

## This Just In...



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## Network radio's rebirth?

### Premiere enters network biz with 4 nets plus Dr. Laura

by Katy Bachman

Network radio suddenly got popular. Last week, Jacor's (O:JCOR) Premiere Radio Networks announced it had signed a multi-year contract with Statistical Research Inc. (SRI) for four new networks plus "The Dr. **Laura Schlessinger** Program," beginning in September (see chart, below).

With the four networks, Premiere will be adding 60 new :30 units, M-F; Dr. Laura adds another 120 units/week across 450 affiliates.

"We did this in response to the advertising industry and to grow the radio network business," said **Kraig Kitchin**, CEO, Premiere. "By putting our networks into RADAR®, we're showing the ad industry that network radio is an alive, thriving business."

Premiere is the second new radio network this year to be RADAR-rated. When Chancellor's (O:AMFM) AMFM Radio Networks debuted in January (*RBR* 1/12, p. 3).

Unlike Chancellor, Premiere's nets don't automatically include all Jacor stations, but do include affiliates of Premiere's programs, even services such as prep services and production library services, but not MediaBase.

The fact that Dr. Laura, a syndicated show, will be RADAR-rated, should bring cheers from an advertising community clamoring for accountability in the syndication biz (*RBR* 5/4, p. 6). Premiere elected not to put **Rush Limbaugh** into RADAR because

"more than half of Rush's advertisers make a sponsorship decision without looking at audience estimates. It's a response sell," Kitchin said.

Agencies applauded Premiere's move. "Fabulous. Revolutionary," said **Leslie Sturm**, VP/Broadcast, Media Edge. "With four books a year and a syndication company willing to put their shows and networks into RADAR, the industry is moving in the right direction. It'll prove to us there's more stability in the scatter ROS networks. It will make my buying decisions easier."

"I will feel more comfortable with the numbers because of commercial clearances," said **Lisa Henderson**, Sr. Broadcast Negotiator, Western International.

Non-rated syndicators beware. "With AMFM and now Premiere, this changes the dynamics," said **Reyn Leutz**, SVP/associate director for broadcast, Ogilvy & Mather. "It brings into question at what level we need to support the remaining syndicators."

**RBR observation:** This year is shaping up to be a banner year for the network radio biz. Along with two new entrants, the networks went to quarterly measurement (*RBR* 1/12, p. 3). But the acid test will be whether or not network radio can step up to the performance of national spot and lo-

### Summer pacing sizzles!

TV networks' lagging upfront isn't cooling the demand for radio time. According to the latest *RBR*/Miller Kaplan forward pacing report, all three summer months are pacing well ahead of last year. —KB

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

	1998	1997
June 1	82.1%	79.9%
July	59.0%	54.0%
Aug.	46.4%	41.3%

cal radio. For the most part, network radio revenues have been flat. Between 1991 and 1996, Veronis, Suhler & Associates found revenues gained only 1.3%. In 1997, revenues gained some momentum, up 7.4%, according to Competitive Media Reporting (CMR). So far this year, through February, network was up about 10% and audiences have been holding steady, on par with Fall 1994's peak (*RBR* 3/23, p. 4).

### Premiere's 4 new networks

	Demo	Daypart	#Stns
AM Drive Network	A25-54; 35-64	AM Drive	750+
Core Network	A18-34; W skew	AM Drive	290
Axis Network	A25-54	M-F 5A-7P	950
Focus Network	A18-49; M skew	M-F 5A-7P	275

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## JRN expands with MediaAmerica

By Katy Bachman

The latest seismic shift in the syndication biz is last week's announcement that Jones Radio Network will acquire MediaAmerica, JRN's long time national rep. Terms were not disclosed, but MediaAmerica did about \$80M in billings in 1997. RBR estimates the value of the deal at \$35-40M.

JRN, known for its 24-hour networks, has recently expanded its strategy to syndication and programming services. The deal gives JRN another 12 shows to add to its four for a total of 16. MediaAmerica's 1,100 affiliates and JRN's 1,600 add up to 2,400 unique affiliates, making JRN the largest independent syndicator in radio.

At a time when radio groups are gobbling up programming and leveraging distribution, the JRN-MediaAmerica deal bucks the trend. "There's no question [syndicators owned by groups] have an advantage," said **Gary Schonfeld**, principle, MediaAmerica. "But unless they have a lock on good ideas, it still comes down to programming."

JRN can also leverage its cable assets with radio. "A lot of advertisers have both TV and radio ads," said Schonfeld, who told RBR that they were exploring ways to put Talk shows on cable to offer advertisers integrated media buys.

MediaAmerica principles Schonfeld and **Ron Hartenbaum** will be co-CEOs running JRN's ad sales representation and programming from MediaAmerica's NY offices. As executives within Jones International Networks, they will report to its president, **Gregory Liptak**. **Eric Hauenstein** remains president/GM of JRN.

Known primarily as a rep of about 70 nationally-syndicated shows, MediaAmerica recently moved into product ownership in mid-1997 (RBR 2/9, p. 10) soon after it lost **Rush Limbaugh** and Dr. **Dean Edell** as a result of Jacor's purchase of EFM (RBR 11/24/97, p. 3). Earlier this year, MediaAmerica lost **Dave Koz** to AMFM, whose show it purchased from SW Networks.

**RBRobservation:** For MediaAmerica's dynamic duo, Schonfeld and Hartenbaum, it's the end of an 11-year run after walking out of Westwood One (O:WONE).

## Red flags in Redding— Ness & Tristani want tougher deal review

by Frank Saxe

FCC Commissioners **Susan Ness** (D) and **Gloria Tristani** (D) have openly chided the Mass Media Bureau for approving the Redwood Broadcasting sale to Regent Communications May 29, one of a series of deals which will culminate in Regent going public this week. In particular, Ness and Tristani objected to the concentration in Redding, CA, market #210—where Regent picked up four stations in the Redwood deal. While the deal was approved, it may have a long felt impact in the form of more FCC scrutiny.

The Bureau's aversion to launching a DOJ-style review of the effects of approving the deal is the rub. "We work independently of DOJ," said Ness. "We have independent authority to examine concentration issues as to whether or not this will be harmful to the marketplace. But we also look at it from a diversity of voices perspective." While DOJ's magic number has been 40%, Ness said the FCC should not use such a hard and fast figure.

In Redding, the FCC said two companies now control 99.6% of the market's radio revenue; 64% by Regent and 35.6% by McCarthy Wireless' three FM's.

*Continued on page 6*

## Morris Communications, Inc.

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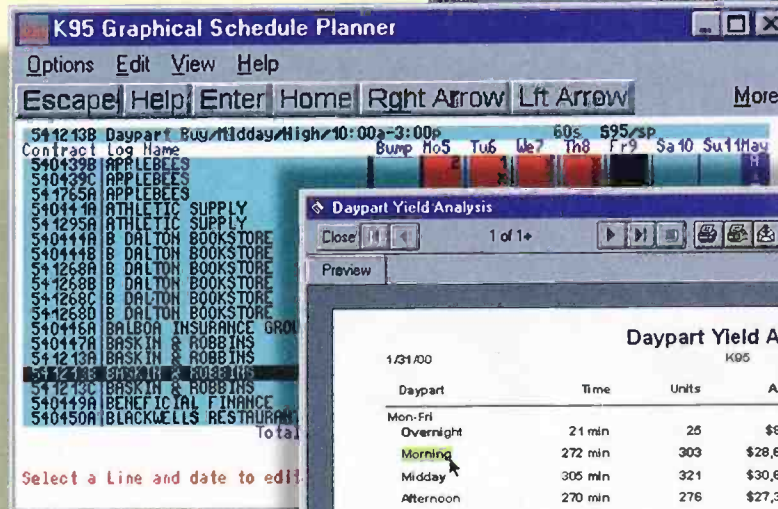
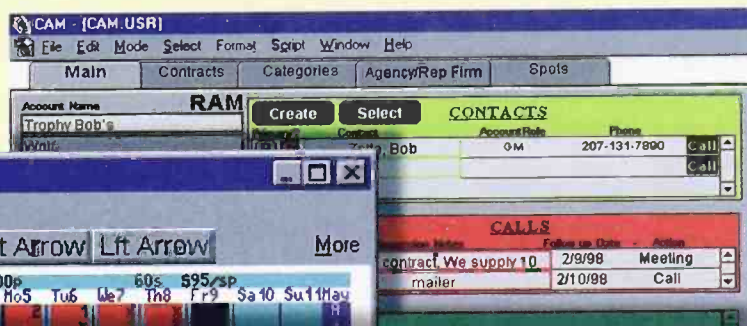
### April showers had dollar signs

by Dave Seyler

Radio recorded its monthly revenue figures in black ink for the 68th consecutive time in April, and did it with gusto. Local revenue figures were up 11% over last year, and a 17% bump in national figures brought the total for the month up to 13%.

As has been the case for months, all areas of the country participated in the fun. All but the East recorded double-digit gains in local (and we're sure Easterners will happily accept their 8% gain). The Southwest led the way with a 16% gain in local revenue. The Southwest didn't fare as well nationally (7% gain), but all other regions posted double digit gains, and three of the five were up 20% or better.

The most optimistic of the crystal ball gazers have been talking about a 9% gain for radio for all of 1998. April results put the industry ahead of that schedule, bringing year-to-date revenues to plus 10%.



Daypart Yield Analysis

1 of 1+ 80% Total 2987 100% 2987 of 2987

Daypart Yield Analysis

Daypart	Time	Units	Amount	Yield	Avg per Spot
<b>Mon-Fri</b>					
Overnight	21 min	25	\$828.00	\$39.43	\$33.12
Morning	272 min	303	\$28,659.00	\$105.43	\$94.58
Midday	305 min	321	\$30,669.00	\$100.55	\$95.54
Afternoon	270 min	276	\$27,330.00	\$101.41	\$99.02
Evening	256 min	323	\$25,098.00	\$84.79	\$77.70
Full Day	1,163 min	1,248	\$112,583.00	\$96.78	\$90.21
<b>Sat</b>					
Overnight	11 min	11	\$462.00	\$42.00	\$42.00
Morning	30 min	36	\$2,623.00	\$87.43	\$72.86
Midday	27 min	28	\$2,226.00	\$84.00	\$79.50
Afternoon	31 min	32	\$3,105.00	\$101.80	\$97.03
Evening	27 min	27	\$1,915.00	\$70.93	\$70.93
Full Day	125 min	134	\$10,331.00	\$82.65	\$77.10
<b>Sun</b>					
Overnight	9 min	9	\$378.00	\$42.00	\$42.00
Morning	21 min	21	\$1,843.00	\$89.90	\$87.76
Midday	15 min	16	\$1,273.00	\$84.87	\$79.56
Afternoon	26 min	26	\$2,261.00	\$96.96	\$86.96

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## Red flags continued from page 4

McCarthy CEO **Craig McCarthy** believes Regent will be a formidable opponent, with six stations in the market. His attorneys asked the DOJ to look at the merger, but were rebuffed. "If the DOJ has guidelines of 35 to 40%, then [Regent's] 64% should catch their attention."

Regent CEO **Terry Jacobs** questions whether he'll control 64% of the radio marketplace. "That is one of the problems with small markets, you don't have the accurate numbers like in larger markets." Even though Jacobs is "appreciative" the FCC cleared the deal, he believes Ness and Tristani are operating under false assumptions. "They have perceptions of larger markets that just don't apply to smaller markets like Redding."

Competition will increase when McCarthy Broadcasting signs on a new class C FM later this year. "Once the dust settles, we will have a better, healthier radio market," said McCarthy.

## Radio-Mercurys awarded

A spot featuring a lip ring-wearing teen for UTA Summer Youth Pass won the \$100,000 Radio-Mercury grand prize for the best radio commercial of 1997. The ad was written and produced by **Bryant Marcum** of FJCN/W&R, Salt Lake City.

KUPL-FM Portland, OR won both the gold and silver awards for Radio Station Produced spot. Honors went to **Eric Stephens & Mark Evans** for ads they wrote and produced for Clutch Doctor.

During the June 4 ceremonies, a total of \$225,000 in prizes was presented in five categories. *Other winners plus photos in next month's AdBiz.*

## ► News Briefs

► DOJ and IRS are investigating whether several radio station PDs have taken money from the Mexican-based Fonovisa record label in exchange for playing its records. The *Los Angeles Times* said June 4 that 20 radio stations had been served subpoenas, including several LA stations. The *Times* says some PDs could have been paid as much as \$10K a month. Federal law requires stations to tell listeners they're hearing a pay-for-play spin.

► The FCC asked the US Court of Appeals May 29 to reconsider a decision striking down its EEO rules, which were

## Another Rock & Roll Radio Greats Reunion Weekend

WCBS-FM New York will kick off the 1998 Central Park Summerstage Season with its sixth "Rock & Roll Radio Greats Reunion Weekend," celebrating the names and voices behind Rock & Roll in The Big Apple. The 6/13-14 weekend on-air schedule will include shows hosted by the greats: **Ron Lundy, Scott Muni, Hal Jackson, Chuck Leonard, Harry Harrison, Joe O'Brien, Jocko Henderson, Dean Anthony** and more. Tributes to greats gone by feature **Alan Freed, Murray the K, Jack Spector, Charlie Greer** and **Wolfman Jack**.

Kicking off the event, WCBS's **Dan Daniel** will broadcast live from the Central Park Summerstage beginning at 1:01 PM Saturday and "**Cousin Brucie**" **Morrow** will introduce the live concert at 3 PM featuring "**Little Anthony** and the Imperials" and "**Johnny Maestro** and The Brooklyn Bridge."—CM



The last reunion weekend in 1995: **Dan Ingram, Charlie Greer, Chuck Leonard** and **Ron Lundy**.

## Mancow simulcasts with Fox News

Following in the footsteps of **Larry King, Howard Stern, Don Imus** and the rest, **Eric "Mancow" Muller**, host of "Mancow's Morning Madhouse," was simulcasted with Fox News Channel's "Around The Watercooler" last Wednesday. The show is currently syndicated to five affiliates from Chancellor's (O:AMFM) WRCX-FM Chicago.

The simulcast may have been Muller's first nationwide TV gig, but it won't be the last: "I've got a big time network TV show coming up within the next 9 months or so. It'll be a news show related to Generation X. I was offered an HBO sitcom, a spot on a Fox comedy and others, but this one looks pretty good."

Muller, known for explicit sexual topics on radio, is more political on TV, setting himself up as the **Rush Limbaugh** for Generation X: "We'll all go to our graves talking about Seinfeld when we've got Clinton selling all of our secrets to China. There's some scary stuff going on and the top story is **Ginger Spice** is leaving."—CM



found unconstitutional in an April 14 decision. Chair **Bill Kennard** (D) says the FCC regulations do not impose any quotas, set-asides or preferences; instead they go after broadcasting's "old boy network." If the appellate court refuses, the FCC can still appeal to the Supreme Court.

► The Associated Press will pay a reported \$50M for Worldwide Television News, a global news agency that is 80% owned by ABC News. ABC (N:DIS) has also signed a deal with APTV, AP's international video news agency.

► DOJ's Acting Deputy Asst. Attorney General for merger enforcement, **Charles**

**Biggio**, is heading for private practice. He'll join a New York law firm June 29. Biggio headed-up several radio merger investigations, and was a key player in the DOJ's Long Island case.

► The federal government has canceled the lease for the FCC's downtown Washington office building, in an attempt to force the agency to move to the new Portals complex across town. The General Services Administration also told the FCC May 29 it is taking back the \$17.6M earmarked for the FCC's move. The government has been paying rent on the Portals building for almost two years, while the FCC has fought relocation.



## News Analysis

### SW Nets news niche pays off

by Katy Bachman

Like Dorothy back in Kansas, SW Networks has found itself with its Entertainment News Network. The new strategy has landed SW 800 affiliates as it eats into the franchise of the traditional news networks, many which have moved to offer entertainment news modules in an effort to sign up more music station affiliates.

Now SW is looking to expand globally. In the past 30 days, it has announced that Canadian syndicator Sound Source and UK-based Unique Broadcasting will distribute and market SW Net's Entertainment News services.

"We saw the opportunity and it's playing out rapidly," said **Dan Forth**, president/CEO, SW Networks. "Being a global company, we have an advantage with international broadcasters. They recognize the brand."

Until it focused on entertainment news, the network failed to leverage the global brand name of Sony (N:SNY) not to mention its considerable media assets such as Columbia TriStar Pictures and Columbia and Epic Records. So for its entertainment news bureaus, SW smartly located them with Sony's businesses in New York, Culver City and Nashville which produce 10 genre-specific networks and two entertainment news networks.

In addition to opening up a new market for SW, the international strategy fuels SW's domestic business. "We're that much more connected; it helps us expand our news coverage of artists based in Europe," said Forth, adding that with Unique, the two will be able to combine resources in a London news bureau.

SW Networks has remade itself more than once since it opened its doors in May 1994 as Sony Warner Networks (*RBR* 10/24/94, p. 16). Less than a year after launching its first shows, it acquired Warner Music Group's equity in SW to become Sony Worldwide Networks. Programming came and went, but eventually SW was forced to hang out the "for sale" sign last year. It finally threw off the last vestiges of its struggling syndicated programming to focus on its Programming Services and En-

tertainment News (*RBR* 11/17/97, p. 3).

"What started out as prep services took on a life of its own and became oriented more towards entertainment news," said Forth. "We came on to a new life last Fall and we have really become a news organization."

SW takes entertainment news seriously and is proud to point out that it has broken

several recent stories including **Charlie Sheen** hospitalized and **Sharon Stone's** wedding. "It's not gossip; we treat these stories like a hard news organization," said Forth.

**RBR observation:** Most networks would have called it quits long ago, but SW kept trying till they got it right.

## One contest, nine stations— Jacor's consolidated contest

by Frank Saxe

Jacor (O:JCOR) is exploring a new consolidation synergy, with a chainwide contest among its nine AC "Mix" stations from Cedar Rapids to Rochester.

Here is how it works. In each market the song-of-the-day is played at precisely the same time, with each station conferenced in with the eight others. Listeners are directed to a toll free number. The 500th caller wins \$5K, with a contest budget of \$100K. Of course, with nine markets running the promotion simultaneously, odds of winning are considerably slimmer than with just one market—and therein lies the rub.

"We've been totally aboveboard about this; certainly our intention is not to deceive," says **Brad Ellis**, PD, WVMX-FM Cincinnati. "Our mission is to put bigger and better prizes out there, and obviously attract ratings."

Jacor spokeswoman **Pam Taylor** says the groupwide contest is even more advantageous to listeners in the smaller markets where money is not available for giveaways.

The same holds true for larger markets where contesting is being done less frequently than in the past, says Ellis. "With consolidation, a lot of companies aren't spending the money that they have in the past."

But not everyone thinks a consolidated contest is the way to go. "It's an illusion," says **Dan Swensson**, GM, WRRM-FM Cincinnati. Swensson's AC station competes in Cincy with Jacor's Hot AC WVMX-FM.

"They're really going out of their way to avoid the real disclosures about what the audience is competing against. There is no reference whatsoever that you're fortunate enough to be playing against eight other markets. Lucky you."

Swensson says such contests are a "mirage" with short term gains, since the public may be turned off once they discover their local radio contest is no different than the national contests run by McDonald's or Pepsi. "It is stretching the rules of engagement," says Swensson.

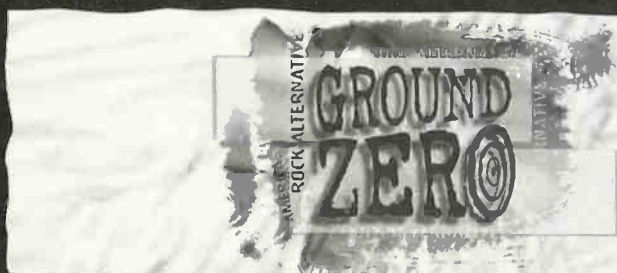
"I think that is old line thinking for radio," responds Taylor. "Do people think it's deceptive when they play the McDonald's Monopoly game? It is played all over the country and nobody seems to think a thing about it. Its not deceptive, it's simply new age radio."

In Dayton, Clear Channel's CHR WGTZ-FM is poking fun, stressing Jacor's contest pits listeners against a potential 13M people. "We tout the fact that our contest is much easier to play and every winner is from the Miami Valley," says GM **David Macejko**. "As a GM with a bottom line focus I think it's brilliant. Does it have a customer focus? No way."

### In the Mix

Calls	Market	Rank
KLYF-FM	Des Moines, IA	88
WMXL-FM	Lexington, KY	108
WMMX-FM	Dayton, OH	54
WMVX-FM	Cleveland, OH	23
WMLX-FM	Lima, OH	221
WMT-FM	Cedar Rapids, IA	199
WVMX-FM	Cincinnati, OH	25
WMTX-FM	Sandusky, OH	Unrated
WVOR-FM	Rochester, NY	47

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## Alternative Music Coast to Coast

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Programmed by Doug Clifton - KXPK, KBCO  
Researched by Mike Henry - Paragon Research

For Market Exclusivity, Call Michael Henderson, Director of Affiliate Sales 303-784-8700



by Carl Marcucci

## Music monitoring biz heats up; BDS and Mediabase go head to head

Forget the rivalry between **Mel Karmazin's** CBS and **Randy Michaels' Jacor**. The most intense competition in the radio business may be the battle to dominate the music monitoring biz. Two companies, Premiere's Mediabase and VNU's Broadcast Data Services (BDS) are locked in a race to sign up both radio stations and record labels. A third entrant, RCS' Aircheck System is the wild card, well known internationally, but lacking a U S presence.

For both radio stations and record labels, music monitoring services have become an effective research tool in making business and programming decisions. Radio stations seek programming and competitive intelligence while record companies are looking to see which of their artists are getting airplay.

Both companies are coming at the same two marketplaces—radio stations and record labels—from different directions. BDS, which began as a service paid for by the record labels, remade the product for radio stations who barter for the service. Mediabase started a radio station service available by barter and is again eyeing the cash-heavy record labels, a market worth an estimated \$20M.

This year, competition between the two companies has reached new heights. BDS, through MediaAmerica, stepped up marketing of its station service, Preferred Data. Mediabase began converting its service from monitoring one day/week to 24/7 to match the BDS system. Mediabase also plans to go after BDS' label business and increase the number of stations it monitors to 1,000, which would put it closer to the 1,064 BDS currently monitors.

There are major differences between the two systems, beginning with methodological approaches which yield different features attractive to different stations. The final score will be determined by the marketplace.

### The first shots

The battle dates back to 1988 when Mediabase began losing its record label clients to BDS. At that time, Mediabase's airplay logs, based on one day/week monitoring, were printed in the now-defunct *Monday Morning Replay* magazine.

Seeing the potential of providing record companies with the information, VNU, which owns *Billboard*, decided to enter the music monitoring business themselves and started monitoring music 24/7 with its computer-based system.

"They [BDS] basically took all our record company clientele," said **Rich Meyer**, president, Mediabase. Mediabase changed its strategy to focus on radio clients and got back into the game in 1993 when it partnered with Premiere Radio Networks, which was later sold to Jacor.

For a while, the two companies didn't butt heads. "They left us alone on the radio side and we left them alone on the records side," said Meyer.

That didn't last. In March 1997, BDS launched its Preferred Data PD product, developed by The Trapman Company and aimed straight at Mediabase's radio station business. So far, VNU has invested millions in BDS, a system similar to its Competitive Media Reporting's MediaWatch service which monitors TV commercials using the same technology.

Not to be outdone, Mediabase began ramping up its service in March of this year from one day a week monitoring to 24/7 to match BDS and target the labels. Said Meyer: "We will absolutely beat BDS for price, accuracy and reliability for the record labels. We're currently in the process of offering short and long term contracts to prove that."

continued on page 10

mediabase monitors music charts tuned in gold book call out

Formatted: Alternative, Current, Adults, GE, Sort, Burn

Rank	Artist	Title	Pos	Wk	MT	Wk	Wk	Wk
1	MURPHY BROWN	See U Again	57	35	22	24	97	
2	FBI FIGHTERS	My Hero	58	29	29	22	91	
3	RON LLOYD PERCE	Change	57	30	27	20	84	
4	EMERILIN	I Will Buy You A New Life	61	30	31	10	90	
5	CREEK	My Own Prison	61	21	41	15	92	
6	SEMISONIC	Closing Time	54	27	27	15	93	
7	HOTELIER (MOROSIN)	Tora	52	32	20	14	93	
8	MURPHY BROWN	Real World	47	29	19	14	75	
9	FASTBALL							
10	TRIO EYE BLIND							
11	TRIO EYE BLIND							
12	LENNY HARRITZ							
13	PEARL JAM							
14	RAOUL SEAR							
15	BOYS BY THE NAME							

Mediabase's callout data analysis

mediabase monitors music charts tuned in gold book call out

Hil Radio By Call Letters

KKFR Phoenix  
KKNT Springfield, MA  
KKLQ San Diego  
KKMG Colo Springs

MMR 24/7 KKKF-FM Phoenix 7 Day Most Played

Rank	Artist	Title	Plays	% of total
1	MENT	Too Close	85 85	20 20
2	BIG PUNISHER/JOE	Still Not A Player	82 67	21 24
3	LOAD TRIO/PETER GZ.	De Ja Vu	79 81	22 20
4	WILL SMITH	Gettin' Jiggy Wit It	75 65	23 25
5	PUBLIC ANNOUNCEMENT	Dady, Dumpin'	61 46	20 25
6	JANET JACKSON	I Get Lonely	51 61	22 26
7	PIRS/OL DD/MYA	Ghetto Superstar	42 40	14 24
8	MARY J. BLIGE	Seven Days	37 34	24 22
9	TIMBALAND AND MAGOOD	Clock Strikes	37 33	18 22
10	SPARKLE W/A. KELLY	Be Careful	33 23	15 21
11	K-CI O JOJO	All My Life	31 19	10 10
12		The Boy Is		

Mediabase's daypart analysis



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**Music Monitoring**  
continued from page 8

**Man versus machine**

The methodological difference between the two services comes down to man (or woman) versus machine. While BDS uses computer intelligence to ID songs, Mediabase uses people. Both use WANs and the Internet to move the data and distribute it.

BDS' system is based on a patented system that uses audio fingerprinting technology. Offering complete logs the next day, receiver/computers monitor selected stations in each market and send the audio via WAN to a central facility in Kansas City where a computer recognizes each song's fingerprint within 11-47 seconds. The info is then transferred to each station's log. If, within the first pass, no ID is recognized with a real-time database of 40,000 or so songs, a second pass is made through a master database of over 260,000 songs. If still no ID can be made, the audio file is sent to one of 20 audiophiles (people) who try and reconcile the ID. If successful, a new fingerprint is made and added to the master database.

The third stage is employed for only the top 30-market stations. For smaller markets, and for no third-stage ID, the log will skip the song, showing a longer time on a previously ID'ed song.

BDS's technology is particularly well-suited for labels concerned about newer releases since new songs are

quickly fingerprinted into the system. "Nothing is released by a major record label in the US before it is in the BDS system and out in the field. It's been like this for years," said **Joe Wallace**, president, BDS.

Mediabase employs about 100 people to ID the songs it monitors. Digital audio files are distributed from each market across a WAN to Los Angeles within 15 minutes and then sent to 80 audiophiles to be ID'ed. If they don't ID the songs within seconds, the audio is sent back to LA where Mediabase employs 20 "reconciliation specialists."

To ID a song, each audiophile receives 10-second audio snippets captured every couple of minutes (variable) and enters the information. On average, according to Meyer, one person IDs a song in six seconds and a station's full day of music in 30 minutes. Given six hour work days, 80 people can ID about 400 stations per day—if they were all music. Skipping over stop sets and special programming (ie. a morning drive host or countdown show) will increase that figure, so it may be possible to monitor 675 stations 24/7 with 80 people as Meyer says.

However, the audiophiles would have to be quite skilled to ID and input each audio snippet in six seconds. For Mediabase to increase its human monitoring of stations from 675 to 1,000 it will probably need to hire more people.

**Strength (and weakness) in numbers**

BDS's Preferred Data software for radio stations not only delivers playlists to its users, but a host of qualitative and quantitative breakdowns in a wide variety categories. "At the time that I switched, Mediabase did not have 24/7. I needed to manipulate the data to be able to utilize it for something other than having 15 pages of songs. I can look at percentage of spins, percent of library on competitors and look at these things over a 30 day period as opposed to a week and compare those," said **Barry James**, PD WTMX-FM Chicago.

On its web site, Preferred Data adds graphical representations to its data. Said James: "Preferred Data's graphical Era maps are very powerful. I'm looking at my competitor right now, Q101. I can see that 26 of their songs come from 1998. And they've got 338 spins thus far. Well that's only 9% of the songs in their library for a week-long monitor, but it's 38.3% of the spins. Those are the things that nobody could give me before."

In its conversion to 24/7 Mediabase can also provide some of the same quantitative sorting and analysis that BDS does, but distributes it via floppy disk. It is in the process of incorporating more data manipulation capabilities over the Internet to be completed late this Summer (see comparison chart, left).

Mediabase's Meyer points out that BDS's technology can be a weakness. Since BDS doesn't include its third stage of human reconciliation beyond the top 30 markets, any song played that isn't fingerprinted will not show up on the list. That makes it tough to identify stations with obscure playlists that pull from a wide range of genres and years, says Meyer. Additionally, custom station edits and remixes may obscure a fingerprint.

"A recent log from WXRT-FM Chicago (Progressive) showed they missed 46 songs and we missed zero," said Meyer.

"I'm looking at WXRT. There are eight songs in the 10:00 hour. Realistically, they probably played 11. Here's a song at 10:00 and then another at 10:08. The Pretenders' "My City Was Gone" is not eight minutes long, so BDS probably missed one. 10:11 is the Who, then 10:25 is **Don Henley**.

**Comparing BDS and Mediabase**

	<b>BDS</b>	<b>Mediabase</b>
User-defined charts/graphs	Yes	Disk only, soon Internet
Multi-station comparison/contrasting	Yes	No
Customized reporting	Yes	Disk only, soon internet
Playlist analysis by daypart	Yes	Yes
Gold, current, recurrent ratio reports	Yes	Yes
Sortable music logs (alphabetical, by artist, by most played, etc...)	Yes	Yes
Daypart analysis	Yes	Yes
Callout research/analysis	Planned	Yes
Archived lists	Yes	Yes
Archived audio	No	Yes (7-day)
Archived comprehensive station monitor reports (promos, positioning, features, contests)	No	Yes

Sources: BDS, Mediabase

continued on page 12



# THE NAB RADIO SHOW

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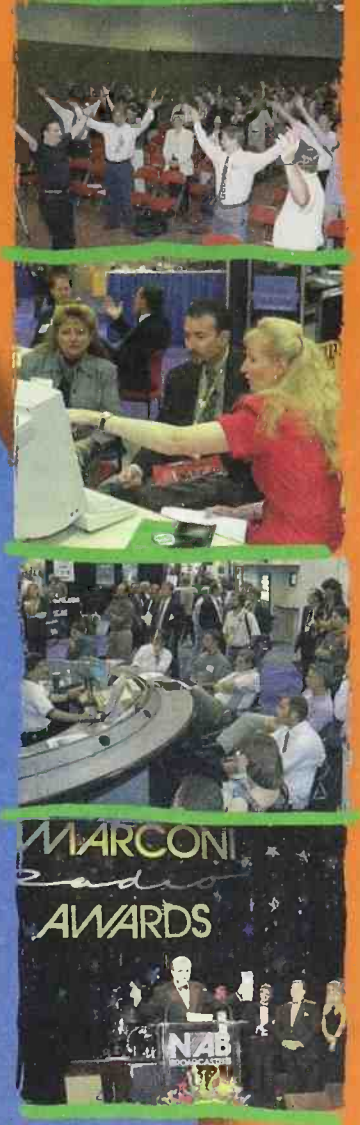
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continued from page 10

The Who record is not 14 min. long, so there is probably an album cut in between there," said WTMX's James.

BDS' Wallace says those missed songs aren't that critical. "Free Form or Progressive formats are harder to ID for BDS because fewer songs are fingerprinted. That's where the fingerprinting/technological approach absolutely has an Achilles heel—there's no doubt about it. However, nobody has ever asked us to fill in those blanks on all that obscure stuff—radio or record companies."

Perhaps because of the methodological differences, BDS and Mediabase target different formats. BDS excels with current-based stations, Mediabase with gold-based. Mediabase has many more stations on line in formats like Oldies, Classic Rock, gold-based AC stations and Progressive stations. BDS monitors Spanish stations where Mediabase has none.

### The wild card

RCS's patented fingerprinting technology, the Aircheck system is already being used internationally for radio and TV in Brazil, France and Holland. Recently (5/16) German-based Media Control bought exclusive European rights for Aircheck.

Looking to get its system licensed in the US market, RCS instituted a 90 day window mid-May to accept bidding for the Aircheck system. While there has been no announcement to date, RBR sources say Mediabase has been presented the contract and proposal and is reviewing it.

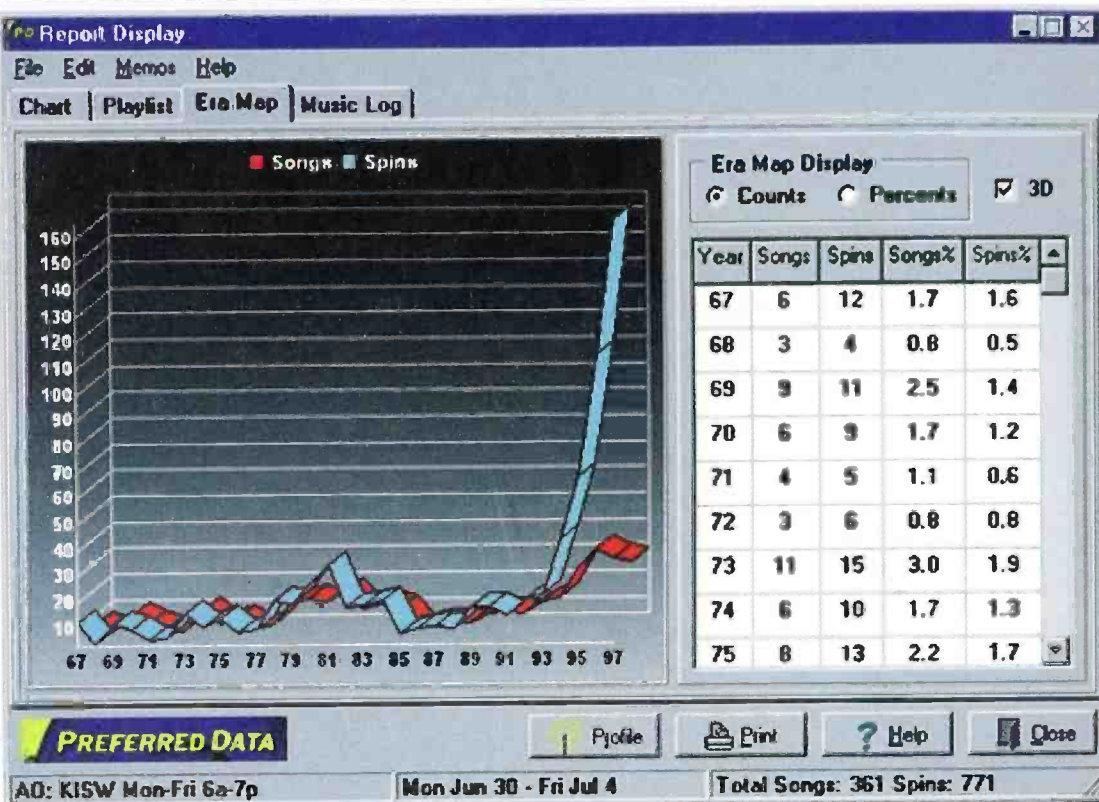
Like the two major US players, RCS also thinks its system is the best. Elliott Mazer, VP new product development, RCS said: "We define it to be far superior to BDS's system. Aircheck was designed by people who know radio, so the whole rotation scheme idea is basic to the way this system is run. Once the system figures out a radio station, it adapts itself to that station's parameters."

**RBR observation:** Should the monitoring services be audited? Similar syndicated services such as ratings, local market consumer surveys and other research services voluntarily subject themselves to third party audits such as the Media Research Council (MRC) and the Audit Bureau of Circulations (ABC).

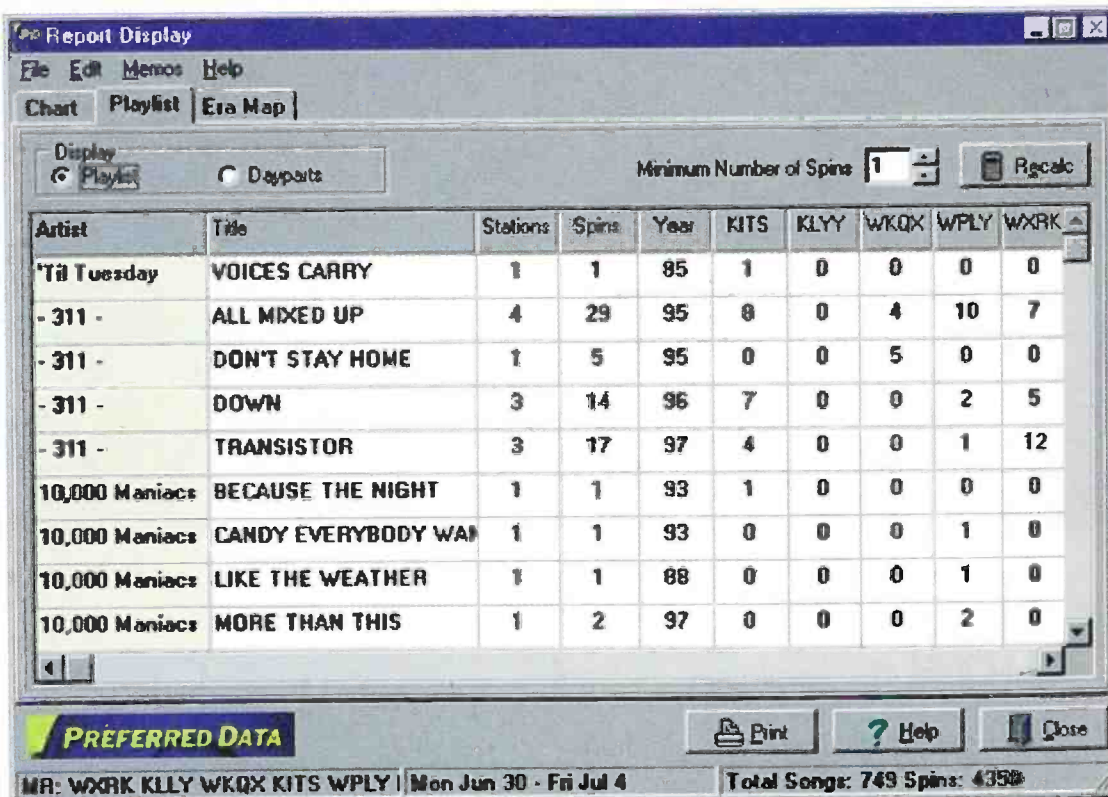
## Who monitors what?

	stns monitored	mkts	# formats	# clients
BDS label service 24/7	1,064*	126*	10	400
Mediabase label service 24/7	Planned			
* includes Canadian stations/markets				
BDS radio service 24/7	568†	126*	9	106
Mediabase radio service 24/7	675	100	9	980
†of an available 1,064				

Sources: BDS; Mediabase



The BDS Preferred Data era map



BDS's multiple station contrasting



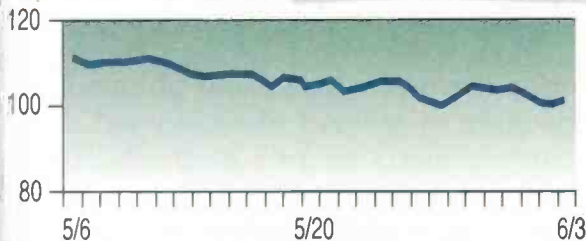
# BROADCAST INVESTMENTS™

June 3—RBR Stock Index 1998

Company	Mkt:Symbol	5/27 Close	6/3 Close	Net Chg	Pct Chg	6/3 Vol (00)	Company	Mkt:Symbol	5/27 Close	6/3 Close	Net Chg	Pct Chg	6/3 Vol (00)
Ackerley	N:AK	19.875	19.875	0.000	0.00%	42	Heftel Bcg.	O:HBCCA	35.125	36.625	1.500	4.27%	1399
Alliance Bcg.	O:RADO	0.875	0.812	-0.063	-7.20%	0	Jacor	O:JCOR	53.062	51.625	-1.437	-2.71%	6742
Am. Radio Sys.	N:AFM	62.812	64.875	2.063	3.28%	1045	Jeff-Pilot	N:JP	56.062	58.062	2.000	3.57%	2052
AMSC	O:SKYC	11.500	11.250	-0.250	-2.17%	220	Jones Intercable	O:JOINA	19.187	21.750	2.563	13.36%	623
Belo Corp.	N:BLC	49.625	51.437	1.812	3.65%	1086	Metro Networks	O:MTNT	38.250	39.500	1.250	3.27%	197
Big City Radio	A:YFM	9.375	9.000	-0.375	-4.00%	366	NBG Radio Nets	O:NSBD	2.093	2.000	-0.093	-4.44%	0
Capstar	N:CRB	19.000	18.562	-0.438	-2.31%	8519	New York Times	N:NYT	71.375	72.687	1.312	1.84%	1756
CBS Corp.	N:CBS	30.562	30.500	-0.062	-0.20%	44916	News Comm.	O:NCOM	1.375	1.375	0.000	0.00%	0
CD Radio	O:CDRD	34.375	36.500	2.125	6.18%	5568	OmniAmerica	O:SCTR	42.250	44.687	2.437	5.77%	456
Ceridian	N:CEN	53.187	51.437	-1.750	-3.29%	2317	Otter Tail Power	O:OTTR	32.000	32.375	0.375	1.17%	125
Chancellor	O:AMFM	41.937	40.875	-1.062	-2.53%	10528	Pacific R&E	A:PXE	4.375	3.750	-0.625	-14.29%	5
Childrens Bcg.	O:AAHS	3.250	3.125	-0.125	-3.85%	101	Pulitzer	N:PTZ	86.000	87.937	1.937	2.25%	560
Clear Channel	N:CCU	93.000	96.625	3.625	3.90%	5730	RealNetworks	O:RNWK	23.625	21.250	-2.375	-10.05%	1054
Cox Radio	N:CXR	42.062	42.500	0.438	1.04%	20	Saga Commun.	A:SGA	20.000	16.375	-3.625	-18.13%	5
DG Systems	O:DGIT	3.750	3.937	0.187	4.99%	65	Sinclair	O:SBGI	25.375	25.000	-0.375	-1.48%	1628
Disney	N:DIS	114.312	109.562	-4.750	-4.16%	13008	SportsLine USA	O:SPLN	26.875	24.000	-2.875	-10.70%	8694
Emmis Bcg.	O:EMMS	45.000	43.500	-1.500	-3.33%	4355	TM Century	O:TMCI	0.437	0.437	0.000	0.00%	0
Faircom	O:FXCM	1.218	1.031	-0.187	-15.35%	900	Triangle	O:TBCS	0.080	0.085	0.005	6.25%	2700
Fisher	O:FSCI	72.000	73.500	1.500	2.08%	13	Triathlon	O:TBCOA	10.250	10.750	0.500	4.88%	68
Gaylord	N:GET	33.500	33.562	0.062	0.19%	116	Tribune	N:TRB	65.250	67.562	2.312	3.54%	1466
Granite	O:GBTVK	10.937	11.125	0.188	1.72%	9294	Westover	A:WTW	25.750	25.500	-0.250	-0.97%	123
Harris Corp.	N:HRS	47.437	47.625	0.188	0.40%	3838	Westwood One	O:WONE	26.250	26.062	-0.188	-0.72%	448
							WinStar Comm.	O:WCII	36.937	39.125	2.188	5.92%	10977

## The Radio Index™

The Radio Index™ closed Wednesday, June 3 at 102.50, up 0.36 from a week earlier.



### Weak up-front deflates CBS

Wall Street Journal—An unexpectedly weak prime-time advertising market is taking some of the glitz out of CBS Corp. (N:CBS) stock.

Shares in the media company are down about 14% since early April, and earnings estimates are being cut, as analysts brace for what could be one of the weakest network advertising seasons in years.

As CBS and other TV networks begin the annual "upfront" selling season, media executives say this year is shaping up to be particularly weak, as cable TV makes inroads at the networks' expense. Even the rosier scenarios call for only a slight increase in network ad spending.

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6/8/98 RBR

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by Jack Messmer

## Regent and Faircom set to merge

Regent Communications (O:RGCI) should be debuting on Wall Street as a public stock any day now. Shareholders of Faircom Inc. (O:FXCM) last week approved a \$33M merger with Regent, with more than 70% voting for the deal. Each Faircom share will be exchanged for 0.1409916 share of Regent's \$5 Series C Convertible Preferred Stock. Both Regent's common stock and the preferred will trade on the over-the-counter market.

In addition to the Faircom merger, Regent CEO **Terry Jacobs** has six other mergers and acquisitions on deck to close this week, including one that has a couple of FCC Commissioners questioning the FCC staff's action in giving it a green light (see p. 4).

Once all pending deals close, including the sale of KCBQ-AM San

Diego to an as-yet-unidentified buyer, Regent will have stations in nine markets—mostly small markets in California and Arizona, plus the former Faircom stations in Flint, MI and Mansfield-Shelby, OH.

On a pro forma basis, Regent said the merged group had 1997 revenues of \$20.16M. Although the company didn't state broadcast cash flow, it said broadcast operating expenses were \$15.33M, which would indicate cash flow of \$4.83M before net LMA fees of \$396,000.

## Cumulus readies IPO

Cumulus Media (O:CMLS) is expecting to price its IPO between \$15 and \$17 per share, according to the company's most recent SEC filing. Cumulus is selling 6.25M new shares

and its main financial backer, the State of Wisconsin Investment Board, is selling 1.17M shares. After the IPO, public shareholders will own approximately 40% of Cumulus' common stock. **Underwriters:** Lehman Bros.; Bear, Stearns & Co.; BT Alex. Brown

## Clear Channel wins More

Britain's Mergers and Monopolies Commission blocked France's Decaux from raising its bid for More Group (RBR 6/1, p. 11), guaranteeing success for a £475M (\$779M) bid by Clear Channel Communications (N:CCU) to acquire the British outdoor advertising company. In an announcement conceding defeat (6/2), Decaux said "Clear Channel got a very good deal."

Clear Channel moved quickly to take advantage of the Commission's approval of its own bid, which allowed the US company to increase its stake in More past the 30% mark. Clear Channel announced last Tuesday (6/2) that it had upped its stake to 51.3% of More's shares and would keep its offer to buy the remaining shares open for 14 days.

More CEO **Roger Parry** is apparently anxious to have Clear Channel's backing to expand More beyond its current focus on bus stop ads. He told London's *Financial Times* that the company will start consolidating the fragmented market for advertising on such things as shopping carts, beer mats and toilet doors.

**RBR observation:** RBR's offices have two restrooms, each with a door. Contact any member of our sales staff for advertising rates.

## US groups chasing UK stations?

Jacor (O:JCOR) and Clear Channel (N:CCU) are among the final bidders for three UK radio stations being sold by Luxembourg-based CLT-UFA, according to reports in London's *Financial Times*. The bidding for Talk Radio, Atlantic 252 and RTL Country is believed to be above £40M (\$65.6M).

## Capstar Broadcasting Partners

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# DOJ wastes more tax \$\$\$

By Jack Messmer

Once again taking credit for something he had nothing to do with, Assistant Attorney General **Joel Klein** announced (5/28) that Sinclair Broadcast Group (O:SBGI) had agreed to spin off three stations in New Orleans to Centennial Broadcasting.

Had Klein bothered to read *RBR's* March 23rd issue (page 12), he would have known that the \$16M divestiture had been announced to the public two months before he decided to blow his own horn. Had he bothered to read the 1996 Telcom Act, he would have realized that Sinclair could not have owned nine radio stations in New Orleans, regardless of anything the DOJ's Antitrust Division might or might not do.

In short, this was a done deal that had absolutely nothing to do with Klein's execution of Vice President **Al Gore's** political vendetta against the US radio industry.

Klein has been complaining of late to Congress that his division is short of staff, due to the demands of pursuing such high visibility cases as the government's antitrust lawsuit against Microsoft (O:MSFT) and a succession of mega-mergers in the telephone industry.

May we suggest that Klein would have more antitrust attorneys available for these cases—some of which may actually pose an antitrust threat—if he stopped wasting countless manhours doing the Vice President's political bidding instead of his job.

As we and many broadcasters have repeatedly explained, there is no way for any radio station combination to control advertising rates in any market. It is simply impossible, since radio stations have to compete with a host of other media outlets for buys. If it were legal to own every radio station in a market (and it's not), you still couldn't control rates—the key factor in whether or not a business combination poses a monopoly threat.

### Made-up antitrust threats

By defining a market more and more narrowly, it is possible to create the appearance of an antitrust violation in any purchase of one business by a competitor in any industry. That is precisely what Klein and his predecessor, **Anne Bingaman**, have done to carry out Gore's anti-radio agenda. That politically-driven application of antitrust law, creating a market where none exists, will be struck down once a case finally gets to court.

Unfortunately, there may never be a court case to slap down Gore's minions and expose their political game. Klein has been careful to chose radio cases where he can exact minor concessions (such as the recent CBS-ARS deal) and those where DOJ played no role in spin-offs (such as this one in New Orleans) to make a play for coverage in the general media. Each time he's able to grab headlines, he gets more ammunition to browbeat other radio broadcasters into submission and make them less likely to go to court to challenge his dubious legal claims.

Rather than increasing Klein's staff, we once again urge Congress to do just the opposite. The DOJ's Antitrust Division is obviously still grossly overstaffed if it has time and money to waste on investigations of radio combinations that have already been broken up and never posed an antitrust threat in the first place.

### And now you know...

Going over Capstar's (N:CRB) recent IPO with a fine-toothed comb, we discovered the following description of the April acquisition of Prophet Systems (*RBR* 4/6, p. 4), for which no purchase price had been publicly announced:

"In April 1998, the Company acquired substantially all of the assets of Prophet Systems Inc. for a purchase price of \$15M in cash and 285,714 shares of Class A Common stock with a deemed value of \$10M, or \$35.00 per share. The Class A Common Stock will be issued by the Company after the Offering upon satisfaction of certain conditions contained in the asset purchase agreement. The acquired assets permit a radio station operator to broadcast programming from a centralized location to selected stations by digitally transferring programming to such stations. Such technology is an integral part of StarSystem™, the Company's programming distribution network."

**RBR observation:** At the IPO price of \$19, the stock would be worth \$5.43M, making the total value \$20.43M. At the "deemed value" of \$35 per share, that would rise to \$25M.

# CLOSED!

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# Tax-free exchanges: Pay now, or pay later

By R. Jeffrey Heath and Erwin G. Krasnow\*

Tax-free exchanges, sometimes referred to as "likekind" exchanges, have become increasingly popular as acquisition-minded radio groups find it necessary to spin off stations from multiple-market group buys. Rather than take cash, and incur a capital gain for tax purposes, many group owners prefer to find another group owner interested in making a mutually-advantageous exchange of stations.

CBS Corp. (N:CBS) and Jacor Communications (O:JCOR) are doing just such an exchange involving 11 stations in five markets (RBR 6/1, p. 3), resolving problems with both local ownership limits under the 1996 Telcom Act and DOJ antitrust concerns.

Also seeking to avoid tax liabilities for his newly public company, Capstar Broadcasting (N:CRB), **Steve Hicks**

has embarked on a three-year quest (RBR 4/13, p.13) to line up \$637.5M in swaps to cover 11 former SFX Broadcasting stations being traded to Chancellor Media (O:AMFM).

### Worth the bother?

Tax-free exchanges are driven by three of Uncle Sam's branches—the FCC, the Department of Justice (DOJ) and most importantly, the Internal Revenue Service (IRS).

The FCC's radio ownership rules present opportunities for strategic gamesmanship—a game of chess whereby each player tries to capture the King and the Queen in the local market. The Antitrust Division of DOJ forces some owners, either directly or by raised eyebrow, to cut back their holdings in certain markets. The IRS

carries the biggest stick because of the huge capital gains and high taxes often involved in the sales of radio properties.

The "likekind" exchange provisions in Section 1031 of the Internal Revenue Code—translated "tax-deferred"—provide radio station owners with a mechanism to swap stations and defer federal, and in most instances state, income taxes.

In an oversimplified nutshell, here are the requirements that must be satisfied for an exchange of an asset to qualify as a tax deferred likekind exchange.

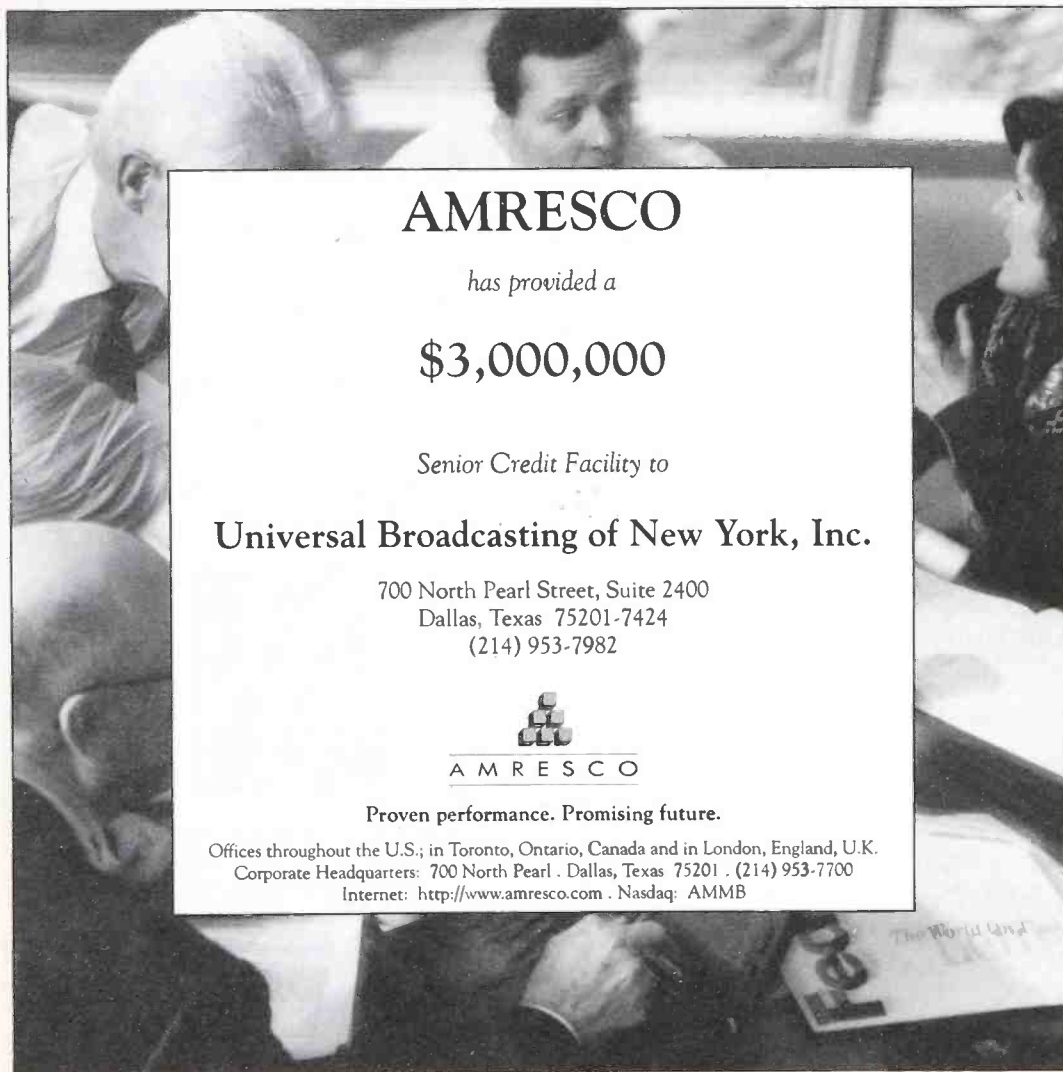
First, the asset being relinquished must be of a "likekind" to the one received. An exchange of an FCC radio license for another FCC radio license qualifies as likekind assets. Although not without question, a broad definition of what constitutes a likekind asset might also qualify an exchange of an FCC radio license for an FCC television license for likekind exchange treatment.

A second requirement is that the asset relinquished in the exchange, to use IRS jargon, must have been held for productive use in a trade or business or for investment and the asset being received in the exchange must be held in a similar manner.


### Balancing apples and oranges

In most instances, the stations involved in a swap will not have the same fair market value. In such situations, the IRS generally allows for a partial deferral of gain and the related tax resulting from the exchange. Specifically, when radio stations are swapped, the assets are divided up into "exchange groups" and matched against an exchange group of likekind assets. In simple terms, an "exchange group" is a group of assets that are of likekind and have the same class life for purposes of computing depreciation expense for federal income tax purposes. With respect to the swap of radio stations, the IRS generally taxes the lesser of the amount of gain that would have been subject to tax if the assets were sold for their fair market value ("FMV") in a fully taxable transaction or the difference between the FMV value of the assets transferred and the assets received in the exchange, e.g., an exchange deficiency. This concept is best illustrated with the example on page 17.

The likekind exchange provisions also provide opportunities for a taxpayer to defer the tax consequences



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of an exchange transaction even though, at the time the exchange occurs, the other station or stations have not yet been identified. In order for these provisions to apply, the replacement property, e.g., stations, must be identified within 45 days after the date on which the taxpayer transferred its property. The replacement property must be received within the earlier of 180 days of the date the property subject to the exchange was relinquished or the due date (including extensions) for the taxpayer's tax return for the year the property included in the exchange was relinquished.

### Keep a calendar handy

The timing of the closings is important. A deferred exchange will not satisfy the likekind exchange provisions to the extent the taxpayer relinquishing property receives, actually or constructively, money or other property prior to receiving the replacement property. For example, if a taxpayer exchanges a radio station for cash, receives the cash, and reinvests the cash into other radio stations within the 45/180 day requirements specified above, the exchange will not qualify as a likekind exchange because the taxpayer actually received possession of the cash proceeds. Similarly, if the proceeds are placed into escrow and subject to control or withdrawal at the taxpayer's discretion, the exchange will not qualify as a likekind exchange as the taxpayer will be deemed to have constructively received the proceeds. In order to protect against failure to satisfy these provisions, deferred exchanges often involve the use of a qualified intermediary who acts like an escrow agent in a normal transaction. Special rules apply to who can act as a qualified intermediary in a deferred exchange.

**Are there negative consequences associated with utilizing the likekind exchange provisions?** Yes, possibly one. When an asset is acquired in a likekind exchange, the tax basis of the assets received in the exchange is generally equal to the tax basis of the assets relinquished in the exchange. Therefore, there is no step-up in the depreciable or amortizable basis of the acquired assets. In a cash flow business such as radio, this frequently results in higher current taxable income as the historical depreciation and amortization deduc-

tions do not offset the increased advertising revenues. Thus, in evaluating whether to utilize a likekind exchange strategy, the owner of a radio station needs to evaluate the after-tax costs of paying capital gains tax

rates on a taxable sale of the assets versus paying ordinary income tax rates on ongoing operating income.

Pay the taxes now or pay the taxes later. Somehow, the IRS always gets its cut.

### Balancing the swap equation

Taxpayer A owns and operates a radio station. The assets of the radio station consist of an FCC license. Taxpayer B also owns and operates a radio station. The assets of B station consist of an FCC license and a building. Both A and B lease all other assets required to operate their radio stations. The basis and FMV of A and B's assets are as follows:

	Tax Basis	Fair Market Value
A - FCC License	\$10,000	\$200,000
B - FCC License	\$10,000	\$120,000
Building	\$50,000	\$80,000
Total	\$65,000	\$200,000

A would realize gain on the transfer of the FCC license in an amount equal \$190,000, the difference between its FMV and its tax

basis. However, the amount of gain recognized or actually subject to tax is equal to the lesser of \$190,000 or the exchange deficiency. The exchange deficiency is the difference between the FMV of the FCC license transferred in the exchange and the FMV of the FCC license received in the exchange, or \$80,000. Thus A would be required to recognize and be taxed on gain equal to \$80,000.

In contrast, B would not recognize any gain on the exchange of the FCC license as the exchange group deficiency of zero (\$120,000-\$200,000) is less than the gain realized of \$110,000 (\$120,000-\$10,000). However, B would be required to recognize gain on the transfer of the building of \$30,000, the lesser of the gain realized of \$30,000 and the exchange group deficiency of \$80,000.

\*R. Jeffrey Heath, CPA, is a tax professional at KPMG Peat Marwick LLP

Erwin G. Krasnow is a communications attorney with the law firm of Verner, Lipfert, Bernhard, McPherson and Hand.

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## Tower Business Report™

by Jack Messmer

### American Tower Systems flying solo

Assuming all went according to plan, CBS Corp. (N:CBS) will have closed its \$2.6B buyout of American Radio Systems (N:AFM) by the time you read this article. After the closing late last week, ARS shareholders were in line to get more than the \$44 cash per share from CBS—they're also receiving a new share of stock in American Tower Systems (N:AMT), which has been trading around \$23 on a "when-issued" basis.

For Q1, American Tower Systems (ATS) reported pro forma (including all completed transactions) net revenues of \$19M, compared to \$18.6M a year earlier. The net loss increased to \$3.7M from \$2.8M, boosting the net loss per common share by two cents to eight cents.

With the spin-off completed, ATS has a series of large pending deals to close. It will merge with American Tower Corp. (ATC) in a stock swap which will make Clear Channel Communications (N:CCU), a large ATC shareholder, the owner of about 10% of ATS' stock. Also pending is a \$30.5M acquisition of a teleport business, including a 10-acre site near Washington, DC. ATC says it is negotiating to buy a company which is building 40 towers (seven are currently operational) in the Tampa area for ten times the "current run rate cash flow" and is loaning the company up to \$12M for construction costs.

Run rate, by the way, is tower business jargon that's similar to broadcast cash flow, except that it is calculated forward from the current month, since tower leases tend to be long-term. As ATS explained in its SEC filing: "Current run rate cash flow' means 12 times the excess of net revenues over direct operating expenses for the month preceding closing."

Also on deck is an offering of 20M new ATS shares, plus an additional 3.6M being registered by selling shareholders. Most of ATS' proceeds will go to cover reimbursing CBS for tax liabilities resulting from the tower unit spin-off. ATS expected the "make-whole" payment to CBS to be approximately \$305M-\$330M. An interim financing deal will bridge the gap from last week's closing to the new stock offering. Lead Underwriter: CS First Boston

### OmniAmerica refocusing business after merger

Specialty Teleconstructors (O:SCTR), which is soon to take the name of its recent merger partner, OmniAmerica, reported declines in revenues and gross profits for Q1. The company attributed the reversals to its change in business strategy. Before the merger, Specialty Teleconstructors had been primarily a tower builder, while the merged company intends to be a "full-service 'build-to-suit' tower company" which will own and manage tower sites nationwide.

Although Specialty/OmniAmerica will continue to offer tower construction services to others, CEO **Carl Hirsch** said the company's new focus on owning and operating towers "reflects the accelerating industry trend of [cellular & PCS] carriers and broadcasters outsourcing their tower assets to better focus on their core business and to maximize their operational efficiency.

For Q1, Specialty/OmniAmerica reported a 14% decline in revenues to \$15.5M. Gross profits dropped 63% to \$1.3M. Net earnings were \$244,000, compared to pro forma earnings of \$1.6M a year earlier.

### Westower heads east with \$10M deal

Westower Corp. (A:WTW) is expanding its geographic spread to the Mid-Atlantic and Southeastern states with a \$10M stock-swap acquisition of Palm Beach-based MJA Communications. Westower, based in Vancouver, WA, currently has towers located primarily in the Northern states, particularly its Northwest base, and throughout Canada.

MJA had 1997 revenues of \$13.9M.

For its fiscal year which ended Feb. 28, Westower reported a revenue gain of 50% to \$23.2M. Gross profits rose 47% to \$5.9M and net earnings grew 108% to \$2.5M.



**\$3,900,000—WMIH-AM** Cleveland from Divine Mercy Communications Ltd. (Steven Kurdziel) to ABC Inc. (Robert Iger, pres.; Bob Callahan, pres. of ABC Radio), a subsidiary of The Walt Disney Co. (N:DIS). \$195K escrow, balance in cash at closing. **Broker:** Kozacko Media Services

**\$1,000,000—KENT-AM & FM** Odessa-Midland (Odessa TX), **KRGN-FM & KLMN-FM** Amarillo TX, **KAMY-FM** Lubbock TX and **KOJO-FM** Lake Charles LA from Maranatha Radio Inc. (H. Gene Ray) to Family Life Broadcasting System and Family Life Broadcasting Inc., subsidiaries of Family Life Communications Inc. (Randy Carlson, pres.). \$1M cash.

**\$1,000,000—WMVY-FM** Cape Cod (Tisbury MA) from Broadcast Properties Inc. (Jane K. Mauer) to Aritaur Communications Inc. (Joseph V. Gallagher, William P. Collatos). \$75K escrow, balance in cash at closing.

**\$400,000—WAZY-AM** (formerly WCFY) Lafayette IN from First Assembly of God (Gregory A. Hackett) to Artistic Media Partners LP, controlled by Broadcasting Management Inc. (Arthur Angotti, Robert & Sandra Borns, David Frick, Merrill Ritter). \$20K escrow, balance in cash at closing. Creates combo with WAZY-FM & WGBD-FM. LMA since 4/1.

**\$375,000—\* WICE-FM** Montgomery (Wetumpka AL), 51% partnership interest in Vision Communications Ltd. II from Philip L. Williams to current 49% owner Montgomery Broadcast Properties Ltd. (Allan G. Stroh, B. Stephen Schloss, June M. Collier, Carl Barranco, Johnnie F. Knight). \$375K escrow to be released at closing. **Duopoly** with WACV-AM & WRWO-FM, plus LMA of WBAM-FM.

**\$268,484—KRTM-FM** Temecula CA, 100% transfer of interests in non-profit Penfold Communications Inc. from Mickie Evans, Lynn Diehl, Chandra Manahan & James Briney to Charles W. Smith, Jeffrey W. Smith, John A. Laudadio & Michael R. Kestler, all of whom are directors of the CSN International station group. \$169,788 payoff of note owed to Mark Evans, \$65K for equipment owned by Mark Evans, \$33,696 to Mark Evans under consulting agreement.

**\$170,000—WMSR-AM** Manchester TN. Stock of Coffee County Broadcasting Inc. from Thorold D. Ramsey (70% to 0%), Notie A. Ramsey (25% to 0%), Mitzi D. Ramsey (5% to 0%) to John L. Murray Jr., Kenneth R. Duke, Billy R. Bouldin, Donald R. Hershman (all to 25%). \$19K escrow, debt assumption of remainder of \$150,222.96 note, balance in cash at closing.

**\$152,600—KGAK-AM** Gallup NM from Gallup Broadcasting Co. (Jack & Betty Chapman) to KRJ Broadcasting Co. (Jimmie, Ruth & Kerwin Gober). \$3K escrow, additional \$79.6K in cash at closing, \$20K note, \$50K under non-compete agreement. LMA since 5/1.

**\$132,500—KITZ-AM** Silverdale WA from Kitsap Broadcast Group Inc. (Donald Atkinson, Jack Ondracek) to Jamison White Productions Inc. (Jamison Q. White). LMA since 3/3. \$20K escrow, balance in cash at closing.

**\$125,000—WJKN-AM** Jackson MI from Jackson Radio Partners Inc. (Richard Karasek, John Salov, Thomas Evanson, Kelly Fuels, Melling Tool Co.) to Northlands Communications Inc. (John Salov). Either \$70K cash or \$50K cash and \$20K note, plus repayment of \$55M in loans from principals of the seller.

**\$103,000—\* WMBO-AM** Ithaca (Auburn NY) from Salt City Communications Inc. (Merill B. Charles III) to WOLF Radio Inc. (Craig L. Fox, George W. Kimble). \$5K escrow, \$103K (less escrow) in cash at closing. **Duopoly** with WOLF-AM Syracuse.

**\$43,500—\* KNTB-AM, KBRO-AM** Seattle (Lakewood/Bremerton WA). Stock of Washington Broadcasting Management Co. Inc. from Fred Lundgren and Jerome Freimel to Triangle Broadcasting Co. Inc. (O:TBCS, Frank Olsen, pres.). Cash payment of \$3.5K to Tim Mauch for engineering work and payoff of \$10K in station debts, 300K shares of Triangle stock (\$30K at recent price of 10¢ per share), plus options to buy 200K additional shares at 50¢ each (current value is zero). Existing

**duopoly.** This transaction will be simultaneous with assignment of station licenses from WBMCI to FTP Corp. (RBR 3/2, p. 14).

**\$30,000—KEUG-FM** Cottage Grove OR. Stock of Signal Communications Inc. Bernard Foster, who holds all 80 non-voting shares, receives all 20 voting shares from brother Jerry Lewis Foster. Cancellation of debt.

**\$10,000—KVEL-AM & KLCY-FM** Ver-nal UT, 100% stock sale of Ashley Communications Inc. from James & Debra Davis to Steven & Sueann Evans. \$10K in cash at closing.

**\$5,000—WADV-AM** Harrisburg-Lebanon (Lebanon PA) from FDK Inc. (Dorothea L. Krug, Kenneth & Jennifer Taylor, Earl Kochel III, James Hodgkins) to WADV Radio Inc. (Jennifer L. Taylor, Earl Kochel III, James K. Hodgkins, Earl Kochel Jr.). \$5K payment to former 50% shareholder, Krug, in settlement of protracted legal dispute.

**\$10—WQST-AM** Jackson (Forest MS) from American Family Association (Donald E. Wildmon, pres.) to Eddie L. Smith. Transfer for release from liability for claims against station "as [a] result of commitments to third parties made by previous WQST-AM purchasers." The seller will retain WQST-FM and lease studio and transmitter space to Smith for \$10 for one year to allow for relocation.



Kerby E. Confer, CEO/Radio Division  
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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.

**\$47,000,000—\* WJNA-AM, WRMF-FM & WRLX-FM** West Palm Beach from Fairbanks Communications Inc. (Richard Fairbanks) to James Crystal Licenses LLC, a

subsidiary of James Crystal Holdings Inc. (James C., Barbara G. & James W. Hilliard, Crystal H. Armstrong), via spin-off from Clear Channel Communications (see below). \$47M cash & WTPX-FM CP. **Superduopoly** with WEAT-AM W. Palm and WFTL-AM Ft. Lauderdale. Broker: Bergner & Co.; Richard A. Foreman Assocs.

**\$38,000,000—\* WJNO-AM, WIRA-AM & WXFG-FM** West Palm Beach (Ft. Pierce-Boynton Beach FL) and **WJNX-AM** Ft. Pierce FL from Fairbanks Communications Inc. (Richard Fairbanks) to Clear Channel Metroplex

Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$85M cash, however, \$47M of assets are being spun off to James Crystal (see above) along with WFTL-AM Ft. Lauderdale. **Superduopoly** with WBZT-AM, WOLL-FM, WKGR-FM & WTPX-FM CP, plus daisychain superduopoly overlaps with Clear Channel stations in the Miami market. Note: No more than eight stations overlap at any point. Broker: Bergner & Co.; Richard A. Foreman Assocs.

Related swap:

**N/A—\* WTPX-FM CP** (105.5 mHz) West Palm Beach (Jupiter FL) from James Crystal to Clear Channel (details above).

**N/A—\* WFTL-AM** Ft. Lauderdale from Clear Channel to James Crystal (details above).

**\$30,400,000—\* KIEV-AM** Los Angeles (Glendale CA) from Southern California Broadcasting Co. (various members of the Beaton family) to New Inspiration Broadcasting Company Inc., a subsidiary of Salem Communications Corp. (Edward Atsinger III, Stuart Epperson). \$1.5M escrow, balance in cash at closing. **Duopoly** with KLTX-AM & KKLAFM. Broker: Bruce Houston, Blackburn & Co.

**\$14,999,999—\* KSJL-FM** San Antonio from Inner City Broadcasting Corp. of San Antonio Inc., a subsidiary of Inner City Broadcasting Corp. (Pierre Sutton), to Clear Channel Radio Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$2,333,333 in cash at closing, cancellation of \$10M note, \$1M under non-compete agreement, additional payment of \$833,333 if net operating income in first year after closing exceeds \$500K, additional payment of \$833,333 if net operating income in second year after closing exceeds \$1M. **Superduopoly** with WOAI-AM, KTKR-AM, KAJA-FM, KQXT-FM & KEYI-FM. Broker: Frank Boyle

**\$9,000,000—KKIQ-FM** San Francisco (Livermore CA), 100% stock sale of Tri-Valley Broadcasters Inc. from various members of the Pedotti, Acquistapace, Rick and Hatch families to James E. & John F. Levitt. \$890K escrow, balance in cash at closing. Broker: Elliot Evers, Media Venture Partners

**\$7,000,000—KUIC-FM** Vacaville CA, 100% stock sale of Quick Broadcasting Inc. from Harry Benton, other members of the Benton family, Andres Santamaria, Shirley Fuchsberg, Corrine Perri Morales) to James E. & John F. Levitt. \$300K escrow, balance in cash at closing. Broker: Elliot Evers, Media Venture Partners

**\$5,000,000—WLRT-FM** Chicago (Kankakee IL) from STARadio Corp. (Howard Doss) to Big City Radio Inc. (A:YFM; Stuart Subotnick, chmn.; Michael Kakoyiannis, pres.). \$250K escrow, balance in cash at closing. Note: No contour overlap with Big City's other Chicago stations. Broker: Gary Stevens

continued on page 19

6/8/98 RBR

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