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**T**wo weekends ago, Clear Channel managers spent three hours with programming experts in all formats. The panel included programmer/consultant Pam Shane who gave the "state of the union" for Country radio. Shane Media CEO Ed Shane outlined the status of News and Talk.

**For market availability, call Shane Media, 713-952-9221**



### Amcast memo controversy follows ABC exit from Katz

by Katy Bachman

The Amcast memo leaked to the *NY Daily News* caused a media feeding frenzy that has prompted strong reaction from many corners of the radio biz. "It is certainly racially derogatory and insulting," said **Jesse Jackson**, CEO, Rainbow-Push Coalition.

While there's no way anyone can defend the ill-advised, ill-conceived memo, its timing is suspicious. The newspaper report comes one week after ABC (N:DIS) pulled its representation from Katz and signed with Interep, a move no doubt that scuttled the jobs of more than one Amcast employee (*RBR* 5/4, p. 3).

In a prepared statement released the same day as the *Daily News* article (5/12), Katz Radio President **Stu Olds** responded that the 12-page memo was a year old and was "carelessly paraphrased and intentionally misrepresented."

That response apparently wasn't enough for the National Association of Black Owned Broadcasters (NABOB), which the next day called for the FCC and the Department of Justice to investigate "that a radio station representation firm owned by Chancellor Media (O:AMFM) systematically advised advertisers to eliminate or minimize all of their advertising on Black and other ethnic-oriented stations."

The memo and the reaction it is drawing underline the problem that Urban and Hispanic stations have closing the gap between

ratings and revenue. "This kind of racially motivated attempt to undermine the financial viability of African-American owned broadcast stations is exactly the kind of abuse we have been trying to prevent," said NABOB Chairman **Pierre Sutton**. "This is just the tip of the iceberg which we will confront as the broadcast industry continues to be consolidated into the hands of a small group of conglomerates."

Even though Chancellor did not own Katz at the time the memo was written, NABOB general counsel **James Winston** characterized Chancellor as "one of the companies which is rapidly buying up stations and putting pressure on some of our owners to consider selling out. The Amcast memo appears to be clear evidence of anticompetitive conduct on the part of Chancellor."

Olds told *RBR* that the memo was never used externally nor circulated internally and that it was "killed" when it first appeared more than a year ago. "We have a Hispanic division and we represent wonderful Urban radio stations; we've put out pieces that are extremely positive about Urban and Hispanic radio."

**RBR observation:** Chancellor owns quite a number of Urban stations, which Katz reps. Something doesn't make sense and there's obviously another agenda at play here. That aside, there is certainly a marketing challenge facing Urban and Hispanic stations; many earn top ratings in their markets, yet struggle to make the case to advertisers that their rates should be commensurate with their ratings. That perception is changing slowly, but this incident and all the noise around it doesn't help.

News continued from page 2

### Clinton notices mergers

by Frank Saxe

Merger mania has the attention of the Clinton Administration. The White House established a high-level group last week to look at whether competition is suffering as a result of multi-billion dollar deals, broadcast corporations included. No single merger prompted the Clinton move, but the trend has been impossible to ignore.

The Rainbow/Push Coalition is also calling on Congress to repeal several key provisions of the Telcom Act. "The 1996 Act has brought us monopoly, reduced diversity of ownership, higher prices and poorer service. It has allowed too few people to control too much of the media," said Rev. **Jesse Jackson**, CEO, Rainbow Coalition.

The National Association of Black-Owned Broadcasters agrees. "The industry is changing in ways that Congress didn't intend," said **James Winston**, executive director, NABOB. He believes minorities are being shut out by consolidation. "Something needs to be looked at before the situation gets worse."

Some ad agencies have complained that consolidation is driving up rates. A symptom, said Jackson: "When they are merging, like all first marriages, there are big promises. But once they consolidate, they resort to their base character."

### RBR News Briefs

► The Congressional Hispanic Caucus is asking the NAB to urge radio and TV owners to follow the EEO guidelines struck down by a DC court last month (*RBR* 5/11, p.3). The NAB has met with FCC Chair **Bill Kennard** to come up with proposals regarding his desire to increase minority ownership and expects to present its plans to the FCC within the next few months.

► The NAB has asked for, and has received, a longer comment period from the FCC on its biennial ownership review required by the Telcom Act. The NAB is conducting several ownership studies, which won't be completed until July—beyond the FCC's May 22 cut-off date. The Joint Board of Directors next meeting will not be held until June 27-30, when the NAB's position on several major subjects will be decided.

#### ► First Boston, now Sacramento gets redefined

Using new criteria, Arbitron will redefine for Fall '98 its second metro, Sacramento (#27), at the request of all four subscribing station owners. Two split counties are being deleted from the metro—Placer (East) and El Dorado (East). Another split county, Nevada (West), will be added to the metro. Total pop. gain: 18,100. Sample target increase: 1.3%. Subscribers have agreed to pay Arbitron 0.67% more. The redefinition reflects the growth of Sacramento to the northeast and recognizes the limited listening from counties interrupted by the mighty Sierras.



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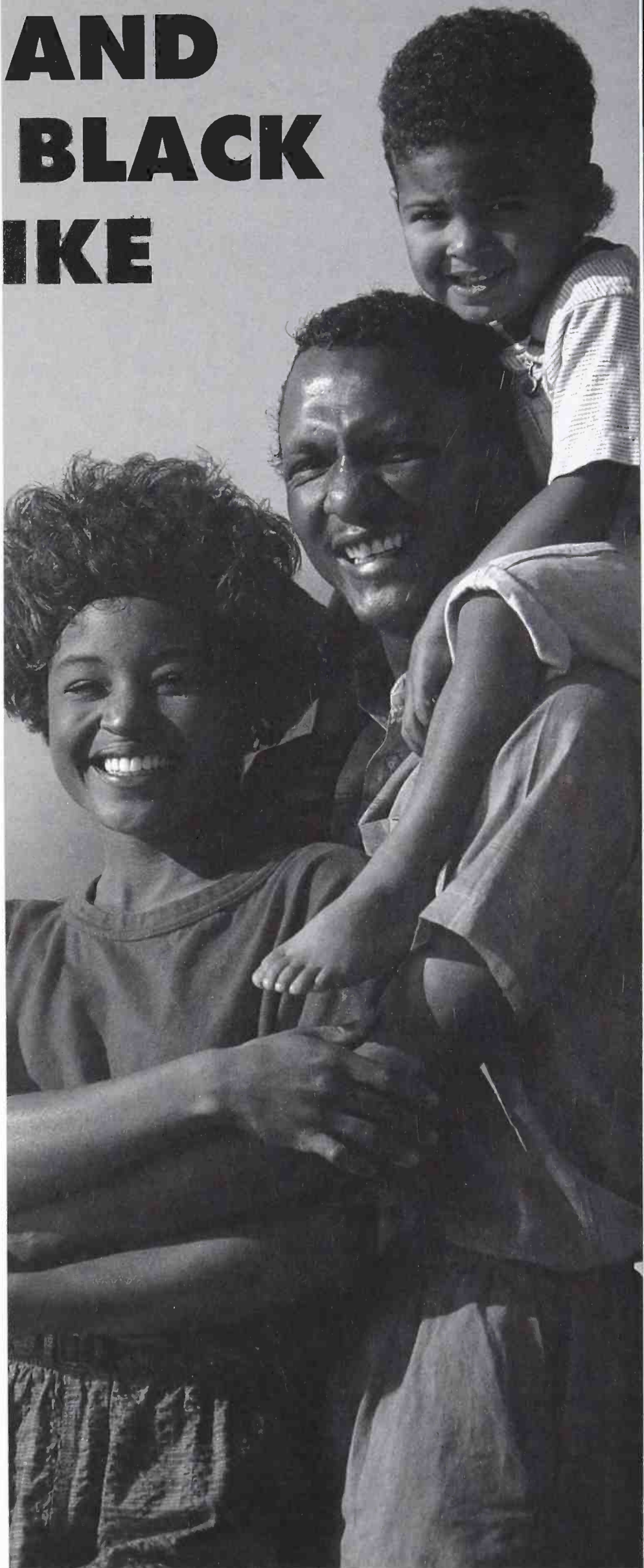
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by Carl Marcucci

## Jacor's WAN gets its nets in a row

Wide Area Networks (WANs) are nothing new to the corporate world. But until broadcasters had a need to tie together multiple "branch offices," WANs were rare in the industry. Now that radio is big business, groups such as Jacor (O:JCOR) are making WANs a top priority—not only for sharing back office functions, but music, production, programming, traffic, billing, logs and yes, e-mail.

The need to first establish the system for business and administrative functions which leads to bottom-line savings quickly springboards to moving audio. It's not just production, spots and liners which will be pushed over these networks, but news, music and feature programming. Today, the buzzword is "virtual radio," where a central location can have DJs supply voice tracks for multiple stations in the chain. Those tracks (and logs if necessary) are imported into each station's digital on-air/storage system, which can electronically merge the information for its master log. With a press of a button, the station is automated with a big-market sound.

In the early stages of leveraging its WAN, Jacor has linked with its programming arm, Premiere Radio Networks. It also decided on Novell software to manage its accounting, financial, payroll, marketing, human

resources and e-mail network (*RBR* 3/30, p. 3). **Bill Suffa**, VP strategic development, says Jacor has been bringing sites up since the first of the year with all the stations tied in by some means to a central accounting server since early last year. The business WAN should be fully utilized by the end of the summer.

As for audio, Jacor hopes to choose before Memorial Day which digital on-air storage/automation system will be used throughout its group of stations. The fact that only one can be chosen has been the subject of careful consideration. Said Suffa: "What it's come down to is I can't choose the best system for a given station. The manufacturers have not set a standard for exchanging data between their different systems. When you send a file, you're not just sending the audio, you're sending the header information, intro times of the song, hit points and data on the artist."

What's at issue is database manipulation—the way the information is transmitted. A file sent over the RCS system is different than Prophet's, Enco's, CBSI's, Dalet's and BE's—and vice versa. "Sometimes, you have to modify the files just to get the music itself through," said Suffa. "And, when one group buys another, it's a huge capital and timing expense

to convert everything over to one system."

With the purchase of NSN Network Services (*RBR* 4/14/97, p. 3), Jacor will have the choice of sending programming over satellite or the WAN. Because WANs still don't allow broadcast-quality real-time audio transmission, Jacor will employ NSN's higher bandwidth for long-form programming. "We have for a number of months been sending 'The Garden Show' from Cincinnati to Lexington via satellite because it's a real-time program. With Premiere, we use the traditional broadcast network model. **Rush, Dr. Laura, Dr. Dean Edell, Art Bell**, etc... will be [co-transmitted over] NSN in the near future," said Suffa.

While it's usually more cost-effective to send spots and production by WAN than satellite, programming can be a toss-up. "There is a break point where it's more cost efficient to send audio one way or the other (in terms of the length and time-sensitivity of the program). Our goal is essentially to have it automatic," said Suffa.

The end result is that Jacor can cross-utilize programming and talent formatically. "Under our model, 'The Mix' of Cincinnati produces spots, liners and production for 'The Mix' stations in Lexington, Lima and Day-

*continued on page 8*

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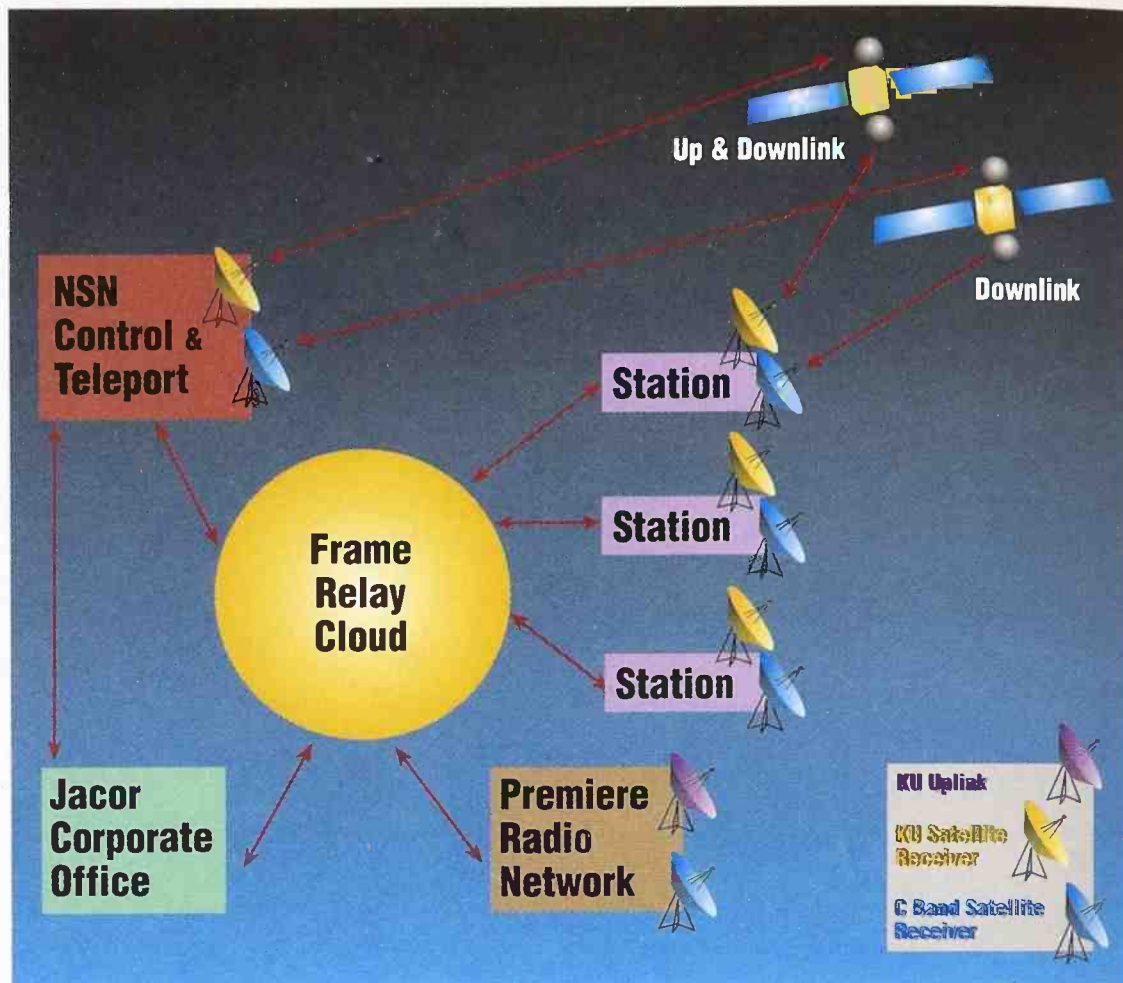


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ton," says Suffa. WONE-AM Dayton and WSAI-AM Cincinnati are linked with RCS Master Control NT audio servers across the WAN sharing programming, logs and inserts automatically, while in Idaho, "spoke" stations are receiving programming via NSN satellite (see chart, at right). Boise delivers live programming to Twin Falls, Idaho Falls and Pocatello stations where commercials are inserted.

Jacor's regional news network, launched April 24 at WLAP-AM Lexington, KY, also leverages the WAN with WLW-AM Cincinnati, coupled with national and international stories from ABC. Local story text in Lexington will be sent to Cincinnati's 12 in-house reporters, anchored out of Cincinnati and customized to WLAP. Those stories are assembled with ABC's and sent to WLAP where local staff will co-anchor the final product. Said Jacor's National Programming Coordinator **Sean Compton**: "This started out as an experiment, but will lead to bigger things and eventually to bigger markets."



Leveraging perhaps the most complicated WAN, Jacor's design incorporates Premiere and NSN.

## GulfStar engineers go mobile

Watch out—GulfStar may be monitoring your signal processing settings this Summer. It's all part of a three month mobile mission organized by GulfStar's Director of Engineering **Frank McCoy** to tune up the audio chain at GulfStar's 70+ stations, many of which were previously independent "mom & pop" stations that may need some audio attention.

Beginning in June, McCoy, along with other GulfStar engineers and equipment manufacturer reps (called "STAR team '98" for Studio Technical Asset Redeployment) will board a motorhome bristling with antennas and black boxes. Also known as "Nerds on Tour," STAR Team '98 will be monitoring not only GulfStar stations, but every market format competitor to best position GulfStar stations sonically.

"We now have on the front end, as a result of [our acquisition of] Prophet Systems, (RBR 4/6, p. 4) a uniform library (which is playing

particular songs at multiple stations at the same time) of music. I'd like to use that uniform platform to determine how we need to be sounding in every one of the markets," said McCoy.



Audio Precision's System II Dual Domain Analyser

While rarely used for this type of application, current technology allows the precise measurement of processing structures from just one song. Says McCoy: "Through the entire play of the song, we can determine what the spectral components are, both peak and average, using Audio Precision's System Two dual domain audio analyzer. We'll end up with a response

curve that represents that particular song. So if we hear that song on another station, we can just dial up that response curve and do a comparative analysis." The measurement process uses Fast Fourier Transform (FFT) analysis (the same technology used in audio perceptual coding for data compression) with a digital processor.

Armed with market-by-market, signal-by-signal, format-by-format information, each individual station will be able to intelligently decide on processing changes. "This is still a project in development, but I feel reasonably certain that some permutation of it will take place," said McCoy. "We'll have for the first time in history an opportunity to go through and actually do a set of uniform standard measurements of a whole population of radio stations. Something tells me some very interesting data may come out of that."



## Here are three ways Eventide can help:

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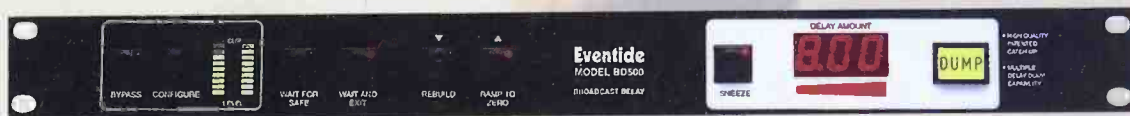
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# Microradio could hurt IBOC

by Carl Marcucci

Fueled by free-speech politics and petitions to increase ownership diversity in the era of consolidation, the FCC's microbroadcasting proposals could open up a Pandora's box and hamper the implementation of IBOC.

USADR said the FCC spacing rules would have to change to incorporate either of the new microradio services. Years of R&D for its IBOC DAB system have been based on the current standards, which are hard enough to meet. "The FCC should not be making a decision to go ahead with microbroadcasting until IBOC is developed properly. We have designed our system to meet the current spacing rules. Changing them could severely affect the viability of IBOC," said **Rick Martinson**, manager DAB systems, USADR.

Both USA Digital Radio and the NAB have made it quite clear that the whole concept is a bad idea. One proposal (RM 9208) offers a collection of 1-3 watt radio stations on one AM and one FM micropower frequency in each market. "What happens to the people in the middle who can't hear anything because of co-channel interference?," says **Randy Odeneal**, chairman of the NAB's DAB task force and General Partner, Scornix Broadcasting, who consulted on the NAB comments.

Another proposal for a low power FM broadcast service (RM 9242) asks to throw out many of the current

interference standards allowing not one frequency for use, but many in each market. Said Odeneal: "Each license holder would be doing whatever he or she wants. These agendas may represent the extremes of society rather than the cultural varieties."

The FCC could find itself in a new bureaucratic spider web in order to follow up listener complaints from "Skin Head Radio 102.1" and complaints from broadcasters whose coverage is affected by another souping up its antenna for greater coverage.

Others believe the FCC's proposals, if adopted, would bring a veiled legitimization to pirate broadcasters. "What you've got here is a genie that's currently barely being contained in the bottle. It's like waving a green flag in front of the pirates. Even in a best case situation, the Commission doesn't have the resources to police this stuff," said **Milford Smith**, VP Engineering, Greater Media, who has also filed comments.

**RBR observation:** What kind of voice would the FCC give underrepresented groups with one watt? And would current pirate broadcasters covering entire counties give up that coverage for two or three blocks? Why would pirates forfeit the power and prestige large coverage brings to sell ads and create promotions?

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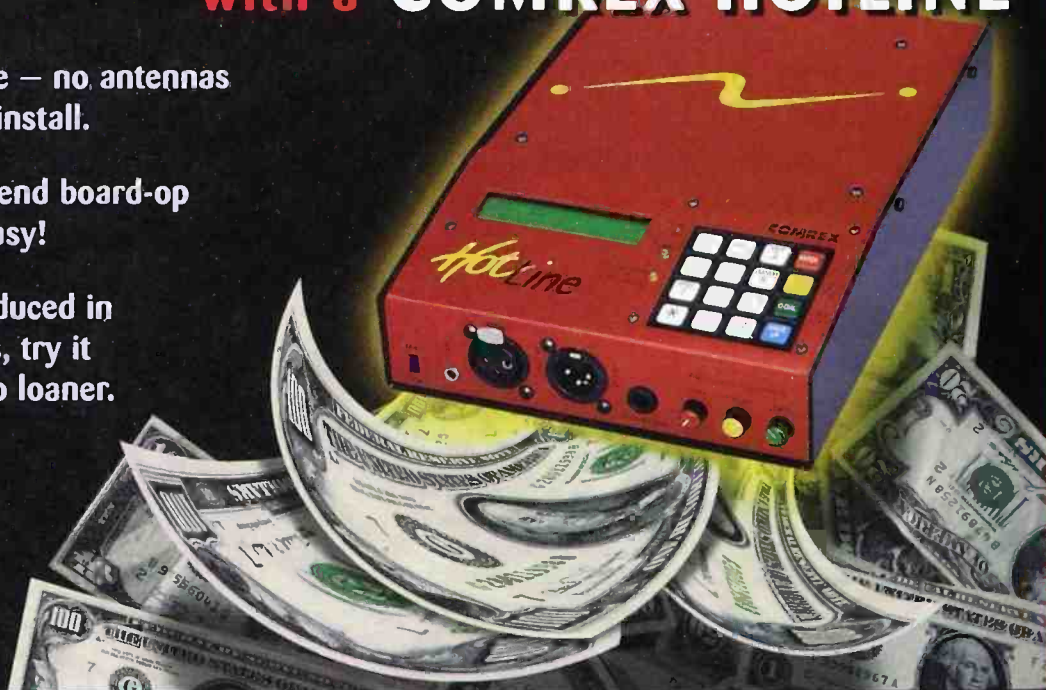
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# Chancellor's new boss wants to build a multi-media empire

By Jack Messmer

**Jeff Marcus** is about to take the helm of the nation's second-largest radio group, Chancellor Media (O:AMFM). Although Marcus' name surfaced immediately after the departure of **Scott Ginsburg** (RBR 4/20, p. 4), he's much better known outside the radio industry, having built several cable TV companies—most recently selling all of the limited partnership interests in Marcus Cable to Microsoft (O:MSFT) co-founder **Paul Allen** for \$2.775B.

If you don't know much about Jeff Marcus now, it's a good bet that you will soon. Chancellor Chairman **Tom Hicks** is out to build a much larger, multi-media company and he believes Marcus, whom he's known for years, is the right person for the task. Marcus spoke with RBR right after he was officially tapped to become President/CEO of Chancellor (RBR 5/4, p. 13).

## Why do you want this job?

This is a spectacular opportunity for me to associate myself with a company that is populated with very strong radio people, wonderful people that I've met so far. It is a powerful platform. It has a wonderful legacy in the marketplace and it's poised for growth. We have a chairman and a board that embraces a growth strategy in terms

of a multi-media approach. It gives me an opportunity to test my skill-set that I've honed over the past 31 years and rise to the occasion.

## How familiar are you with the Chancellor Media management team?

I was one of the original outside directors of Chancellor Broadcasting and from there, of course, I was one of the

directors that came on over to Chancellor Media in the [Evergreen] merger. I've chaired the executive committee at Chancellor Media, I've been on the nominating committee and I've been on the compensation committee, so I've gotten to know people very, very well. I'm thrilled to be working with someone like **Jimmy DeCastro**, who is without peer in terms of his operating capabilities—what he can do with radio stations, and **Matt Devine**, who is a world-class CFO. I'm eager to meet all of the other folks that are a part of this organization. I think I start with a real advantage, having been involved with the company for so long.

## Will you be meeting all of the managers soon?

That's my first priority. I start with the company June 1. In the meantime, I've commissioned a search for a president and CEO of Marcus Cable. I will remain chairman and general partner of Marcus Cable, but starting in June I will get on the road with Jimmy DeCastro. We'll visit as many of the markets as possible, meeting as many of the people as possible. I want them to have a sense of me. I want to meet them. That's priority one—getting out and meeting people.

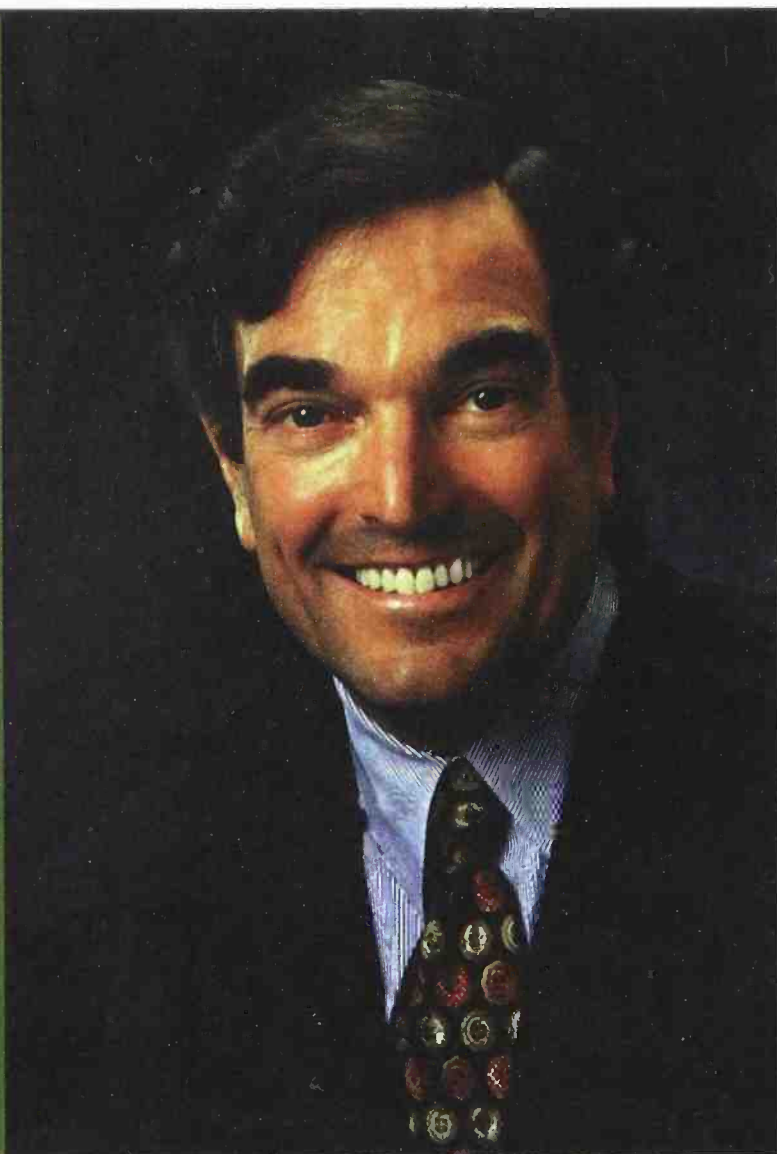
## What is your vision of building "a world-class company?"

We only have to look at CBS and Clear Channel to see the efficacy of the cross-media approach—having radio assets, television assets, outdoor assets—having the ability to cross-sell to advertisers across different media platforms. Chancellor right now is, of course, a major market radio company. We are beginning to run out of headroom in these major markets. The very robust growth we are experiencing in same store sales we think can continue, but if we really want to continue the dynamic growth of the company, then we have to look for acquisitions. Those acquisitions will come in the form of middle-market, small-market radio, and in comple-


*continued on page 14*

5/18/98 RBR

Jeffrey A. Marcus, 51, is poised to become the Chairman and CEO of Chancellor Media. He'll head a company which, when all pending deals close, will own 108 radio stations in 22 markets, AMFM Radio Networks, and Katz Media Group, the nation's largest radio and TV rep firm. In addition, Chancellor has a deal pending to acquire Petry Media, another TV rep firm.





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*Ray Baker, Chief Engineer, Ace Radio Broadcasting, Melbourne, Australia*

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*Pete Partenio, Audio Specialist, Odyssey Communications*

"The station pops right off the dial—it didn't do that before."

*Tom Sittner, Chief Engineer of KSJL-FM, San Antonio, Texas*

"We're getting calls from listeners commenting about the improvement in reception."

*René Engel, General Manager, KCSN, Los Angeles*

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*Marcus continued from page 12*

mentary television and outdoor assets. We are not interested in getting into television or outdoor simply to get into those businesses, we are interested in owning those assets as they would complement our radio assets. We will primarily remain a radio company, but we will look for those kinds of assets in markets where we will have a strong radio presence.

**"We only have to look at CBS and Clear Channel to see the efficacy of the cross-media approach—having radio assets, television assets, outdoor assets—having the ability to cross-sell to advertisers across different media platforms."**

**Is synergy the driving force, or mass?**

It's synergy, and out of the synergy will come mass. We're not setting out to build a company with a lot of media assets for the sake of doing that, we're setting out to build an integrated media company where we have complementary assets in individual, discreet markets.

**Why not the one medium where you have the most experience—cable?**

I think cable is a different business. Cable is not an advertising-supported business, it's a business where people pay a monthly fee to subscribe to the service. I don't feel that it's a complementary business.

**No interest in print?**

No, I think that we're interested in broadcast and outdoor.

**What are you looking for on the international level?**

Our first gaze turns to Latin America, primarily because what we know of those markets is that they are, in most cases, essentially free markets. We would not be interested in buying broadcasting outlets or properties where the government has artificially put a constraint on formats or ownership, where consolidation of the market could not occur because of these governmental constraints.

We want, first of all, to invest in free markets, where we can create the kind of synergy and create the kind of magic that's been created here in the United States. We haven't actively begun looking in Latin America, although Hicks,

Muse has certainly invested heavily in Latin America, especially in the media area. Once we get organized and catch our breath after this transition, that's something we're going to definitely address.

**You already own the largest rep firm, Katz, and you're buying Petry. Is there any more room for growth there?**

I can't really tell you right now, because I'm not as facile with all of that as I will be soon. I will tell you that I'm eager to meet [Petry CEO] **Tom Burchill** and all of the people at Katz and understand the potential in that business better. At this point I'm still on the learning curve.

**There's been speculation and even some trepidation on Wall Street that Chancellor is going to become a vehicle for rolling up a lot of Hicks, Muse investments. What's your assessment?**

I do agree that there was some initial trepidation. I think Tom [Hicks], Jimmy [DeCastro] and Matt [Devine] did a good job of going to investors and analysts and talking about it. It's important to understand that, as opposed to a negative, this is a huge plus for Chancellor because Chancellor has the opportunity to look across the city of Dallas and look at media assets that could be available to Chancellor if it chooses to buy them. There's no compelling manifest destiny to do this, but if we decide that it's in the best interest of Chancellor shareholders to add a Capstar, or to add a LIN, or to add a Sunrise Television, then we would have that opportunity. So we essentially have a free option, but it comes with the caveat that there is a fiduciary equilibrium that has to be achieved. That means that the current owners of these assets, Hicks, Muse funds II, III and IV [Editor's note: Only fund II is a Chancellor investor] would have to get a fair price for those assets—and it also

means that the Chancellor shareholders would also have to pay a fair price for the assets. We would not do a deal that wouldn't be accretive on an ATCF [after-tax cash flow] basis. We have an opportunity to bring these assets into the fold if we choose. We don't have to do it and it will only be done on a basis that is fair to Chancellor shareholders and that's accretive. From Hicks, Muse's standpoint, they're the single biggest shareholder of Chancellor, so why in the world would they do anything that would disadvantage Chancellor shareholders?

**Are you familiar enough yet with AMFM Radio Networks to say what your goals are?**

I'm really not, except to say that I have to admire **Scott Ginsburg's** vision, and also **David Kantor**, in creating this network, really out of whole cloth. It didn't exist on day one, and what they've created is marvelous. The addition of the **Casey Kasem** show is a good step forward, and I think there's an awful lot more that we can do. We currently have 60M listeners for this network and it's growing.

**Do you have any goals for how quickly you want to add other media and grow the company?**

I'm sort of like a fisherman in a boat. I'm going out to catch whatever fish I can. Those that don't make sense, we'll throw back, and those that make sense we'll haul into the boat. I can't tell you when they're going to bite or how many we'll catch, but we're going to be out there fishing.

**How long have you known Tom Hicks?**

Tom and I met about 11 years ago. It was a friendly gesture when his family delivered a coffee cake to our house when we moved in a few doors down from where he lived [Marcus has since moved to another neighborhood]. We became social friends and over the years we began to do business deals together. Tom was an investor in Marcus Cable, while I've been an investor in the Hicks, Muse funds. I was the one who introduced Tom to **Norm Green** that resulted in his purchase of the [NHL] Stars. I also facilitated his purchase of the [baseball] Rangers, because I'm part of the selling partners group as well as I'm going to be one of the purchasing partners.



enough said!



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by Jack Messmer

## Jacor quintuples Medford presence

Medford, Oregon may not have been any more than a blip on **Randy Michaels'** radar screen until Jacor Communications (O:JCOR) acquired News/Talk KOPE-FM as part of a \$9M deal to get **Art Bell's** syndicator, Talk Radio Network (*RBR* 2/2, p. 4). Once into market #204, though, Randy wasn't content to own a standalone FM—particularly one well back in the

pack for ratings and revenue.

The solution: buy one of the market's big players.

Jacor is paying \$12.5M for the four stations owned or LMA'd by **Duane and Sherry Hill's** Hill Radio Inc., including market-leading Country KRWQ-FM. The other stations joining the Jacor portfolio in the deal are Easy KMED-AM, AOR KZZE-FM

& AC KKJJ-FM. From here on out, the Medford radio market will be pretty much split by Jacor and Citadel, which already has a six-station superduopoly.

**RBR observation:** Jacor's regional clustering in Oregon may not be as compact as in other states, but the strategy is obvious. Most of the state's population is along I-5 and Jacor now has multiple radio outlets in Portland, Corvallis and Medford.

## Cluster strategy paying off

Jacor reported record financial results for the first quarter, and Michaels says part of the credit goes to clustering. "Jacor's strategy of buying and fixing sticks, exploiting the benefits of regional clusters and leveraging our product expertise is in full swing," he declared.

Q1 net revenue rose 59.9% to \$142M. Broadcast cash flow gained 61% to \$34.7M and after-tax cash flow increased 130.5% to \$21.1M. On a same-station basis, revenues gained 12% and cash flow 20%.

Jacor may be heading to Wall Street soon to replenish its coffers for more acquisitions. The company filed a \$500M shelf registration with the SEC for future offerings of stock or other securities.

## Emmis selling more stock

Emmis Broadcasting (O:EMMS) filed to sell 4.625M new shares—about \$214M at current prices—to help finance its \$397M in pending deals to buy radio and TV stations (*RBR* 4/6, p. 20). CEO **Jeff Smulyan** is selling 375K shares—over \$15M—of his own stock, which will make the total offering 15M shares. Even after the sale, Smulyan will still be far and away the company's largest shareholder.

## Triathlon cash flow up 98%

Triathlon Broadcasting (O:TBCOA) just missed going into triple digits as Q1 cash flow shot up 98% to \$2.5M. Net revenues gained 57% to \$8.9M.

On a pro forma basis, revenues gained 10% and cash flow 31%.

CEO **Norm Feuer** was particularly proud of the company's showing in Wichita: "Our success was truly spectacular, with revenue growth of 30% and cash flow increasing more than threefold!"

**RBR observation:** What's happened to efforts to sell or merge Triathlon (*RBR* 11/3/97, p. 14)? The last we heard talks to merge with Bain Capital's groups, 62nd Street and Goodstar, had broken down and no one has been willing to pay the straight buyout price sought by Triathlon's principal owner, **Robert F.X. Sillerman**, so Feuer is continuing to work on building up the company.

## Westwood cash flow wanes

Westwood One (O:WONE) reported a 29% increase in Q1 net revenues to

Christopher T. Dahl, Chairman of  
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## Capstar ready for Wall Street

Look for Capstar Broadcasting Corp. to sell its IPO (*RBR* 4/6, p. 18) next week. An update of the offering filed with the SEC (5/11) estimates the offering price at \$18-\$21 per share, with 24.8M shares being offered in the US and Canada and an additional 6.2M overseas—not including the underwriters' green shoe of 4.65M shares available to cover overallotments. The stock is jumping right to the "Big Board," listing on the New York Stock Exchange as "CRB."

Proceeds from the stock sale will be used to close Capstar's \$2.1B purchase of SFX Broadcasting's (O:SFXBA) stations (*RBR* 9/1/97, p. 10). Underwriters for the offering read like a Wall Street who's who: CS First Boston; BT Alex. Brown; Morgan Stanley Dean Whitter; Bear, Stearns & Co.; Goldman, Sachs & Co.; Nationsbank Montgomery Securities; and Salomon Smith Barney.

The Class A stock being sold to the public carries one vote per share. The Class C stock, with ten votes per share, is all owned by Chairman **Tom Hicks**, President

**Steve Hicks** and various partnerships managed by Hicks, Muse, Tate & Furst. Thus, they control 95.4% of the voting power. There is also Class B non-voting stock, all owned by Hicks, Muse and BT Capital Partners.

Several top executives at Capstar stand to become certifiable millionaires upon completion of the IPO. Including all in-

the-money options, Steve Hick's Capstar stock (at the \$21 offering price) would be worth \$53.9M; the stake of GulfStar president **John Cullen** \$6.9M; former Southern Star President **Frank Osborn** \$6.6M; Director **D. Geoffrey Armstrong** \$6.2M; Director **Eric C. Neuman** \$5.2M; CFO **Paul D. Stone** \$5.2M; Exec. VP/General Counsel **William S. Banowsky Jr.** \$1.5M; Director **Lawrence D. Stuart Jr.** \$1.3M; and Atlantic Star President **James T. Shea Jr.** \$1.2M. It's not possible to determine what personal stake Tom Hicks will own, since he has a large stake in Hicks, Muse's stock and owns very few Capstar shares directly.

### Q1 1998

| Category                | \$(000,000) | Gain/Loss |
|-------------------------|-------------|-----------|
| Net revenues            | \$64.1      | +155.3%   |
| Same-station net revs.* | \$65.8      | +13.4%    |
| Broadcast cash flow     | \$16.3      | +140.0%   |
| Net loss                | \$22.9      | +269.8%   |

\*Stations owned or operated as of 3/31/98

\$53.3M, but operating cash flow slipped 3% to \$5.4M. The revenue increase came from the addition of inventory from CBS Radio and higher revenues from Shadow Traffic, while revenues dropped for WW1's existing programs. The company noted the adverse effect of a "new competitor in the network radio industry"—obviously a reference to Chancellor Media's (O:AMFM) AMFM Radio Networks.

### Record quarter for Metro Nets

Metro Networks (O:MTNT) CEO **David Saperstein** reported Q1 growth for all of the company's services for radio and TV stations, including growth to 250+ affiliates for Metro Source, the company's competitor with traditional wire services. Ad revenues rose 17% to \$34.4M. Cash flow (EBITDA) gained 15% to \$4.7M and net income was flat at \$1.5M.

### RBR news briefs

•EXCL Communications Chairman **Chris Marks** died suddenly on May 6. The 17-station Spanish radio group will continue to be run by his wife and partner, **Athena Marks**.

•The price tag on Clear Channel's (N:CCU) purchase of KSJL-FM San Antonio from Inner City (*RBR* 5/11, p. 14) is \$15M. Broker: **Frank Boyle**, Frank Boyle & Co.

•Cumulus is expanding in Chattanooga with a \$5.5M buy of Wicks' WLMX-AM & FM & WZST-FM. Broker: **Gary Stevens**

•**Susan Armstrong's** Money Matters Radio is paying \$550K for WADN-AM Concord-Boston, MA, currently owned by **David Fishman's** Assabet Corp. Broker: **Michael Bergner**, Bergner & Co.

•Zimmer Radio Group has entered the KC market with a deal to buy KLWN-AM & KLZR-FM from **Henry Booth's** Lawrence Broadcasters. Broker: **Bill Lytle**, Media Services Group

# SOLD!

KUIC (FM) Vacaville, California from Quick Broadcasting, Inc., to Jim and John Levitt. (Vista Asset Management)

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### THE FAST READ FOR THE FAST TRACK

# TRANSACTION DIGEST™

by Jack Messmer & Dave Seyler

The deals listed below\* were taken from recent FCC filings. *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.

**\$20,000,000—\* KRXQ-FM** (98.5 mHz) Sacramento from EZ Sacramento Inc. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM), to Entertainment Communications Inc., known as Entercom (Joseph M. Field). \$4.4M cash plus like-kind exchange of KRAK-FM (below). Total price estimated by *RBR*. **Superduopoly** with KXOA-FM, KSEG-FM, KSSJ-FM & KCTC-AM. LMA since 3/4. See *RBR* 12/15/97, p. 12 for details of this frequency & format swap. Broker: Peter Handy, Star Media Group

**\$15,600,000—\* KRAK-FM** (93.7 mHz) Sacramento (Roseville CA) from Entertainment Communications Inc., known as Entercom (Joseph M. Field), to EZ Sacramento Inc. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM), with purchase of ARS pending by CBS (N:CBS). Like-kind exchange as partial payment for KRXQ-FM (above). **Superduopoly** with KHTK-AM, KQPT-AM, KSFM-FM, KZZO-FM, KNCI-FM & KYMX-FM. Broker: Peter Handy, Star Media Group

**\$8,000,000—\* WTHI AM-FM, WWVR-FM** Terre Haute (Terre Haute, West Terre Haute) from Wabash Valley Broadcasting Corp. (John H. Newcomb, EVP) to Emmis Broadcasting Corp. (O:EMMS, Jeffrey H. Smulyan et al). Purchase price estimated by *RBR*. Part of \$90M deal which also includes WTHI-TV Terre Haute and WFTX-TV Ft. Myers (Cape Coral FL). Existing **duopoly**.

**\$5,600,000—\* KMJJ-FM** Shreveport from Sunburst Media L.P. (John Borders, Don Turner, Media/Communications Partners III) to GulfStar Communications Inc. (John Cullen), a subsidiary of Capstar Broadcasting Partners (Tom & Steve Hicks). \$275K letter of credit as escrow, balance in cash at closing. **Duopoly** with KRMD-AM & FM. Broker: William R. Rice Co.

**\$2,650,000—KDIF-AM** Riverside-San Bernardino (Riverside) from Hispanic Radio Broadcasters/Sylvia Dellar Restated Survivor's Trust (Gilberto Esquivel, Sylvia Dellar) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications Inc. (O:JCOR). \$250K escrow, balance in cash at closing. LMA since 5/1. Broker: Jorgenson Broadcast Brokerage Inc.

**\$1,425,000—\* WZEW-FM** Mobile (Fairhope AL) from AGM-Nevada L.L.C. (Anthony S. Brandon et al), part of American General Media, to Baldwin Broadcasting Co. (Barry D. Wood). \$150K escrow, balance in cash at closing, with option to pay unspecified portion with promissory note. **Duopoly** with WAVH-FM. A deal selling WAVH-FM from Baldwin to AGM was previously approved but never consummated. LMA until closing.

**\$1,251,253—WBUT-AM, WISR-AM & WLER-FM** Butler PA, approximately 53% of the stock of WBUT Inc. is being repurchased from various members of the Brandon family for \$1,251,253 (cash & notes) and four new investors, Victoria Hinterberger, Scott Briggs, Linda Harvey & Daniel Vernon, are buying approximately 5.3% each for a total of \$333,393. After the transactions take place, Ronald and Joyce Brandon will be the largest shareholders, with 20.4% each.

**\$1,075,000—KKHR-FM** Abilene (Anson TX) from Powell Meredith Communications Co. (Amy Meredith, Scott Powell) to Equicom Inc. (Dain L. Schulte, pres), a subsidiary of Texas Eagle Radio Network. \$50K escrow, balance in cash at closing.

**\$1,026,500—\* WFKY-AM & WKYW-FM** Frankfort KY from Purchase Broadcasting Inc. (R. Lee Hagan) to Capital City CBC Inc., a subsidiary of Commonwealth Broadcasting Corp. (Steven & Vickie Newberry, Brereton C. Jones & others). \$10K escrow, balance in cash at closing. **Superduopoly** with WKED-AM & FM Frankfort (below) and WCND-AM & WTHQ-FM Shelbyville KY.

**\$929,750—\* WKED-AM & FM** Frankfort KY from Franklin County Broadcasting Inc. (R. Lee Hagan) to Franklin County CBC Inc., a subsidiary of Commonwealth Broadcasting Corp. (Steven & Vickie Newberry, Brereton C. Jones & others). \$10K escrow, balance in cash at closing. **Superduopoly** with WFKY-AM & WKYW-FM Frankfort (above) and WCND-AM & WTHQ-FM Shelbyville KY.

**\$800,000—KQIX-FM** Grand Junction CO from Mustang Broadcasting Co. (Paul Fee) to Riverside Broadcasting Inc. (Craig O. Dobler). \$40K escrow, balance in cash at closing. Cumulus Broadcasting is buying Mustang's other three stations in the market, KKNN-FM, KEXO-AM and KQIL-AM, and is backing Riverside's purchase of KQIX-FM. Although Cumulus may rent studio space to Riverside and provide maintenance services for a fee, there will be no LMA or JSA between Cumulus and Riverside. Riverside may request that Cumulus purchase station within five years of closing. Broker: McCoy Broadcast Brokerage.



# BROADCAST INVESTMENTS™

May 13—RBR Stock Index 1998

| Company        | Mkt:Symbol | 5/6<br>Close | 5/13<br>Close | Net<br>Chg | Pct<br>Chg | 5/13<br>Vol (00) | Company          | Mkt:Symbol | 5/6<br>Close | 5/13<br>Close | Net<br>Chg | Pct<br>Chg | 5/13<br>Vol (00) |
|----------------|------------|--------------|---------------|------------|------------|------------------|------------------|------------|--------------|---------------|------------|------------|------------------|
| Ackerley       | N:AK       | 19.937       | 21.000        | 1.063      | 5.33%      | 424              | Jacor            | O:JCOR     | 54.250       | 55.875        | 1.625      | 3.00%      | 14496            |
| Alliance Bcg.  | O:RADO     | 0.750        | 1.000         | 0.250      | 33.33%     | 12               | Jeff-Pilot       | N:JP       | 57.000       | 57.062        | 0.062      | 0.11%      | 525              |
| Am. Radio Sys. | N:AFM      | 65.562       | 66.125        | 0.563      | 0.86%      | 275              | Jones Intercable | O:JOINA    | 18.000       | 19.687        | 1.687      | 9.37%      | 492              |
| AMSC           | O:SKYC     | 10.625       | 10.750        | 0.125      | 1.18%      | 1679             | Metro Networks   | O:MTNT     | 41.500       | 40.625        | -0.875     | -2.11%     | 25               |
| Belo Corp.     | N:BLC      | 52.625       | 54.187        | 1.562      | 2.97%      | 1198             | NBG Radio Nets   | O:NSBD     | 2.187        | 2.187         | 0.000      | 0.00%      | 84               |
| Big City Radio | A:YFM      | 12.937       | 12.437        | -0.500     | -3.86%     | 1                | New York Times   | N:NYT      | 71.750       | 70.937        | -0.813     | -1.13%     | 12534            |
| CBS Corp.      | N:CBS      | 34.562       | 32.375        | -2.187     | -6.33%     | 30900            | News Comm.       | O:NCOM     | 1.375        | 1.375         | 0.000      | 0.00%      | 0                |
| CD Radio       | O:CDRD     | 28.375       | 34.500        | 6.125      | 21.59%     | 10060            | OmniAmerica      | O:SCTR     | 38.875       | 44.500        | 5.625      | 14.47%     | 709              |
| Ceridian       | N:CEN      | 57.062       | 59.375        | 2.313      | 4.05%      | 6083             | Otter Tail Power | O:OTTR     | 36.375       | 34.750        | -1.625     | -4.47%     | 110              |
| Chancellor     | O:AMFM     | 43.375       | 41.812        | -1.563     | -3.60%     | 14443            | Pacific R&E      | A:PXE      | 4.750        | 4.437         | -0.313     | -6.59%     | 25               |
| Childrens Bcg. | O:AAHS     | 3.250        | 3.343         | 0.093      | 2.86%      | 1367             | Pulitzer         | N:PTZ      | 88.000       | 89.500        | 1.500      | 1.70%      | 381              |
| Clear Channel  | N:CCU      | 88.625       | 92.562        | 3.937      | 4.44%      | 4385             | RealNetworks     | O:RNWK     | 29.625       | 28.000        | -1.625     | -5.49%     | 1709             |
| Cox Radio      | N:CXR      | 46.437       | 44.562        | -1.875     | -4.04%     | 307              | Saga Commun.     | A:SGA      | 23.000       | 21.375        | -1.625     | -7.07%     | 152              |
| DG Systems     | O:DGIT     | 3.750        | 3.625         | -0.125     | -3.33%     | 15               | SFX Bcg.         | O:SFXBA    | 74.187       | 74.500        | 0.313      | 0.42%      | 8671             |
| Disney         | N:DIS      | 124.187      | 118.500       | -5.687     | -4.58%     | 13972            | Sinclair         | O:SBGI     | 52.750       | 53.000        | 0.250      | 0.47%      | 4299             |
| Emmis Bcg.     | O:EMMS     | 48.500       | 46.250        | -2.250     | -4.64%     | 530              | SportsLine USA   | O:SPLN     | 35.687       | 33.125        | -2.562     | -7.18%     | 6069             |
| Faircom        | O:FXCM     | 1.250        | 1.218         | -0.032     | -2.56%     | 15               | TM Century       | O:TMCI     | 0.406        | 0.406         | 0.000      | 0.00%      | 10               |
| Fisher         | O:FSCI     | 72.000       | 72.000        | 0.000      | 0.00%      | 1                | Triangle         | O:TBCS     | 0.100        | 0.080         | -0.020     | -20.00%    | 3686             |
| Gaylord        | N:GET      | 33.625       | 34.000        | 0.375      | 1.12%      | 514              | Triathlon        | O:TBCOA    | 11.000       | 10.625        | -0.375     | -3.41%     | 82               |
| Granite        | O:GBTVK    | 11.875       | 11.625        | -0.250     | -2.11%     | 270              | Tribune          | N:TRB      | 67.375       | 67.875        | 0.500      | 0.74%      | 791              |
| Harris Corp.   | N:HRS      | 51.625       | 52.000        | 0.375      | 0.73%      | 1235             | Westower         | A:WTW      | 24.875       | 26.125        | 1.250      | 5.03%      | 251              |
| Hefelt Bcg.    | O:HBCCA    | 42.000       | 42.125        | 0.125      | 0.30%      | 709              | Westwood One     | O:WONE     | 27.562       | 27.937        | 0.375      | 1.36%      | 72               |
|                |            |              |               |            |            |                  | WinStar Comm.    | O:WCII     | 38.062       | 39.687        | 1.625      | 4.27%      | 14148            |

## Financial news from RBR and the Wall Street Journal Radio Network

### Buyouts send stocks higher

Dow Jones—Stock prices headed higher after last Monday's (5/11) announcement of the biggest corporate merger ever—SBC Communications' (N:SBC) \$62B deal to acquire fellow "Baby Bell" Ameritech (N:AIT). At least six other merger pacts with price tags of \$1B or more were already in the news when the giant telephone deal was announced.

The total dollar value of US mergers this year is on target to dwarf the \$937B worth of consolidations that took place last year, making the prospects of a \$1 trillion takeover calendar look increasingly likely.

### Belo splitting stock

A. H. Belo Corp. (N:BLC) is splitting its stock two-for-one, effective June 5 for shareholders of record on May 22. The company will also pay its quarterly dividend, recently raised by a penny to 12¢ per share, on June 5 on a pre-split basis.

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Jon Rivers - VP - KLTY, Dallas, Texas

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Sherwood Dryden, Chief Engineer  
 KDWB-FM & KTCZ-FM "Cities 97" - Chancellor Media  
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WCRB Photo by Robert W. Siegel

"...on our two classical stations that we're using it to launch our national Hit Classical Radio format! WCRB Boston and WFCC Cape Cod are the best rated classical stations in the country. We owe our success to getting all the details right. Our Scott Systems help us do that. It's tough to get Classical Radio right. With the help of our Scott System, we do it every day."

David Maxson, VP - WCRB FM, Boston

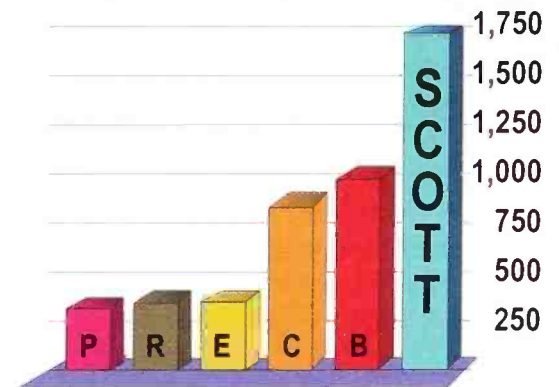
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