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## RADIO NEWS

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If you have roughly \$3 Billion lying around, you may have a chance to buy Steve Dodge's national top-10 ranked group. Suitors are already lining up.

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## ARS next on the auction block

**Steve Dodge** has hung a "for sale" sign on American Radio Systems (N:AFM). The company announced last Wednesday (8/20) that it has retained CS First Boston "to assist the company in developing a plan designed to maximize shareholder value." That's a common Wall Street euphemism for soliciting takeover bids.

"I think Steve Dodge's time table just got speeded up a little bit," said one industry observer, who noted that Dodge may have become inclined to sell after seeing the intense bidding for SFX Broadcasting (O:SFXBA).

"Steve Dodge has always had a knack for knowing when to sell," said **Bishop Cheen**, an analyst at First Union Capital Markets. Cheen cited Dodge's sale of his previous company, American Cable Systems, in the mid-1980s, at the top of the market for cable TV companies.

Trading in ARS stock had been halted at mid-day Wednesday for the company's announcement. When trading resumed on the New York Stock Exchange, the stock shot up to close at \$45.625, a gain of \$6.50 for the day.

Pro forma for closing all pending deals, ARS will have \$1.01B in long-term debt, including its exchangeable preferred stock, according to Cheen, and the company will have 33.7M shares of stock, including its

convertible preferred stock (in the money with a strike price of \$42.50).

As this story was written, ARS' stock was trading for around \$48, which valued the company at \$2.6B—roughly 17 times projected 1997 broadcast cash flow of \$155M-\$160M. At \$59 per share, the total value would rise to \$3B, or 18.8 times 1997 projected cash flow. Based on prices being bandied about for SFX, that price doesn't seem unreasonable.

Our sources say ARS had serious talks recently with both Hicks, Muse, Tate & Furst and Jacor Communications (O:JCOR). Either, or both, may have a firm bid on the table. If so, this deal could be done quickly if other bidders aren't willing to go higher. Clear Channel (N:CCU) and Westinghouse's (N:WX) CBS will certainly step up to the plate to take a swing at this one, and there could be others.

## Pacing shapes up for Fall

With August pacing right on the money and September two-thirds sold out before Labor Day, radio is in good shape going into Fall. September is 66% sold, slightly behind last year's 69.1%, according to the latest RBR/Miller, Kaplan market sell-out report. October, however, is running very close to last year's 45.8% pace.

"Typically, once we get past Labor Day, ad buys really move; the pace for Q4 should pick up," said Miller, Kaplan's **George Nadel Rivin**.

### RBR/Miller Kaplan Market sell-out percentage report

	1997	1996
Aug. 15	86.2%	86.2%
Sept.	66.0%	69.1%
Oct.	44.3%	45.8%

## SFX update

Look for an announcement any day now ending the long, drawn-out bidding war for SFX Broadcasting (O:SFXBA). Our handicappers say the winner will be either Westinghouse's (N:WX) CBS or Capstar Broadcasting Partners (backed by acquisition-hungry Hicks, Muse, Tate & Furst), after Jacor (O:JCOR) dropped out of the final round of bidding.

## FCC revokes Rice licenses

At deadline, the FCC took the extreme measure of revoking the licenses of all stations owned by **Michael Rice**, who was sentenced to prison in 1994 for sex charges involving minors. The licenses revoked are for WBOW-AM, WBFX-AM & WZZQ-FM Terre Haute, IN, KFMZ-FM Columbia, MO, KBMX-FM Eldon, MO, KFXE-FM Cuba, MO and KAAM-FM CP Huntsville, MO. *More in next week's RBR.*

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## Upped & Tapped

Hunting for new beans in Beantown: CBS's four Boston radio stations have created and filled a new position. The position is Regional Director of Corporate Business Development; the filler is **Chris Barber**.

**Joan Barnowski** and **Doug Carleton** have each been named Regional Marketing Director for Premiere Networks. Barnowski will be based in Detroit, Carleton in Chicago.

Capstar Broadcasting Corporation has named Southern Methodist University President **R. Gerald Turner** to its Board of Directors.

**Daniel J. Manella** has been named General Manager of the Milwaukee Radio Alliance, a joint venture of WMCS/WLUM (All Pro Broadcasting) and WJZL-FM (Shamrock Communications).

What's cookin' in Houston? SFX's KKP-FM "The Planet," which has brought in ex-KIIS-FM Los Angeles programmer **John Cook** as OM. While his primary gig will be on "The Planet," he will also help out at other SFX properties in town.

Twin appointments in the Twin Cities: Rapidly-expanding Metro Networks has signed on two for its Minneapolis office: **Bruce Gordon** will become Director of Operations and **John Lundell** will be Director of Information Services. Additionally, **Tom Fanning** has been named Director of Operations, Baltimore, while **Christy Roberts** takes on the same responsibilities in Kansas City. Meanwhile, back at HQ, **Marco Camacho** has been named VP/Strategic Planning.

Overseeing Seattle: **Richard Carlson** has been named VP/GM for four of Entercom's Seattle radio stations: KIRO AM-FM, KNWX-AM and KING-FM (the latter of which is in a JSA with Entercom). Entercom runs five other stations in the market.

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## Station events buck category seasonal trends

Non-spot business was brisk enough to rank July the second biggest month overall for non-traditional revenue, posting 18% of NTR revenues YTD. (May ranks first with 19% of NTR revenues.)

Like June, July is a big event month for radio stations and this year, events were a draw for categories of advertisers that normally spend less in the summer months.

Automotive business, which tends to be strongest in Fall and Spring, was "surprisingly up," in July, according to **Kathryn Maguire**, president, RDS. While it may be an odd time for car promotions, particularly when the new model season starts in a couple of months, many manufacturers and local dealers took advantage of station events where cars could be displayed.

The Office category is also bucking seasonal trends. "A lot of business-to-business advertisers are tying into sponsorships and hospitality elements associated with events," said Maguire.

## Non-traditional revenue rack

% of non-traditional revenue by category

	April	May	June	July	YTD 97	YTD 96
Automotive	11.19	9.96	7.57	15.36	11.89	13.05
Food/Grocery	27.94	41.38	35.75	34.82	35.33	26.66
Leisure/Electronic	19.82	26.66	27.00	16.07	21.85	25.87
HBA	6.41	8.29	7.31	7.72	7.22	9.07
Home Imp.	19.16	3.92	9.05	8.36	7.11	14.88
Office	14.34	7.86	12.72	14.00	12.31	5.61
Clothing	1.14	1.93	.60	3.67	4.29	4.86

Source: Revenue Development Systems; based on revenues from 46 stations in 23 markets.

## Metro Nets gears up for news

Since its first newscast in 1994, Metro Networks (O:MTNT) has added 432 news affiliates. Now, in an effort to establish itself as more than just traffic, Metro is building a national news center in Arizona, and preparing to market its own news software package.

RBR has gotten a sneak peek at Metro Source, Metro's new PC application for managing news stories and audio clips. Metro Source will deliver audio actualities from CNN and information passed through the Metro Networks' Phoenix national news center, which is expected to be fully operational Jan. 1. Metro, which has grown its news staff from 150 to 350, is presently hiring writers in key cities to provide information for their upstart wire service.

Metro is targeting the 53% of radio stations that don't have a wire service and music stations, especially those that have dropped AP or UPI as a cost-cutting measure. Music stations are reassessing their news products, which is why everyone from Metro Nets to AP Radio is eyeing

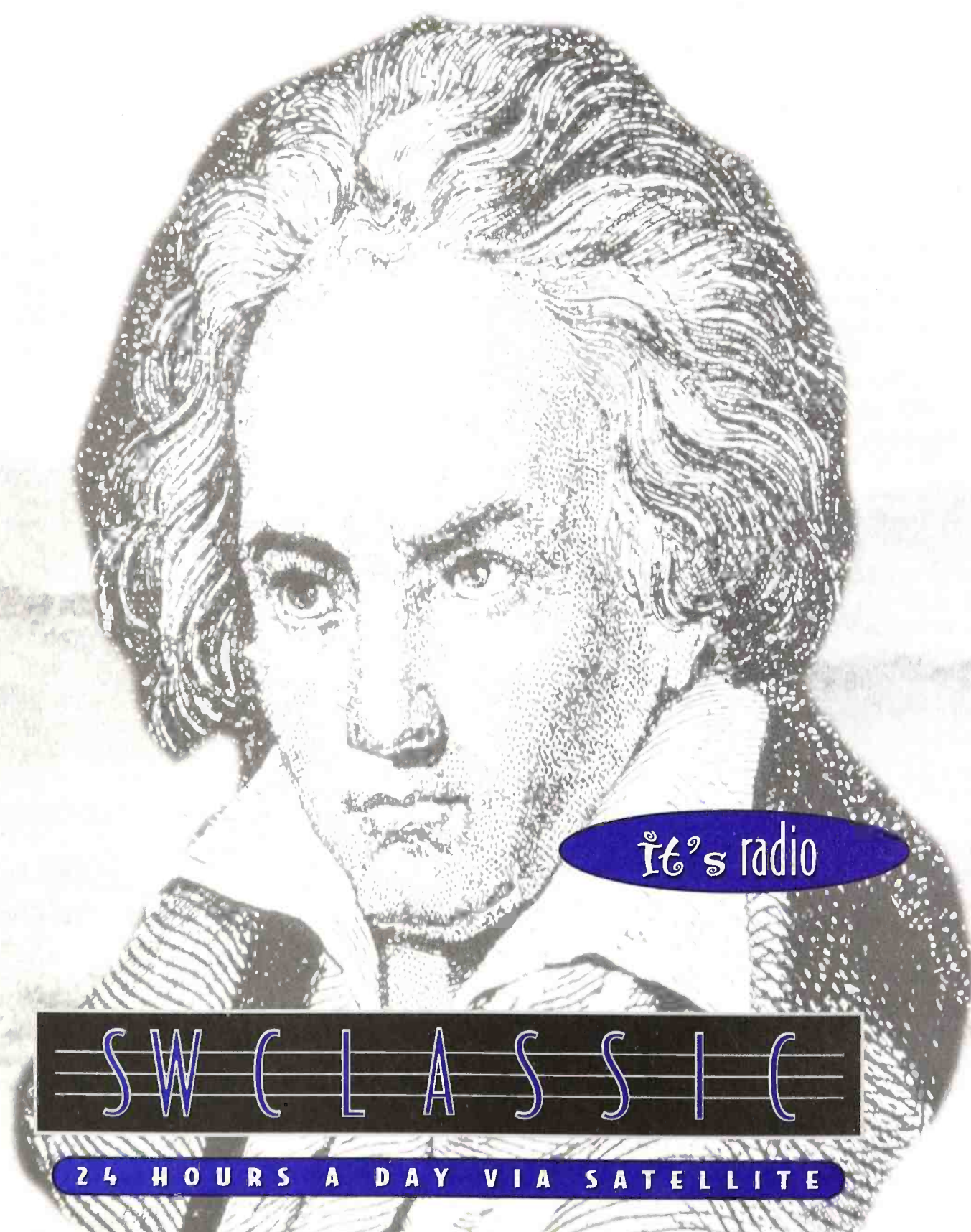
them as new customers.

Metro's system has several elements: a wire browser, a digital cart system, a digital editing feature, and a scrolling prompter for on-air use. "Prep time could be cut by 50%, and time is money to any radio station," says **John Tomilson**, VP/GM, Metro Networks News.

Metro is still working out prices, but Tomilson says top 75 markets could get the service by barter, typically ten second live reads. Smaller markets would be offered a combination of cash and barter.

**RBR observation:** Competition in the news marketplace is expected to get even more fierce as aging baby boomers grow thirsty for news. Metro Networks is banking its new product is just what it needs to get in the game. That won't be easy. First, it will have to overcome its image as a traffic net, then it will have to take on all the other players, including news software applications by Computer Concepts Corp., Media Touch, RCS, and better known brand names such as AP Radio and UPI.

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## Competing media revenues: How they stack up

Radio revenues may be increasing, but they still lag behind TV and newspapers. The chart [right] shows radio markets ranked by revenue, along with the corresponding TV and newspaper revenues. Radio and TV revenues are from BIA; newspaper revenues are from Competitive Media Reporting. (Note that comparisons between media are tricky due to differing market definitions.)

A radio market's population rank does not necessarily reflect its revenue rank, although there is a strong correlation between market size and revenue. For example, for as long as we can remember, Los Angeles radio stations have outgrossed New York stations even though New York has nearly four and a half million more people in the market.

Nonetheless, only one top-ten population market slips out of the top ten in revenues (Detroit, which plummets all the way down to—hold your breath—#11). And of the top-50 population markets, only four fall out of the top-50 revenue markets, and two of them (Riverside-San Bernardino and Monmouth-Ocean) are satellite markets of, respectively, Los Angeles and New York. The other two dropouts are Rochester NY and Greensboro-Winston Salem.

Rising up from below the top-50 population threshold are #51 Austin (#37 rev); #56 Richmond, the smallest of them all (#46 rev); #53 Jacksonville (#48 rev); and #52 Oklahoma City (#50 rev). Austin's 14-position leap is the greatest of any market in the study.

Despite the general stability of the population/revenue relationship, six markets are ten or more positions ahead of population rank, while three markets significantly underperform. The big gainers are among the fastest-growing revenue markets in the country, according to another BIA study published earlier in the year (*RBR* 4/14/97, pp. 7,10). The six fastest growing markets are Raleigh (#1), Charlotte (#2), Orlando (#9), Austin (#17), Nashville (#19) and Richmond (#57).

Of the three underperforming markets, two are imbedded into larger neighboring markets (Nassau-Suffolk into New York, San Jose into San Francisco) and the third, Providence, suffers from significant ratings erosion from Boston, New Bedford and even New York.

—Dave Seyler

Radio Rev Rank	Radio pop Rank	Diff	Market	Radio Rev (millions)	TV pop rank	TV Rev Rank	TV Rev (millions)	Newsp Rev Rank	Newsp Rev (millions)
1	2	+1	Los Angeles	\$540.0	2	1	\$1,432.6	2	1,348.6
2	1	-1	New York	507.2	1	2	1,329.0	1	2,053.7
3	3	—	Chicago	343.0	3	3	865.0	3	874.8
4	4	—	San Francisco	241.1	5	4	573.5	5	642.7
5	7	+2	Dallas-Ft. Worth	219.6	8	7	464.0	4	683.0
6	8	+2	Washington	211.7	7	8	447.1	7	559.5
7	10	+3	Boston	210.8	6	6	506.4	8	556.4
8	5	-3	Philadelphia	207.8	4	5	522.0	6	569.7
9	9	—	Houston	200.9	11	11	403.3	11	393.0
10	12	+2	Atlanta	189.3	10	10	408.0	12	348.7
11	6	-5	Detroit	183.2	9	12	359.3	14	240.7
12	11	-1	Miami	179.0	16	9	419.9	10	418.1
13	13	—	Seattle	132.5	12	14	283.5	35	95.7
14	14	—	San Diego	119.7	26	18	239.6	19	153.7
15	23	+8	Denver	117.7	18	17	244.2	9	465.6
16	16	—	Minneapolis	117.4	14	16	258.8	13	264.7
17	18	+1	Phoenix	110.9	17	13	302.3	16	207.5
18	17	-1	St. Louis	99.2	21	22	200.8	24	130.9
19	19	—	Baltimore	93.1	23	24	185.6	18	176.6
20	25	+5	Cincinnati	92.8	30	29	152.1	31	110.6
21	21	—	Tampa	89.5	15	19	237.6	15	236.9
22	24	+2	Portland OR	86.2	24	28	156.4	22	132.7
23	22	-1	Cleveland	83.8	13	15	259.3	17	181.3
24	20	-4	Pittsburgh	79.0	19	21	203.9	26	124.4
25	28	+3	Sacramento	75.6	20	23	194.1	28	120.2
26	38	+12	Orlando	72.3	22	20	213.6	20	137.8
27	37	+10	Charlotte	70.1	28	31	146.9	32	104.4
28	32	+4	Columbus OH	68.9	34	26	162.2	38	86.7
29	36	+7	Indianapolis	66.6	25	25	180.0	27	122.2
30	27	-3	Kansas City	66.2	32	30	149.8	20	137.8
31	29	-2	Milwaukee	64.5	31	33	144.6	29	115.1
32	34	+2	San Antonio	63.2	38	37	122.0	25	128.7
33	35	+2	Salt Lake City	56.7	36	35	135.0	42	71.8
34	44	+10	Nashville	53.9	33	34	136.0	39	81.8
35	42	+7	Hartford	53.3	27	27	156.7	23	132.2
36	48	+12	Raleigh	49.3	29	36	126.8	36	91.0
37	51	+14	Austin	48.6	63	53	76.3	n/a	n/a
38	39	+1	New Orleans	48.2	41	39	111.3	45	64.6
39	33	-6	Norfolk	46.4	40	44	92.3	33	97.2
40	45	+5	Las Vegas	45.5	64	38	115.9	n/a	n/a
41	43	+2	Memphis	43.6	42	43	96.0	37	87.7
42	40	-2	Buffalo	42.8	39	41	102.1	40	81.0
43	30	-13	*San Jose	42.0	n/a	n/a	***	n/a	n/a
44	15	-29	**Nassau-Suffolk	41.1	n/a	n/a	****	n/a	n/a
45	50	+5	Louisville	40.5	50	45	91.0	30	113.2
46	56	+10	Richmond	39.9	59	58	68.1	n/a	n/a
47	31	-16	Providence	39.6	47	55	75.2	41	74.7
48	53	+5	Jacksonville	39.5	54	47	88.5	n/a	n/a
49	49	—	West Palm Beach	38.5	44	40	102.2	43	67.1
50	52	+2	Oklahoma City	36.3	43	42	96.1	34	96.8

Radio markets missing in action: #26 Riverside-San Bernardino (embedded in Los Angeles radio mkt.), #41 Greensboro-Winston Salem, #46 Rochester NY, #47 Monmouth-Ocean (embedded in New York radio mkt.)

\*embedded in San Francisco radio market \*\* embedded in New York radio market

\*\*\*part of Los Angeles TV market \*\*\*\* part of New York TV market

Source: BIA (radio and TV), Competitive Media Reporting (newspaper)

by Carl Marcucci

## IBOC: Will new breakthroughs make it work?

As more European and Asian countries launch the Eureka-147 digital audio broadcast (DAB) system by the end of this month (showcased at the International Broadcasting Exhibition in Berlin), America's system, IBOC (In-Band On Channel), lags in the R&D phase.

That may soon change, thanks to new technical breakthroughs from the team of Lucent/Bell Labs and the consortium of USA Digital Radio (USADR—Westinghouse Wireless and Gannett). Since 1991, USADR has faced the challenge of developing a digital system to coexist with current analog stations.

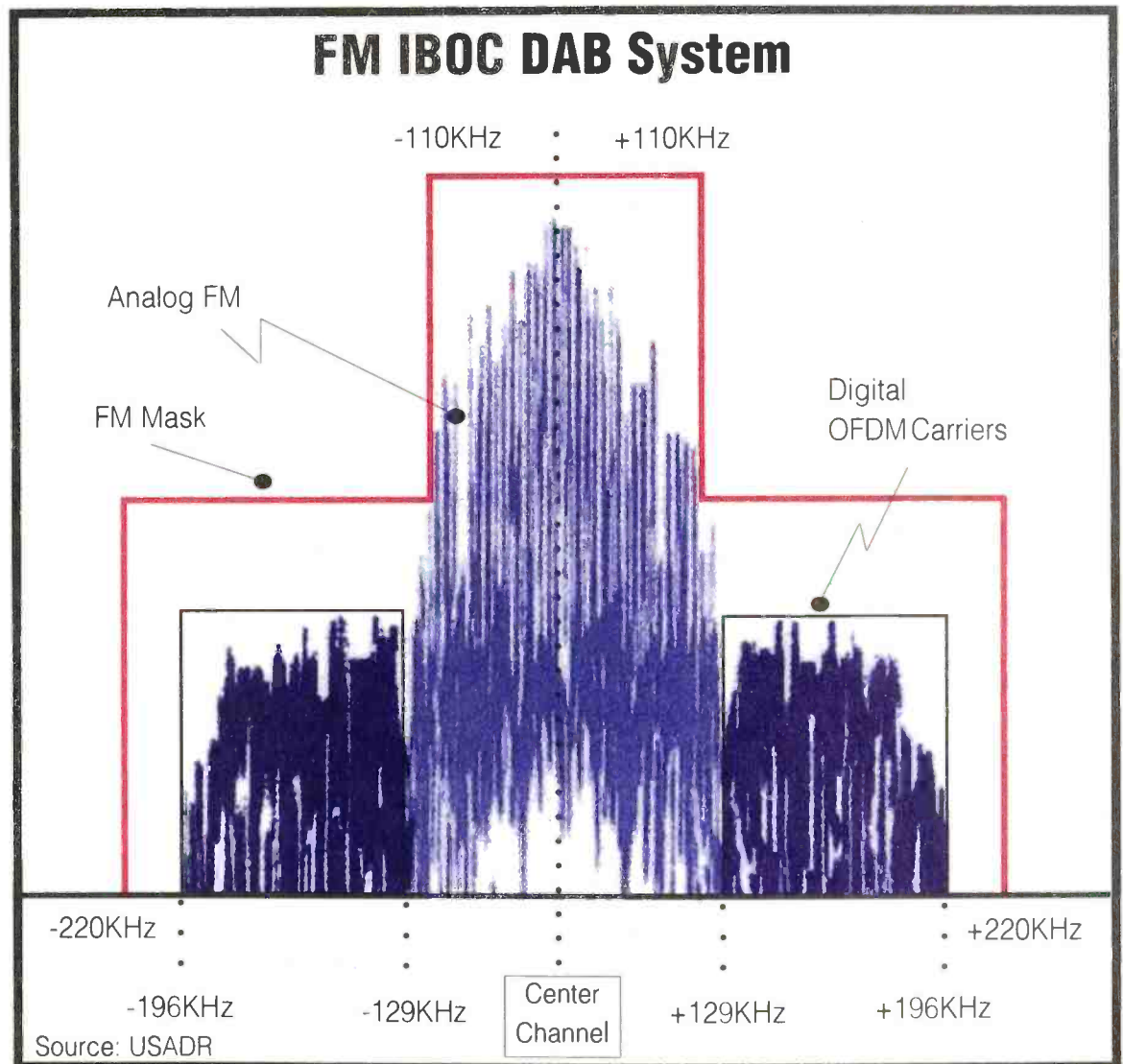
"We expect the new field tests to begin in early 1998," said **Suren Pai**, Director of Business Development, Lucent.

IBOC is the preferred digital system of US broadcasters. The competing system, Eureka-147 used in Europe and Canada, has been heralded by electronics manufacturers. However, in the U.S. all of the bands and frequencies Eureka could use are otherwise fully allocated—VHF, UHF and the L-band. The L-band would be the easiest vehicle, but The Defense Department is hanging on to it for aircraft telemetry.

In addition, "There's no initiative being considered in the US to allocate an appropriate spectrum for DAB," said **Ralph Justus**, director of engi-

neering Consumer Electronics Manufacturers Association (CEMA).

The NAB has made it clear that in the US there will be IBOC or nothing.



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Broadcasters like IBOC because it offers a smooth transition: to broadcast both analog and digital programming as a "simulcast" where listeners will receive the same familiar stations on the same dial settings whether they own an analog or digital radio.

Despite broadcaster support, it has been difficult to find a host station that will sponsor a digital carrier for testing. "The EIA and NAB have tried to recruit host stations for experimentation, but they won't allow it because they've heard it creates distortion and static on their analog carrier," said **Lisa Fasold**, staff director of communications, CEMA. The previous lab tests in 1996 were indicative of the static and distortion IBOC can create. USADR withdrew its IBOC system before the field testing phase because of disagreements on testing procedures and failure of the EIA to find a host station in the San Francisco trials.

The In-Band Adjacent Channel (IBAC) system was introduced by AT&T/Amati at the San Francisco tests, but was later found unacceptable because its adjacent channel placement would not coexist well in urban markets where there is already extreme dial crowding.

Now it's up to USADR and Lucent/Bell to engineer the future of DAB in America. If the two companies make IBOC work here, governments worldwide could also implement IBOC as their broadcast standard. Meanwhile, the radio manufacturers wait for an answer: what will they be providing the American consumer for DAB reception?

## Catch 22: The technical obstacles

There are three technical obstacles to a successful implementation of IBOC. Each interacts and affects the other: 1. Audio quality, 2. Compatibility with existing service, and 3. Effective coverage. Here we use FM as the example:

### 1. Audio quality

For audio quality, the limiting factors are bandwidth and kilobit transmission rate. The 220 khz FM band-

width IBOC can use is much narrower than the Eureka-147 system, which uses 1500 khz for multiple channels. The total 440 khz FCC FM frequency mask must fit both the analog and digital signals with room left over so there is no second adjacent channel interference (see diagram, p. 7). The extra space can be occupied by auxiliary data streams available for the broadcasters' use. Since the 220 khz spread over the center channel is occupied by the analog, the digital signal must fit on either side to avoid co-channel interference. The bandwidth left to work with is 110 khz on both sides, with an aggregate of 220 khz. With the narrow bandwidth, bitstream rate is limited. The lower the bitstream rate, the lower the digital sound quality produced.

### 2. Compatibility with existing service

Compatibility with existing service is the ability for the digital carrier to co-exist with the analog broadcasters—the in-frequency host and first- and second-adjacent channels surrounding it. With the AM and FM bands already crowded to capacity in most markets, the intrusion to first- and second- adjacent frequencies needs to be no more than the analog signal.

"The way to minimize co- and adjacent channel interference is to lower the power of the digital signal—thereby reducing effective coverage area and the robust-sounding signal," said Justus.

Fortunately, the digital FM signal can be transmitted at lower power than analog because it is more efficient. That, however, still raises coverage questions.

### 3. Effective coverage

In a previous test with WBBM-FM Chicago. USADR placed a 72-watt signal under their 96.3 mhz analog signal (4,200 watts) and it performed well with no interference. But will 72 watts cover the market? "I can't answer that now. Our plan is to tap the same coverage as the analog. We will find out the signal strength ratio of digital and analog in our upcoming tests," said **Rick Martinson**, project

## DAB/IBOC Timeline

1991

- USA Digital Radio formed: Partnership of Gannett, Westinghouse and CBS

1992

- Prototype development begins

1994

- Lab testing at NASA Lewis
- Canada's DRRI begins experimental Eureka-147 stations in Montreal, Toronto

1995

- On-Air IBOC Prototype testing/demo at NAB April Show in Las Vegas with KUNV FM and KUSA AM.
- Testing in Chicago on WBBM FM and WGCI FM.

1996

- Westinghouse takes lead in development, starts AM and FM analysis to improve on prototype system
- San Francisco tests for IBAC, IBOC (AT&T/Amati), Eureka-147, Voice of America JPL System: USADR drops out of field test portion for IBOC over testing disagreements
- Eureka-147 begins in Great Britain
- Eureka-147 begins in Germany; Canada begins digital network with Eureka-147

1997

- Westinghouse successfully simulates improved IBOC system
- Lucent joins Westinghouse in development, brings PAC and past IBOC development expertise

1998

- IBOC AM and FM lab and field tests planned
- Receiver and transmitter manufacturers start development

1999

- Commercial launch of AM/FM IBOC systems

Source: USADR/CEMA



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Colin Crowe - Voice: 011-612-9980-2111 Fax: 011-612-9980-1445

manager for IBOC at Westinghouse Wireless.

## The PAC promise

Given the three hurdles, experts look promisingly at Lucent's Perceptual Audio Coding (PAC). While the system is still under development for DAB, it may also be incorporated in CD Radio, which uses the S-band, and for audio improvement in Internet streaming technologies.

PAC addresses the audio quality, and some of the compatibility issues mentioned before. The algorithm offers high quality sound at lower bitstream rates. "Essentially PAC is the enabler—advancing performance and capability that IBOC is expected to deliver," said Pai. PAC instantly removes sounds the human ear can't process, lowering the necessary bitstream rate and thereby narrowing the signal's bandwidth.

With this, CD-quality sound can be delivered at only 96 kilobits per second (kbps) for FM and FM-quality sound with 48kbps for AM (the previous tests used 190kbps, which caused the interference). "Broadcasters were concerned with earlier first and second adjacent interference—now 96 kbps keeps it within the FCC frequency mask," said **Jeff Jury**, vp digital broadcasting Westinghouse Wireless.

PAC's bandwidth compression technology not only removes the perceptual irrelevancies (that we can't hear), but also the source redundancies: "We are using advanced signal processing techniques to eliminate source redundancies—or finding the most compact way to digitally describe a sound," said **Deephen Sinha**, project engineer Bell Labs/Lucent.

## Other IBOC technologies

PAC isn't the only breakthrough that promises IBOC's success. "We're going to a new waveform called 'Orthogonal Frequency Division Multiplex' (OFDM—see diagram p.7), which spreads the signal out using the side bands of the frequency [for AM and FM]. The signal is repeated on either side of the analog host. If you're driving from market #1 and listening to 97.1 and reception is starting to become interfered with by market #2's 97.3 station, the receiver will play only the signal on the lower side band of 97.1. This allows better reception between short-spaced markets such as Washington-Baltimore and New York-Philadelphia," said Martinson.

Sinha mentioned they are working with improved error correction schemes, which try to "smooth" any missing information from the signal which could be caused from multipath distortion or other signal degradation. He added that the improved channel coding scheme that supports OFDM allows the receiver to lock onto just one side band carrier if the other is impaired from ground clutter (as well as first-adjacent channel interference mentioned before).

The engineering team is also incorporating time diversity backup with the analog signal. This allows the radio to instantly switch to the time-delayed analog signal if

## Eureka's downside

Aside from the Defense Department's hold on the L-band, Eureka-147 may not be the worldwide solution for digital as it has been described. "Eureka is cellular—every broadcaster will have to put up many cell towers to reach the market as opposed to one main tower," said **Rick Martinson**, IBOC project director, Westinghouse Wireless. "It doesn't allow the kind of reception in buildings that FM does—they will need repeaters everywhere to reach people in downtown areas. Eureka asks broadcasters to give up beachfront property [the FM band] for swampland."

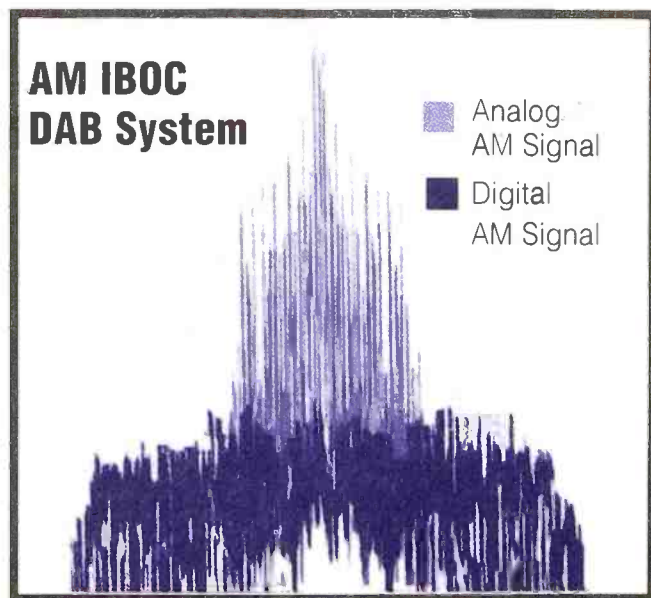
the digital carrier is blocked. So, instead of a digital dropout, the receiver will play the analog signal for up to a few seconds and then switch back to digital. The receiver's buffer will blend the analog signal seamlessly with the digital, so that there is no repeating of programming in transition.

The time diversity technology is also being applied to AM, along with quadrature modulation techniques to avoid interference with the existing analog—the digital subcarriers overlap the analog much more than for FM (see diagram, left).

## Closing in

"We've made tremendous progress in the last six months with Lucent solving some of the problems we had before. We're confident this will work," said Martinson, who is looking for a commercial launch of IBOC in 1999-2000. Before then, the plan is to test the new IBOC technologies in three phases: (1) In-house lab testing; (2) Testing over their own radio station and; (3) Testing on various AM and FM stations.

Added Sinha: "When I listen to the current system compared to what we had before, it is much improved. With the improvements in source coding [PAC], channel coding [supporting OFDM] and error concealment, I am very confident IBOC will fly."



Jacor has chosen the *Hot* Line POTS codec.

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## August 20—RBR Stock Index 1997

Company	Mkt:Symbol	8/13 Close	8/20 Close	Net Chg	Pct Chg	8/20 Vol (00)	Company	Mkt:Symbol	8/13 Close	8/20 Close	Net Chg	Pct Chg	8/20 Vol (00)
Ackerley	A:AK	14.500	14.000	-0.500	-3.45%	123	Jacor	O:JCOR	44.250	44.875	0.625	1.41%	2518
Alliance Bcg.	O:RADO	0.500	0.500	0.000	0.00%	0	Jeff-Pilot	N:JP	68.937	69.125	0.188	0.27%	1676
Am. Radio Sys.	N:AFM	41.125	45.625	4.500	10.94%	5403	Jones Intercable	O:JOINA	12.000	10.875	-1.125	-9.38%	3010
Ceridian	N:CEN	43.000	45.500	2.500	5.81%	1789	Katz Media Group	A:KTZ	10.375	10.375	0.000	0.00%	0
Chancellor	O:CBCA	39.875	38.750	-1.125	-2.82%	53	Metro Networks	O:MTNT	33.125	30.250	-2.875	-8.68%	25
Childrens Bcg.	O:AAHS	3.750	3.750	0.000	0.00%	183	New York Times	A:NYTA	45.812	48.312	2.500	5.46%	2034
Clear Channel	N:CCU	62.812	62.000	-0.812	-1.29%	705	News Comm.	O:NCOM	1.937	1.937	0.000	0.00%	0
Cox Radio	N:CXR	26.375	26.687	0.312	1.18%	540	Pacific R&E	A:PXE	3.000	2.875	-0.125	-4.17%	43
DG Systems	O:DGIT	6.125	6.500	0.375	6.12%	31	Paxson Commun.	A:PXN	12.000	11.875	-0.125	-1.04%	2190
Disney	N:DIS	79.000	80.375	1.375	1.74%	13266	Pulitzer	N:PTZ	52.625	52.812	0.187	0.36%	52
Emmis Bcg.	O:EMMS	42.500	43.500	1.000	2.35%	190	Saga Commun.	A:SGA	20.250	20.750	0.500	2.47%	158
Evergreen	O:EVGM	45.125	43.500	-1.625	-3.60%	3200	SFX Bcg.	O:SFXBA	64.000	67.750	3.750	5.86%	2431
Faircom	O:FXXM	0.375	0.375	0.000	0.00%	0	Sinclair	O:SBGI	38.000	37.000	-1.000	-2.63%	551
Fisher	O:FSCI	131.000	130.250	-0.750	-0.57%	6	TM Century	O:TMCI	0.468	0.468	0.000	0.00%	0
Gaylord	N:GET	23.312	23.437	0.125	0.54%	2809	Triathlon	O:TBCOA	7.250	7.687	0.437	6.03%	101
Granite	O:GBTVK	11.125	11.000	-0.125	-1.12%	1938	Tribune	N:TRB	49.875	51.000	1.125	2.26%	2767
Heftel Bcg.	O:HBCCA	68.500	65.125	-3.375	-4.93%	451	Westinghouse	N:WX	25.437	26.500	1.063	4.18%	15805
Heritage Media	N:HTG	19.312	20.187	0.875	4.53%	6708	Westwood One	O:WONE	31.875	30.000	-1.875	-5.88%	666

### Q2 earnings

- Metro Networks (O:MTNT) reported Q2 revenues up 28.3% to \$34.7M. Cash flow (EBITDA) gained 10.1% to \$8.9M. Net income rose 14.2% to \$3.5M. Radio station affiliates were 1,459, up 175 from a year ago, and TV station affiliates were 123, up 13.
- Children's Broadcasting Corp. (O:AAHS) had total Q2 revenues of \$1.4M, up 6.5% from a year ago. Revenues for its O&O and LMA'd stations rose 2.4% to \$1.1M. Network revenues gained 23.7% to \$308,000. Both the network and stations continued to operate with negative cash flow. The company's net loss improved 6.3% to \$3.2M.
- Katz Media Group (A:KTZ) said Q2 net operating revenues slipped 5.4% to \$45.5M. Cash flow (EBITDA) decreased 14.7% to \$11M. The company posted a net loss of \$3.6M, compared to net income of \$1.6M a year ago. Katz Media Group, the nation's largest media rep company, has agreed to be acquired by Chancellor Media for \$373M (RBR 7/21, p. 2).
- Redwood Broadcasting (Over-the-counter bulletin board: RWBD) reported Q2 net revenues of \$340,000

and net income of \$32,000 for its recently acquired stations in the Redwood, CA market. Redwood Broadcasting, headed by **John Power**, is a majority owned subsidiary of Redwood Microcap Fund (O:RWMC).

### Keep on truckin'...

Veronis, Suhler's VS&A Communications Partners II (the venture capital fund backing **Lee Simonson's** Broadcasting Partners Holdings) has a \$145M deal to buy out the public shareholders of T/SF Communications Corp. (A:TCM), based in Tulsa, OK. T/SF shareholders will be paid \$42.50 per share.

T/SF once owned the defunct *Tulsa Tribune* (a daily which shut down in 1992), but its current businesses are, to say the least, diverse: 1) G.E.M. Communications, which owns trade publications for the gambling industry and holds trade shows for casino executives; 2) exposition services, including Galaxy Registration, which handles registration and marketing for conventions, and Atwood Convention Publishing, which publishes convention directories and daily newspapers (it used to have the NAB con-

tracts); and 3) information services division. The latter division is the most unique, consisting of Transportation Information Services Inc., which checks criminal records and does other pre-hiring screening of truck drivers, and CORSEARCH Inc., which does trademark and tradename research.

T/SF had 1996 revenues of \$68.6M and recently reported revenues of \$36.9M for the first half of 1997, up 22% from a year ago.

### Gaylord, Disney team up

Gaylord Entertainment's (N:GET) Wildhorse Saloon is opening its first theme park location. Strangely enough, it won't be at Gaylord's Opryland U.S.A. in Tennessee, but rather at Disney's (N:DIS) Walt Disney World Resort in Florida.

Gaylord's partner in the Wildhorse project, Levy Restaurants, already operates three restaurants at Walt Disney World. The 27,000 square-foot Wildhorse Saloon restaurant and "entertainment venue" is expected to open at Walt Disney World in Spring 1998.

The original Wildhorse Saloon has been operating in downtown Nashville for three years.

by Jack Messmer

## Randy's on an AM binge: Buying in Cleveland, swapping in SLC

Jacor Communications (O:JCOR) CEO **Randy Michaels** loves big signal AMs. It seems he just can't get enough of the senior band behemoths to carry Jacor's ever-increasing commitment to Talk and Sports programming. In his latest moves, Michaels has added a second AM in Cleveland and swapped for number three in Salt Lake City.

### 2nd Cleveland AM

Cablevision's (A:CVC) CV Radio Associates is selling its only radio property, WKNR-AM Cleveland, to Jacor for \$8.4M. The 50kw Sports station on 1220 kHz will pair nicely with Jacor's recently-acquired News/Talk WTAM-AM (also 50kw on 1110 kHz) and AC WLTF-FM. Look for Jacor to go after more radio acquisitions in northeast Ohio, in keeping with

Michael's regional strategy. Jacor now has deals pending to buy four stations in the nearby Youngstown market (Arbitron #92), along with the Cleveland (#22) trio. **Broker: Bill Steding**, Star Media Group

### Swapping with Trumper

It's not often you see two group owners swapping an AM for an FM in the same market, even-up, with no extra cash changing hands. This deal, however, makes sense for both sides.

Jacor gets a third AM signal right in the heart of Salt Lake City, Arbitron market #35. Sports KISN-AM is 5kw, but at 570 kHz it puts a big signal over the market. Jacor already has a 50kw signal with KFAM-AM, 700 kHz, and another 5kw with KALL-AM, 910 kHz. Although it had to trade off an FM, Jacor still retains four Class C FMs in SLC.

In return, Trumper Communications gets rim-shooter KBKK-FM (licensed to Spanish Fork, UT, with a CP to upgrade to full Class C), which Jacor just bought for \$4.5M. Trumper ends up with three FMs in Salt Lake City, plus an LMA of KRKR-FM.

### Regent is WINGing it

At long last, WING-FM is getting a legal union with WING-AM in the Dayton market. Regent Communications, which is already buying WING-AM & WGTZ-FM from Great Trails for \$18.4M (*RBR* 7/21, p. 18), has filed to buy LMA partner WING-FM from Capstar for \$3.55M.

### Ingstad adds five stations

Group owner **Tom Ingstad** is expanding to create a superduopoly in Grand Forks, ND, plus acquiring three stations in Minnesota. He'll pay various companies headed by **David Ramage** \$2.75M for KKXL-AM & FM Grand Forks ND, KDMA-AM & FM Montevideo MN and KKRC-FM Granite Falls MN.

### Merger votes set

Shareholders of Evergreen Media (O:EVGM) and Chancellor Broadcasting (O:CBCA) are set to vote September 3rd on merging the two companies into one, to be known as Chancellor Media. Under the merger deal, first announced in February (*RBR* 2/24, pp. 2 & 10), Chancellor Broadcasting shareholders will receive 0.9091 shares of stock in the surviving company for each share they now own, with fractional shares to be redeemed in cash, based on Evergreen's pre-merger stock price. Evergreen shareholders will continue to own the same number of shares in the surviving company.

### Hicks puts trust in Andy

Former FCC Commissioner **Andrew Barrett** has been tapped as trustee for Capstar's WJBR-FM Wilmington,

Scott K. Ginsburg, Chairman of  
**Evergreen Media Corporation**

*has completed the sale of*

**WPNT-FM  
Chicago Illinois**

*to*

Bruce Reese, President of  
**Bonneville International Corporation**

*for*

**\$75,000,000**

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## Capstar update: revenues rising, deals pending

Broadcast cash flow gained 140.2% in Q2 for Capstar Broadcasting Partners, hitting \$9.6M. According to the company's recent SEC filing, net revenues rose 154.4% to \$27.8M. Capstar, in a separate announcement, said same-station cash flow gained 22.3% and revenues 12.5%

To update you on Capstar, which has an IPO pending (but no date set for the sale of public stock), we've recapped (below) the company's closed and pending acquisitions. Once all pending deals close, CEO **Steve Hicks** and his backers—brother **Tom Hicks**' Hicks, Muse, Tate & Furst—will have expended over \$1.2B in cash, stock and assumed debt to assemble the largest radio group ever in terms of stations (233 at last count) and the seventh-largest in terms of annual billings (\$287.5M in 1996, according to BIA).

The SEC filing revealed that the US Department of Justice's (DOJ) Antitrust Division has raised questions about the combined ownership of Capstar and Patterson in the Allentown-Bethlehem, PA market (Arbitron #65). Capstar said it is in discussions with DOJ to resolve the issue.

### The building of Capstar

Closed deals (month closed)	(\$000,000)
Original platform, previously Commodore (7/96)	\$200.0
Osborn Communications (2/97)	\$118.8
WACT-AM & FM Tuscaloosa, AL (4/97)	\$1.0
Melbourne-Titusville, FL superduop (4/97)	\$12.0
Dixie/Radio WBHP, Huntsville, AL (5/97)	\$24.5
GulfStar Communications (7/97)	\$232.5
Two of eight GulfStar-announced acquisitions (7/97)	\$7.4
Community Pacific (7/97)	\$35.0
Cavalier Communications (7/97)	\$8.0
Benchmark Communications (8/97)	\$176.2
<b>Total closed deals</b>	<b>\$815.4</b>

Pending deals	
Madison Radio Group	\$38.8
Remaining six GulfStar-announced acquisitions	\$11.0
Commonwealth Broadcasting of Arizona	\$5.3
COMCO Broadcasting	\$6.7
WNOK-FM Columbia, SC	\$9.5
WJLM-FM Roanoke (Salem), VA	\$3.1
Ameron Broadcasting	\$31.5
Swap with SFX (Greenville, SC for Wichita, KS & Daytona Beach, FL)	—
Griffith Broadcasting	\$5.4
Quass Broadcasting	\$14.9
Patterson Broadcasting	\$215.0
Grant Communications	\$3.2
Knight Quality Group	\$60.0
<b>Total pending deals</b>	<b>\$404.2</b>
<b>Grand total (closed &amp; pending)</b>	<b>\$1,219.6</b>

Source: Capstar Q2 report to SEC

# SOLD!

**KISS-FM, KULP-AM and KSMG-FM, San Antonio, Texas from KISS Radio of San Antonio, Jay Jones, President, to Cox Radio, Robert Neil, President and CEO.**

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Broker

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CHARLES E. GIDDENS  
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RANDALL E. JEFFERY, JR.  
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*Subject to F.C.C. approval*

continued from page 12

DE, pending an eventual sale to **Frank Washington**. The move will keep Capstar backer Hicks, Muse under the ownership limit in the Philadelphia-Wilmington area when Chancellor (O:CBCA) and Evergreen (O:EVGM) merge.

In the complicated deal, Washington will pay \$280,000 for voting control of WJBR-FM. A year after closing, he'll have the right to buy the remaining equity for the fair market value. Capstar is keeping WJBR-AM.

**RBR observation:** Washington, you may remember, had the cable deal with Viacom (A:VIA) which led to the Republican Congress' elimination of the minority tax credit.

### Liberman into TV for \$60M

Liberman Broadcasting is leaping into TV with a \$60M buy of KRCA-TV (Ch. 62), an L.A. market station licensed to Riverside, CA. The station is a Spanish independent, which will fit perfectly with Liberman's five Spanish radio stations in L.A.

Seller Fouce Amusement Enterprises bought the station in 1990 for

only \$4.385M, so the **Fouce** family is getting quite a return on its investment. Even so, a broker not involved in this TV deal called it a "steal" for Liberman, when contrasted with the prices being paid for radio stations in the L.A. market. Broker: Kalil & Co.

### KIIS rumor sweeping Web

According to that modern day source of all truth and knowledge, the Internet, Jacor Communications (O:JCOR) is out to buy every station on 102.7 MHz in California and Arizona (five in all, including a Religious station in the middle of the Navajo Reservation) for a regional expansion of KIIS-FM Los Angeles.

Of course, to buy one must have sellers, and the station owners we reached were surprised and amused at the prospect.

McCarthy Wireless' KEGR-FM Red Bluff, CA was specifically cited in one posting as having received a Jacor offer on August 14. "I have not heard that," was **Craig McCarthy's** bemused reply when we asked him about the "offer" on August 18.

By far the most valuable of the

### RBR's deal digest

Saga Communications (A:SGA) has converted its LMA to a buy with a \$3.3M price tag for WOXF-FM Bedford-Manchester, NH. Broker: **Mitt Younts & Robert Maccini**, Media Services Group... Beasley Broadcast Group is growing its Ft. Myers-Naples operation into a superduopoly with a deal to buy Linn Broadcasting's WJBX-FM & WJST-FM... **R. Lee Hagan's** Purchase Broadcasting is buying **Vic Bosiger's** WCSN-FM Orange Beach, AL for \$800,000. Broker: **Ed Henson**, Henson Media

Jacor "targets" is Americom's KTHT-FM Fresno. "We're not selling it to them," said Americom President **Tom Quinn**, who got quite a chuckle.

Also laughing was Jacor spokeswoman **Pam Taylor**. "I have no clue what the Internet does," was her response to the postings.

**RBR observation:** Why stop at two states? There only 61 stations nationwide on 102.7 MHz. Why not buy them all?

**Rick Dees** could go on the air at 3:00 am L.A. time to do wake up for the folks in Manchester-Rutland, Vermont and finish his show nine hours later at mid-morning in Waipahu-Honolulu, Hawaii.

### CP signed-on

4M Communications has fired up WVNS-AM Claremont, VA, a new 20kw signal on 670 kHz for the Norfolk market. The All Newser is being sold separately and in combination with WVNZ-AM (990 kHz) Richmond. The stations are cross-promoting to keep news junkies tuned in "From the Capital to the Coast." 4M also owns WVBV-AM (formerly WFOG) Norfolk, "Virginia's Business Voice."

# CLOSED

July 1997

**Greater Media, Inc.**

**Tom Milewski, Chief Operating Officer**

*has sold the assets of*

## WLLZ

**Monroe/Detroit, Michigan**

to

**Crawford Broadcasting Company**

**Donald B. Crawford, President**

We represented the seller in this transaction.

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**Transaction Digest**  
continued from page 16

**\$320,000—KRBZ-FM** Reedsport OR from Fafara Partners (Colleen Fafara, who became sole partner following death of her husband) to Pioneer Broadcasting Company of Oregon (Matthew N. Clapp Jr.) \$30K earnest money, balance in cash at closing. Station has CP to upgrade to Class C3. LMA until closing.

**\$225,000—WNEB-AM** Worcester MA from Bob Bittner Broadcasting Inc. (Bob Bittner) to Heirwaves Inc. (Stephen & Cathy Binley, Mary Ciras, Douglas Geeze, Ted Leth-Steensen, Steve Tuzeneu, Chet McCord). \$25K deposit, balance in cash at closing. Notes: Steve Tuzeneu is Station Manager of WVNE-AM Leicester-Worcester and Stephen Binley is employed by WFXT-TV Boston.

**\$130,000—WSPZ-AM** Tuscaloosa AL from GMC Broadcasting Inc. (Walter Grant) to Birmingham Christian Radio (Bishop L.E. Willis Sr.), part of the Willis Broadcasting group. \$20K escrow, additional \$45K downpayment, additional \$65K in cash at closing. LMA since March 26.

**\$99,000—WFMN-FM CP** Jackson MS (Flora MS). 25% of Crossroads Communications Inc. from Douglas B. and Darryl K. DeLawder to TeleSouth Communications Inc. (Steve Davenport, Brand Henley Jr., James W. Henley, Will S. Henley III, John H. Henley, C. Patton Henley and Ross E. Henley). Buyers have option to buy

station based on appraisal with price not to exceed \$400K. Douglas DeLawder will function as station manager.

**\$62,500—WRAG-AM** Carrollton AL from Grant Radio Group LLC (Walter Grant) to Birmingham Christian Radio (Bishop L.E. Willis Sr.), part of the Willis Broadcasting group. \$40K escrow to transfer at closing, \$22.5K note.

**\$41,250—KBEN-AM** Carrizo Springs TX from Noelia S. Hobart to Sylvia Mijares. \$4,100 escrow, balance in cash at closing. Mijares is also purchasing KHER-FM Crystal City TX from seller.

**\$19,303—\* KFIX-FM CP** Plainville KS from Charles Alan Farr dba Gatoradio to Radio Inc. (Richard Kuehl). \$11,110 escrow, balance in cash at closing. **Superduopoly** with KJLS-FM Hays KS and KKQY-FM CP Hill City KS. Farr will become PD for KFIX.

**\$5,000—KNJP-FM CP** Sargent NE from Sandhills Giant Inc. (E. Eugene McCoy Jr. et al) to Three Eagles of Columbus Inc. (Rolland C. Johnson et al), a subsidiary of Three Eagle Communications Inc. Cash.

**N/A—KJAY-AM** Sacramento from Teresa & Trudi Powell, co-executors of the Estate of Jack L. Powell to KJAY L.L.C. (Teresa A., Trudi M, Jack T. and Tiffany M Powell). Redistributes ownership of station among brothers and sisters in accordance with the will of Jack L. Powell.

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**CLOSED**

July 1997

**Greater Media, Inc.**

Tom Milewski, Chief Operating Officer

has sold the assets of

**WNFT**

Boston, Massachusetts

to

**American Radio Systems Corporation**

Steve Dodge, Chief Executive Officer

We represented the seller in this transaction.

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## RADIO OUTLOOK 1997

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

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



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# TRANSACTION DIGEST™

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Aug. 13 through Tuesday, Aug. 19. 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.

**\$90,000,000—\* KCWW-AM & KNIX-FM Phoenix** (Tempe-Phoenix AZ) from Owens Broadcasting LLC (Alvis "Buck", Michael, Mel Jr. & Alan Owens) and **KESZ-FM & KOAZ-FM Phoenix** (Phoenix-Glendale AZ) from MAC America Communications Inc. (Delbert, Jewell, William, John, Delbert Jr. & Leah Lewis, William Miller) to Owens MAC Radio LLC (50% Owens Broadcasting, 50% MAC America). Merger with both companies contributing stations and cash, plus the merged entity is borrowing \$35M. Total value estimated by RBR. Creates **superduopoly**.

**\$75,000,000—\* WONE-AM, WTUE-FM, WMMX-FM, WXEG-FM, WBTT-FM & WLQT-FM Dayton** (Dayton-Beavercreek-Englewood-Kettering OH) from American Radio Systems License Corp. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM), to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). Tax-free exchange for four Kansas City stations (RBR 6/23, p. 13, and below). Value estimated by RBR. Existing **superduopoly**. Note: All contours of this superduopoly are completely encompassed by Jacor's WLW-AM Cincinnati and several of these stations have contour overlaps with other Cincinnati or Columbus stations owned by Jacor. However, no more than five FMs or four AMs overlap at any point, and no more than eight stations total at any point. The total number of signals in the market, 139, far exceeds the 45 required for the top ownership limit tier.

**\$45,000,000—\* KYYS-FM & KMXV-FM Kansas City** from Citicasters Co. & Jacor Licensee of Kansas City (Randy Michaels), subsidiaries of Jacor Communications (O:JCOR), to American Radio Systems License Corp. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM). Tax-free exchange as part of swap for six Dayton stations (above). Value estimated by RBR. **Superduopoly** with KOWW-AM, KFKF-FM & KBEQ-FM.

**\$37,000,000—\* KLOU-FM St. Louis** from ECI License Company L.P. (Joe & David Field), part of the Entercom group, to American Radio Systems License Corp. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM).

Tax-free exchange for WDAF-AM & KUDL-FM Kansas City (below) and \$7M cash. Total value estimated by RBR. **Superduopoly** with KFNS-AM, KEZK-FM, KSD-FM & KYKY-FM.

**\$30,000,000—\* WDAF-AM & KUDL-FM Kansas City** from Citicasters Co. & Jacor Licensee of Kansas City (Randy Michaels), subsidiaries of Jacor Communications (O:JCOR), via American Radio Systems License Corp. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM), to ECI License Company L.P. (Joe & David Field), part of the Entercom group. Tax-free exchange as part of Jacor's swap for six ARS Dayton stations, in turn being exchanged in partial payment for KLOU-FM St. Louis (above). Value estimated by RBR. **Superduopoly** with WHB-AM, KMBZ-AM, KCMO-FM & KLTH-FM.

**\$4,000,000—\* KCTC-AM Sacramento** from American Radio Systems License Corp. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM), to ECI License Company L.P. (Joe & David Field), part of the Entercom group. \$4M cash. This deal is part of a larger exchange of stations in Kansas City and St. Louis (above). **Superduopoly** with KBYA-FM, KRXQ-FM, KSEG-FM & KXOA-FM.

**\$2,750,000—\* KKXL-AM & FM Grand Forks ND, KDMA-AM & FM Montevideo MN and KKRC-FM Granite Falls MN** from Excel Broadcasting Corp., Eagle Broadcasting & Kilo Broadcasting Inc. (David Ramage) to Iowa City Broadcasting Co. (Thomas Ingstad), part of the Tom Ingstad Broadcast Group. \$75K escrow, balance in cash at closing. Note: The Grand Forks combo is being purchased "as is," due to flood damage. The seller retains the right to insurance claims. **Superduopoly** in Grand Forks with KTRF-AM, KSNR-FM & KQHT-FM. LMA since Aug. 1.

**\$500,000—\* WBZN-FM Bangor** (Old Town ME) from Eclipse Broadcasting Inc. (John Elliott) to RHFm Inc. (Rudolf F. Haffenreffer IV). \$15K escrow, balance in cash at closing. **Duopoly** with WQCB-FM. LMA since July 16.

**\$450,000—\* KCTO-FM Monroe LA** (Columbia LA) from Tom D. Gay to Sound Broadcasting Inc. (Robert D. Dodenhoff), a subsidiary of Broadcasting Partners Holdings LP (Lee Simonson). \$300K cash, \$150K note. **Superduopoly** with KMYF-FM and KYEA-FM, coming in separate, concurrent deals (see above). **Broker:** Gordon Rice Associates

**\$375,000—KWIQ-AM & FM Moses Lake WA** from KWIQ Inc. (Gerald King) to Pioneer Broadcasting Company Inc. (Matthew N. Clapp Jr.). \$25K escrow, balance in cash at closing.

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