBR observation: \$790.2M + \$209.6M = \$999.8M. We don't think we're going too far out on a limb to predict that 1998 will be the year that Clear Channel's revenues break the \$1B mark.

continued on page 13

Faircom Inc.

Joel M. Fairman, Chairman and CEO

has purchased

WSWR-FM

Shelby, Ohio

from

The Petroleum V. Nasby Corporation

for

\$1,125,000

The undersigned acted as financial advisor to Faircom in this transaction.



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by Jack Messmer

Sun sets on SunGroup in \$24M buyout

John Biddinger is cashing out his Indianapolis-based SunGroup Inc. in a \$24M sale to **John Borders'** Dallas-based Sunburst Media. The deal includes stations in five markets, but Sunburst won't be keeping all of them.

KMJJ-FM Shreveport, LA is being spun off for an as-yet-undisclosed price to **Steve Hicks'** Capstar Broadcasting Partners, which already has a combo in the #129 Arbitron market. Likewise, KKSS-FM Albuquerque (#70) will join the superduopoly of **Jeff Trumper's** Trumper Communications.

That leaves the following to be added to Sunburst's portfolio: KEAN-AM & FM & KROW-FM Abilene, TX (#224), KYKX-FM Tyler-Longview, TX (#141) and KKYS-FM Bryan-College Station, TX (#237). Sunburst doesn't currently own stations in any of those three markets.

Despite this sale, Biddinger isn't exactly exiting the radio business. He owns a few small market stations through other corporate entities.

Stick disparity: \$20.6M vs. \$36K

Oh, what a difference 80 miles can make! A couple of new CP settlements show just how much difference there can be in the relative value of spectrum. Just like in real estate, the three determining factors are location, location and location.

In Vancouver, WA, a north suburb of Portland, OR, Jacor Communications (O:JCOR) has a "white knight" deal to buy out the 13 applicants battling since 1989 for a Class C2 FM on 105.9 MHz. **Sam Zell, Randy Michaels** and their shareholders have paid Smith Broadcasting \$200,000

up front and will hand over another \$2M at closing to take over Smith's application. The other dozen applicants are being bought out for \$18.4M—an average of slightly over \$1.5M each. In all, Jacor will pay \$20.6M for the unbuilt stick to take its double duopoly to a superduopoly in market #24.

Only 80 miles away, in unrated Ilwaco, WA, it's a very different story. There were only two applicants for the new Class C3 on 103.9 MHz, which was opened for applications in 1992. One has since died. Under the settlement agreement filed with the FCC, **Richard M. Schafbuch** will pay \$36,000 to the Estate of **Charles A. Farmer** for the right to build the new station. If you're having trouble finding Ilwaco in your atlas, look in the very southwest corner of Washington on the peninsula sticking out into the Pacific Ocean. No doubt it's a beautiful area, but Schafbuch may well be able to know each of his listeners by name.

In other settlements:

- Craig L. Siebert** is paying a total of \$275,000 to two other applicants for the right to build a new Class A on 102.1 MHz in Virginia Beach, VA—part of the Norfolk market (#34).

- Jacor is adding to its Rochester (#47) superduopoly with a Class A on 95.5 MHz in Albion, NY. No word yet on payments.

- Lotus is turning its Reno (#130) double duopoly into a superduopoly with a Class C2 on 94.5 MHz in Sun Valley, NV.

- Renda's only holding in an unrated market, Punxsutawney, PA, is getting an FM duopoly partner with a CP for a Class B1 on 103.3 MHz in Brookville, PA.

Sinclair buy gets thumbs up

The FCC has given its blessing to Sinclair Broadcast Group's (O:SBGI) \$630M buy (RBR 6/30/97, p. 12) of the former Heritage Media radio and TV groups from the trustee holding them for News Corp. (N:NWS). The Commission granted permanent waivers of the one-to-a-market rule

Paul Posen, President of
Classic Broadcasting
has agreed to transfer the assets of

KEZN-FM
Palm Desert, California

for

\$5,100,000

to

Steve Dodge, Chairman and CEO of
American Radio Systems, Inc.

**Star
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CLOSED

in Milwaukee and Norfolk, where the deal gives Sinclair TV-AM-FM-FM combinations (although subsequent radio acquisitions are pending in Norfolk). Temporary waivers were granted in St. Louis and Kansas City, where larger TV-radio combinations are created, pending the outcome of the FCC's seemingly never-ending review of TV ownership limits, which was supposed to have been completed in 1996.

Deals are already pending to spin off eight of the 21 Heritage radio stations: Three in Portland, OR and four in Rochester, NY to Entercom for \$126.5M (RBR 2/2, p. 14); and KCAZ-AM Kansas City

to Children's Broadcasting (O:AAHS) for \$550,000 (RBR 1/26, p. 13).

Financing deal takes Root

Root Communications Group, owned by the **Root** Family and headed by President **Jim Devis**, has secured a new funding package of \$20M in equity capital from Fleet Equity Partners and \$65M in senior debt provided by Bank of Montreal and SunTrust Bank. The \$85M will be used to recapitalize the company and for future acquisitions. Investment banker: **Jose Echevarria & John Morrison**, Communications Equity Associates

RBR's deal digest

Cumulus Media is adding Point Communications' WBMQ-AM, WIXV-FM & WSGF-FM to its recent purchase of WJCL-FM (RBR 2/9, p. 13) in the Savannah market... By the way, Cumulus' buy of Capstar's WOSC-FM & WFFG-FM Salisbury-Ocean City, MD (RBR 2/9, p. 13) has been filed at the FCC and the price tag is \$7.5M... **Dain Schult's** Texas Eagle Radio Network (formerly TexRock) is paying \$350,000 for KULM-FM Columbus, TX—whose matching 98.3 MHz signal will allow the company to extend southward the reach of its flagship KORA-FM Bryan-College Station. Broker: **John W. Saunders**... The **Zimmer** Brothers' Zimmer Radio of Mid-Missouri is buying KFAL-AM & KKCA-FM Fulton, MO for \$500,000 from **Ken Meyer's** KFAL Inc. Broker: **Ralph Meador**, R.E. Meador & Associates... Jacor is bulking up to a superduopoly in one of its unrated markets, Idaho Falls-Pocatello, ID, with an \$800,000 buy of CSN's KRSS-FM Chubbuck, ID... If you want to invest in radio but don't have much money, here's an opportunity—you can buy the stock of tiny Phoenix Media Group Ltd. (O:PXMG) on the over-the-counter market for about 10¢ a share. The company is entering radio with a purchase of KSWD-AM Seward, AK. Presumably, CEO **Ronald Irwin** plans to put the Alaskan town's only station back on the air.

Earnings continued from page 11

•Jacor Communications (O:JCOR) had 1997 net revenues of \$530.6M, up 137% from the previous year. Broadcast cash flow gained 139% to \$173.8M. On a same-station basis, Jacor said revenues grew 11% and cash flow 20%. The company reported a net loss of \$4M, but said that before extraordinary charges related to debt refinancing it had net earnings of \$3.4M.

•Sinclair Broadcast Group Inc. (O:SBGI) said it set records for revenues, cash flow and after-tax cash flow in 1997. Net revenues rose 36% to \$471.2M. Broadcast cash flow increased 28.6% to \$243.3M. After-tax cash flow gained 35.4% to \$104.9M. Due to numerous acquisitions in 1997, the company posted a net loss of \$10.6M, compared to net income of \$1.1M in 1996. Pro format revenues gained 7% and cash flow 11%.

Sinclair said its radio division posted a 16% increase in net revenues and improved cash flow by 19%.

•Pulitzer Publishing Co. (N:PTZ) said 1997 revenues increased 9.5% to

\$585M, with publishing revenues up 15.8% to \$358M and broadcasting revenues up 0.9% to \$227M. Operating cash flow rose 13.3% to \$160.2M, with publishing cash flow up 46.8% to \$60.6M and broadcast cash flow off 0.1% to \$105.6M. Net income gained 9.5% to \$66M. CEO **Michael Pulitzer** said the TV-dominated broadcast division was hurt by a \$12M decline in political advertising, compared to 1996.

•Jefferson-Pilot Corp. (N:JP) reported that net income available to common shareholders rose 27.5% in 1997 to \$370M. Earnings from its core life insurance business increased 38.9% to \$214.9M. Earnings from annuity and investment products grew 9.3% to \$71.5M. Group insurance operations earnings dropped 52.9% to \$11.7M.

Jefferson-Pilot Communications Co., which owns and operates radio and TV stations, posted a 2.3% decline in earnings to \$27.5M. However, excluding a large tax refund in 1996, earnings increased 7%. Broadcast cash flow gained 12% to \$65M.

CLOSED!

WOQI-FM, Ponce, Puerto Rico, from **Portorican American Broadcasting Co., Inc.**, Alfonso Gimenez, Principal, to **Primedia Broadcast Group, Inc.**, Jose J. Acosta, President.

Randall E. Jeffery represented the buyer.

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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, Feb. 4 through Tuesday, Feb. 10. 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.

\$38,750,000—* WMSP-AM, WNZZ-AM, WLWI-FM & WMXS-FM Montgomery AL and **WUSY-FM** Chattanooga (Cleveland TN), 100% stock sale of Colonial Broadcasting Company Inc. from Robert E. Lowder to Cumulus Holdings Inc. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$1.9375 letter of credit as escrow, \$38.75M in cash at closing. Existing double **duopoly** in Montgomery. LMA since 1/12/98. Broker: Don Sailors, Sailors & Associates

\$11,250,000—WFMD-AM & WFRE-FM Frederick MD, 100% stock sale of Jim

Gibbons Radio Inc., a Maryland Corp., from James, John, Terrence & Thomas Gibbons, Lynn Brown, Mary Grunwell & Sharon Nicholson to Atlantic Star Communications Inc. (James T. Shea Jr.), a subsidiary of Capstar Broadcasting Partners (Steve Hicks). \$1M letter of credit as escrow, \$10.5M in cash at closing, additional \$750,000 for certain real estate. Note: WFRE-FM has a contour overlap with WTEM-AM Bethesda MD-Washington DC, with is attributable due to ownership interests of Tom Hicks in both Capstar and Chancellor Media (O:AMFM).

\$10,400,000—* KXRK-FM Salt Lake City (Provo UT) from ACME Broadcasting Inc. (James C. McNeil Jr., James H. Facer) to Simmons Family Inc. (Roy W., David E. & Harris H. Simmons, various other family members and trusts). \$500K escrow, \$5.5M (less escrow) in cash at closing, \$4.9M note. **Superduopoly** with KDYL-AM, KRSP-FM, KSFI-FM, KMGR-FM & KQMB-FM, plus LMA of KOVO-AM.

\$8,500,000—* WFIR-AM & WPVR-FM Roanoke VA, 100% stock sale of Jim

Gibbons Radio Inc., a Virginia Corp., from James, John, Terrence & Thomas Gibbons, Lynn Brown, Mary Grunwell & Sharon Nicholson to Atlantic Star Communications Inc. (James T. Shea Jr.), a subsidiary of Capstar Broadcasting Partners (Steve Hicks). \$1M letter of credit as escrow, \$8.5M in cash at closing. **Superduopoly** with WROV-AM & FM, WJJS-FM, WJLM-FM, WRDJ-FM, WLDJ-FM & WYYD-FM. Note: The buyer says it will divest one FM so that no more than five of the remaining six overlap at any point.

\$5,000,000—* KEKB-FM, KBKL-FM & KMXY-FM Grand Junction (Fruita-Grand Junction CO) from Jan-Di Broadcasting Inc. (Dick Maynard) to Cumulus Licensing Corp. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$250K letter of credit as escrow, \$5M in cash at closing. Existing **superduopoly**. Broker: Andy McClure, The Exline Co.

\$3,500,000—* WKLJ-AM & WCOW-FM La Crosse (Sparta WI) from Sparta-Tomah Broadcasting Co. Inc. (Zell S. Rice II) to Family Radio Inc. (William R. Walker, Philip Fisher, Charles D. Mefford, Richard T. Record & others), part of the Mid-West Family group. \$175K escrow, balance in cash at closing. **Superduopoly** with WKTY-AM, WIZM-AM & FM & WTRV-FM. Broker: Jack Minkow & Bob Heymann, Broadcasting Asset Management

\$820,000—* KPUR-AM & FM Amarillo from Westwind Broadcasting Inc. (C. Keith Adams) to Cumulus Licensing Corp. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$61.5K letter of credit as escrow, \$820K in cash at closing. **Superduopoly** with KZRK-AM & FM, KARX-FM & KQIZ-FM. LMA since 1/1/98. Broker: Norman Fischer & Associates

\$850,000—* KSFA-AM & KTBQ-FM Nacogdoches TX from Class Act of Texas Inc. (George Wilkes III) to GulfStar Communications Inc. (John Cullen), a subsidiary of Capstar Broadcasting Partners (Steve Hicks). \$50K escrow, \$700K (less escrow) in cash at closing, additional \$150K under non-compete agreement. **Superduopoly** with KAFX-FM Diboll TX and KYKS-FM Lufkin TX, plus overlaps with KNUE-FM & KTYL-FM in adjacent Tyler TX market. Broker: Bill Whitley, Whitley Media

\$767,000—WFWL-AM & WJRB-FM Camden TN from Benton County Broadcasting Co. Inc. (Ray Smith, John Hatham) to Community Broadcasting Services Inc. (Ron Lane, Charles Ennis, John Latham, Kenny Madrey, Ray Smith, Stanley Medlin, Shane McGrady, Buck Morton, Pat Ennis).



Thanks for a Great 1997. Over \$266,000,000 in Radio Deals

Benchmark Communications, L.P. to Capstar Broadcasting Partners for \$175,800,000	KQUE (AM/FM) Houston, Texas Texas Coast Broadcasting David Morris, President to SFX Broadcasting for \$40,000,000
Madison Radio Group Madison, Wisconsin and Cavalier Communications Roanoke, Virginia Ten stations to Capstar Broadcasting Partners for \$46,900,000	WSCQ (FM) Columbia, SC Conagree Broadcasters Dennis Waldrop, President to Benchmark Communications, L.P. for \$4,100,000



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Exercise of option to purchase combo for \$767K note. LMA since 9/30/94. Note: The sellers will own a combined 8.2% of the buyer.

\$700,000—WLNI-FM Lynchburg VA from Friendship Broadcasting Corp. (David H. Moran) to Gary E. Burns. \$70K in stock of Clear Channel Communications (N:CCU) and CBS Corp. (N:CBS) as escrow, \$250K in cash at closing, \$450K note. LMA since 12/97. Broker: Jorgenson Broadcast Brokerage

\$600,000—WARA-AM New Bedford-Fall River (Attleboro MA) from Michele E. Merolla to The ADD Radio Group Inc. (Peter J. Arpin, David P. McNamee). \$40K escrow, balance in cash at closing. Broker: Media Services Group

\$389,793—WACQ-AM & FM Carrville-Tallassee AL from Tiger Communications Inc. (Thomas Hayley, Fred Randall Hughey, Amy Ross, Traci Wood) to Hughey Communications Inc. (Fred Randall Hughey, Debra T. Hughey). Transfer for assumption of \$389,793 in debt and surrender of stock in selling corporation. Ends double duopoly with WAUD-AM & WTGZ-FM Auburn-Tuskegee AL.

\$350,000—KKOS-FM (new on 99.7 MHz) Palacios TX from Unique Broadcasting LLC (John H. Wiggins) to Texrock Radio Inc. (Dain Schult & others). \$20K escrow, \$350K (less escrow and assumed liabilities) in cash at closing. Broker: John W. Saunders

\$275,000—WMPS-AM Memphis (Millington TN) from David Grayson Life Changing Ministries Inc. (David W. Grayson) to World Overcomers Outreach Ministries Church Inc. (Gladys McGowan, Alton R. Williams & others). \$275K cash.

\$250,000—WEWM-FM Pentwater MI from C&S Broadcasting Inc. (Sidney B. Williams Jr.) to Quest Communications Inc. (Todd A. Mohr). \$150K in cash at closing, \$100K note.

\$100,000—WAQC-FM Brunswick GA from High I-Q Radio Inc. (Larry Hickerson) to Good Tidings Trust Inc. (Jerry N. King & others). \$50K cash, \$50K note. Note: The buyer, a non-profit corporation, is seeking a **waiver** of the main studio rule to operate this stations as a satellite of WAYR-AM Jacksonville-Orange Park FL.

\$92,500—WDMF-AM Knoxville from Church Point Ministry Inc. (Dwight Pate) to As He Is Ministries Inc. (Phillip, Yolanda & Kenneth Robinson). As He Is Ministries is making a series of payments totalling \$92.5K to Inner City Knoxville Community Investment Corp., which had loaned \$135K to Church Point to purchase this station in 1990.

\$76,500—KLVH-FM Leavenworth WA, 51% stock sale of Leavenworth Broadcasting Company LLC from Ronald A. Murray to Northcentral Broadcasting Company (Jerry E. Isenhart), 100% thereafter. Cash payment for 51% of fair market value, up to a maximum of \$76,500, under exercise of option.

N/A—WNNI-AM Christiansburg VA from Bocephus Broadcasting Inc. (George G. Beasley, A. Thomas Joyner) to Virginia Tech Foundation Inc. (Clifton C. Garvin Jr., Gene A. James & others). Donation.

N/A—WMC-AM & FM Memphis, transfer of voting control of Raycom Media Inc. from John E. Hayes and William C. Zortman (50% each before) to John E. Hayes (17.5%), William C. Zortman (13%) and qualifying stockholders under the 1997 Raycom Media Restricted Stock Plan (70%). Corporate reorganization to authorize new voting shares which will be available to compensate certain employees and non-employee directors. All of the company's non-voting preferred stock will continued to be owned by the Employees' Retirement System of Alabama and the Teachers' Retirement System of Alabama, both of which also own warrants to purchase common stock. Note: This transaction includes 25 TV stations and an application for a **waiver** of the one-to-a-market rule to continue operation of this combo in the same market with WMC-TV (Ch. 5, NBC).

N/A—* WNFT-AM Boston, **WBMD-AM, WBGR-AM, WWMX-FM, WOCT-FM & WQSR-FM** Baltimore (Baltimore-Catonsville MD) and **KSJO-FM, KBAY-FM, KEZR-FM, KBRG-FM & KUFX-FM** San Jose (San Jose-Fremont-Gilroy CA) from American Radio Systems License Corp. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM), to The License Trust (Bill Clark, Trustee). Transfer of licenses to a trustee to facilitate group sale to CBS Corp. (N:CBS). Existing **superduopoly** in Baltimore, **superduopoly** with KOME-FM San Jose (below).

N/A—* KOME-FM San Jose from The Audio House Inc. (Michael Jordan, Mel Karmazin), a subsidiary of CBS Corp. (N:CBS), to The KOME Trust (Bill Clark, Trustee). Transfer to facilitate group acquisition of American Radio Systems (N:AFM). **Superduopoly** with KSJO-FM, KBAY-FM, KEZR-FM, KBRG-FM & KUFX-FM (above).

N/A—WQBH-AM Detroit, transfer of voting control of Queen's Broadcasting Corp. from The Order of the Fishermen Ministry to Martha Jean Steinberg. The Order of the Fishermen Ministry is converting its 85.6% voting interest to non-voting, leaving Steinberg as the only shareholder with voting stock.

CLOSED
\$14,500,000

WDIF-FM Marion, Ohio
WHMQ-FM North Baltimore, Ohio
WMRN-AM/FM Marion, Ohio
WQTL-FM Ottawa, Ohio

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