

RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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NAB blasts LPFM, tells FCC it "will create chaos"

Spectrum integrity will be displaced and the transition to IBOC digital radio may be hindered. That's what the NAB says the industry has to look forward to if the FCC goes ahead with its ill-researched low-power FM proposal.

"Low-power radio would result in a significant increase in interference for a large number of radio listeners," announced NAB CEO/Pres. **Eddie Fritts** during a news conference at NAB headquarters. "We're concerned that the FCC is putting the cart before the horse."

The NAB filed its comments last week in response to the FCC's proposal to relax 2nd and 3rd adjacent channel protection in order to carve out spots for thousands of 100- and 1,000-watt stations. The FCC has made clear over the past few months that it supports LPFM as a way to enhance diverse ownership and programming.

While NAB officials do admit that the Commission's goals are "laudable," the agency should not "sacrifice technical engineering to promote social engineering," writes the NAB in its LPFM comments. Fritts added that his organization supports other avenues to introduce minorities and women to broadcasting, such as tax certificates, and that there is evidence of expanding program diversity.

The study

The FCC last reported to *RBR* that it was testing boomboxes, car radios

and home stereo systems (*RBR* 7/19, p.2). The NAB has taken that study one step farther by testing 28 radios that also include clock radios and personal radios (such as walkmans) which the Commission did not cover. And the results are not promising. In the 60 markets where the FCC has proposed allocations for LPFM, the NAB reports that if both 2nd and 3rd adjacency protections are eliminated, 6.1M people across the US would sustain interference from 100-watt LPFM stations and 5.8M people from 1,000-watt stations.

In its comments, the NAB discredited the FCC's assumption that new receivers are better than old ones at handling relaxed protections. "It (FCC) relied on unsubstantiated claims by low-power FM proponents that (these protections) are no longer necessary because of alleged 'vast improvements in receiver technology'... these 'vast improvements' are a myth... there is no evidence to support this claim." The NAB's receiver study reports that LPFM service areas would actually have to be smaller than the Commission has proposed and would in fact be vulnerable to interference from full-power stations.

The study also points out that the conversion to digital radio could be harmed if the Commission proceeds with LPFM. The NAB says the Commission does not know how a digital signal would be affected by an LPFM

October looking strong

Forward pacing continues to run well ahead of last year. In the first look at October, the month is already just shy of half sold. "The improved performance for October is actually even more impressive," said Miller, Kaplan, Arase & Co.'s **George Nadel Rivin**, since this year's standard broadcast calendar for October is five weeks, compared to four last year.—JM

RBR/Miller Kaplan Market sell-out percentage report

	1999	1998
Aug. 1	82.6%	77.4%
Sept.	68.2%	63.4%
Oct.	49.6%	43.4%

station because a digital standard has yet been adopted (currently, three companies are vying to establish an IBOC standard). If the FCC pushes forward with LPFM, writes the NAB, "the Commission is abrogating its principal role as spectrum manager."

The NAB's comments also note that each FCC Commissioner has said that LPFM service should not be established if it would create interference to existing broadcasters. Now all the NAB can do is hope they stay true to their words.—TS

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FCC OKs TV duopoly, sets radio/TV limits

Saying that the broadcast industry needs to move away from a waiver-based environment into a rule-based one, the FCC voted to eliminate its ban on radio-television crossownership. Before last week's ruling, radio/TV combos were only available through waivers granted by the Commission.

Under the new rules, a party may now own eight broadcast outlets in a particular market. Permissible combos would include seven radio stations with one television station or six radio stations and two TV stations. Owning two television stations would be an option only if the second station was at risk of failing financially, had already failed or was licensed but never built.

But according to last week's vote, the rules are not without conditions. There have to be at least 20 other independent voices in the same post-merger market for the radio/TV combos to be approved. An "independent voice" would include all fully-operational commercial or noncommercial radio or television stations, any daily newspaper printed in English at least four days a week and wired cable services.

The new rules also allow a party to own a TV station and up to four radio stations in any market as long as there are still 10 independent voices remaining.

The Commission also amended its ownership attribution rules by adopting a new "equity/debt plus" plan. Under this rule, a party is now considered to have an attributable interest if it holds more than 33% of a station's equity or debt or if that party supplies more than 15% of a station's weekly programming. The Commission did retain its 5% voting stock benchmark, but raised it to 20% for passive investors such as insurance companies, mutual funds and bank trust departments.

"This area has been a mess, and I'm glad that we are cleaning it up," said Chairman **Bill Kennard** during the Commission's open meeting. Added Commissioner **Michael Powell**, "These rules are not all right and they are not all wrong. But they are what they have to be—a compromise."—TS

LPFM: What others are saying

It's no surprise that the NAB and virtually all broadcasters are steadfastly opposed to LPFM (see story, page 2). Here's what some others had to say about the idea through comments filed in the FCC's Docket 99-25.

- Veteran engineer and low-power TV station owner **J. Rodger Skinner Jr.**, who filed one of the two Petitions for Rulemaking (RM-9242) which led to the LPFM proposal, insists that by dropping 2nd and 3rd adjacent channel protection, "the efficiency of the FM band will be increased without introducing objectionable levels of interference." Skinner wants the antenna height limit for 1kw LPFMs to be 100 meters, rather than the proposed 60 meters, which he says would make the new stations more competitive. Skinner wants both commercial and non-commercial stations and suggests awarding licenses through a series of filing windows (similar to the original system used for LPTV), and claims that the first-come, first-served system would somehow avoid the congressional mandate that commercial licenses be auctioned.

- Media Access Project, filing on behalf of a number of liberal activist groups, maintained that LPFM "gives the Commission what may be its last and best chance to reintroduce a locally-based, locally-produced program service." While the groups support the idea of an LPFM commercial service, they said the top priority must go to non-commercial stations, since many large cities are likely to get, at most, one 1kw allocation. Strangely, the groups object to requiring electronic applications, since some of the disadvantaged groups most in need of a radio voice can't afford computer technology. (*RBR* note: But could afford to build and maintain an LPFM station?)

- "It is the creation of LPFM, rather than industry consolidation, which poses the greatest threat to the growth of existing minority broadcasters today," said **Alfredo Alonso's** Mega Communications LLC. For example, Mega said, introducing four 1kw or 18 100-watt LPFMs to the Hartford, CT market would likely have a significant impact on its two AMs which serve the Latino and African-American communities. "Even non-commercial LPFMs would drain the audience from full-power stations with minority formats, thus impacting revenues for those stations."

In all, Docket 99-25 has attracted more than 2,000 comment filings, although most are one-page (often one-sentence) statements of support for LPFM filed via the Internet. All are also available for viewing online at the Commission's www.fcc.gov site.—JM

News Briefs

RIP UPI?

There was still no confirmation at *RBR's* deadline that UPI was selling its broadcast client list to AP and exiting the wire service and radio network businesses, but the handwriting was on the wall. As the latest president charged with rebuilding UPI, **Arnaud de Borchgrave** has targeted the Internet and electronic newsletters as the way to give the long-struggling company a future.—JM

Kennard applauds tax certificate bill

The FCC boss says Sens. **John McCain's** (R-AZ) and **Conrad Burns'** (R-MT) plan to bring back tax incentives (*RBR* 8/2, p.2) is "a sensible way to allow all small businesses to compete in the most dynamic sector of our economy." The Senators announced two weeks ago they drafted legislation that would allow companies to defer capital gains taxes on ownership sales to minorities and women.—TS

Appeals Court pushes FCC to justify rules

While the US Court of Appeals stopped short of calling the Commission's personal attack and political editorial rules unconstitutional, it did demand an explanation as to "why the public would benefit...from rules that raise policy and constitutional doubts." The NAB and RTNDA have challenged the validity of these rules, saying they interfere with the editorial judgment of journalists by forcing them to give equal airtime to opposing viewpoints.—TS

Big City to retire "Heart & Soul"

As AMFM (O:AMFM) Vice Chairman and Radio President **Jimmy de Castro** told *MBR* in January (p. 14), "they're toast!" Big City Radio's (A:YFM) R&B Oldies format with the WXXY/WYXX simulcast in Chicago has caved to rival AMFM's WUBT-FM. Ratings in Sp '99 were 0.3 vs. 3.3, P12+. GM **Rich Marston** was to announce the new format 8/6, a W25-54 Modern AC, according to *RBR* sources.—CM

Kenyon appointed VP, Technology

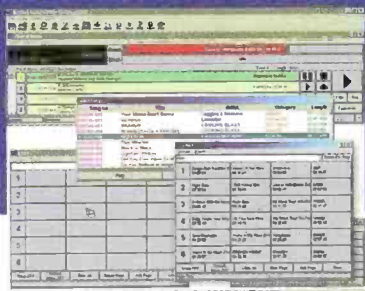
Former Jacor VP Engineering **Al Kenyon** (*RBR* 6/21, p.8, 8/17/98, p.6), has been appointed VP, Technology Clear Channel (N:CCU) Radio by President **Randy Michaels**. He assumes oversight of technical operations, including computer networks, RF engineering, towers, digital audio programming and satellite communications. When asked what it was like to be in charge of this many functions at 476 radio stations, he said: "Is anyone really in charge of a stampede?"—CM.



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Jones signs with AP

As Jones Radio Network VP/GM **Phil Barry** recently told *RBR* (AdBiz July, p. 14), a news product was in the offing. AP Radio was selected 8/2 as the news offering to more than 1,100 JRN affiliates, should they choose the barter service. This adds to AP's total affiliate and wire client count of nearly 4,000. Beginning 9/20, AP Network News will provide signed JRN affiliates top-of-the-hour 5-minute newscasts, hourly two-minute business and sports reports and live special reports—not the entire AP offering. Jones will pay AP cash for the product.

While Barry had previously told *RBR* a news product acquisition was likely, Jones/MediaAmerica CEO **Ron Hartenbaum** opted for a strategic alliance instead: "We decided we'd go to the source. We're doing more strategic relationships with a variety of different players—Rogers Broadcasting for "Rhona," Cox Radio for **Neil Boertz** and **Clark Howard**."—CM

USADR announces test stations

As mentioned (*RBR* 7/12, p.2), USADR has chosen five cities for its commercial field testing program that began this month. The stations: In New York, WCBS-AM, WNEW-FM (Infinity, N:INF); In Washington, DC, WHFS-FM, WJFK-FM (Infinity), WTOP-AM (Bonneville), WETA-FM (Greater Wash. Ed. Telecom Assn.); In San Francisco, KLLC-FM, KYCY-AM (Infinity); In Baltimore, WPOC-FM (Clear Channel, N:CCU) and Cincinnati, WNOP-AM (Main Street Comm.) USADR's experimental stations, 1660-AM Cincinnati and 93.5FM Columbia, MD continue testing.

"This is a very aggressive program. There will be some 24/7 around the clock testing. When we test all-digital, we will turn off the analog. That will be at 2:00-3:00 in the morning [on the FM stations]," said USADR CEO **Bob Struble**, who added the company threw a barbecue 7/30, with entertainment supplied through a decoded digital signal on a USADR prototype IBOC receiver.—CM

RCS offers XML data formats

RCS has announced an open architecture initiative for some aspects of digital on-air and scheduling systems, using the XML data format (used extensively with Web site development), and Microsoft's COM standard for new versions of its Selector®, Linker and Master Control NT products.

"What we're trying to spec out is how to pass events—a song, a commercial spot, a schedule—back and forth. We've talked to about 16 vendors and we have been developing an XML interface between our own products. Some people have talked about openness and wanted to do was just write things to each other's databases. That's alright, but if you have 10 people writing to your database, you then become a captive to each of those vendors—you cannot move and improve or add things without getting consent," said RCS President **Andrew Economos**."

RCS is currently working with Enco and Marketron to prove out the XML standard interface.—CM

Cumulus picks automation system

Now that Cumulus Media (O:CMS) is poised to be the third largest O&O based on number of stations, Executive Chairman **Richard Weening** (after a LONG period of contemplation) has chosen a common digital on-air system for all 246 stations. BSI's WaveStation gets the order based on price and an open architecture hardware standard, compatible across Microsoft Windows 95, 98 and NT. While Cumulus will eventually convert most stations over to BSI, the move will be slowly phased in—open architecture doesn't mean WaveStation will be able to communicate with other systems already in Cumulus' 45 markets.

"We think BSI has the best functionality, flexibility and pricing in the industry. While we will maintain our relationships with the various vendors who have installed systems in our markets, all new markets will install the BSI platform and several existing markets where support and reliability have been an issue will convert to BSI," Weening told *RBR*.

Cumulus' audio production hub is located in Chattanooga, and was supposed to use DG Systems (O:DGIT) for audio delivery (*RBR* 2/22, p.4) for one year. The BSI contract won't supercede that deal in its term. "It's a production facility, so we're not doing long-form programming out of there. We will continue to honor that contract," said Cumulus Radio President **Lew Dickey**."—CM

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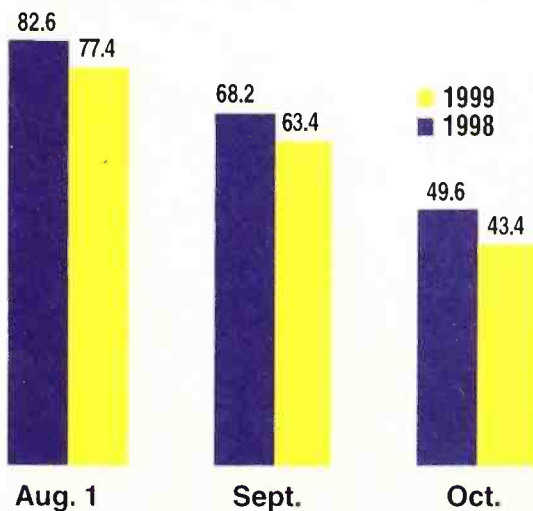
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Radio moves Mazda;



can it move other auto makers?

by Karen Maxcy

Radio

AdBiz

August 1999, Volume 3, Issue 8

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Bumper year for radio

1999 is shaping up to be the best sales year ever for the auto industry according to the National Automobile Dealers Association (NADA). That is befitting for the last year of the same century that saw the first automobile roll off the assembly line and into an impassioned love affair that Americans have with their cars.

"Despite the modest interest rate hike, NADA still expects 1999 light-vehicle sales to surpass the 16M unit mark, shattering the all-time sales record set in 1986," says **Paul Taylor**, NADA's chief economist. "Sales will slow slightly in the second half (of the year) which will likely cause many dealers to advertise somewhat more to build showroom traffic. But 1999 will still be an all-time record year," he adds.

Last year, America's franchised new-car and -truck dealers already spent a record \$5.3B on advertising according to NADA. Newspapers got the lion's share of that budget, capturing \$2.7B. Radio got \$1B of that pie.

Are radio stations poised to capture even bigger money from the big spending auto industry?

Is radio in tune to the auto industry?

Groups like the Radio Advertising Bureau (RAB) and the Detroit Radio Advertising Group (DRAG), who are relentless in their promotion of the use of radio, have had success in attracting dollars to the medium.

But apparently, that is not good enough. The medium's biggest cheerleader, President/COO **Bill Burton**, reveals in DRAG's newsletter that radio stations spend too much time selling their stations and the medium. **Hap Smith**, Managing Partner, CP Dealer Operations, Bozell Worldwide, Inc. (he is in charge of all dealer money for Chrysler, Plymouth and

Jeep) told Burton that radio needs to be "coming in with creative ideas."

Also from Bozell, **Pam Iverson**, Senior Broadcast Negotiator, tells *AdBiz*, "Radio is an effective and well respected medium. We are very receptive to radio stations who work with us to create ideas and promotions which meet our goals, enhance our buys and set our clients apart from the massive crowds of all radio advertisers."

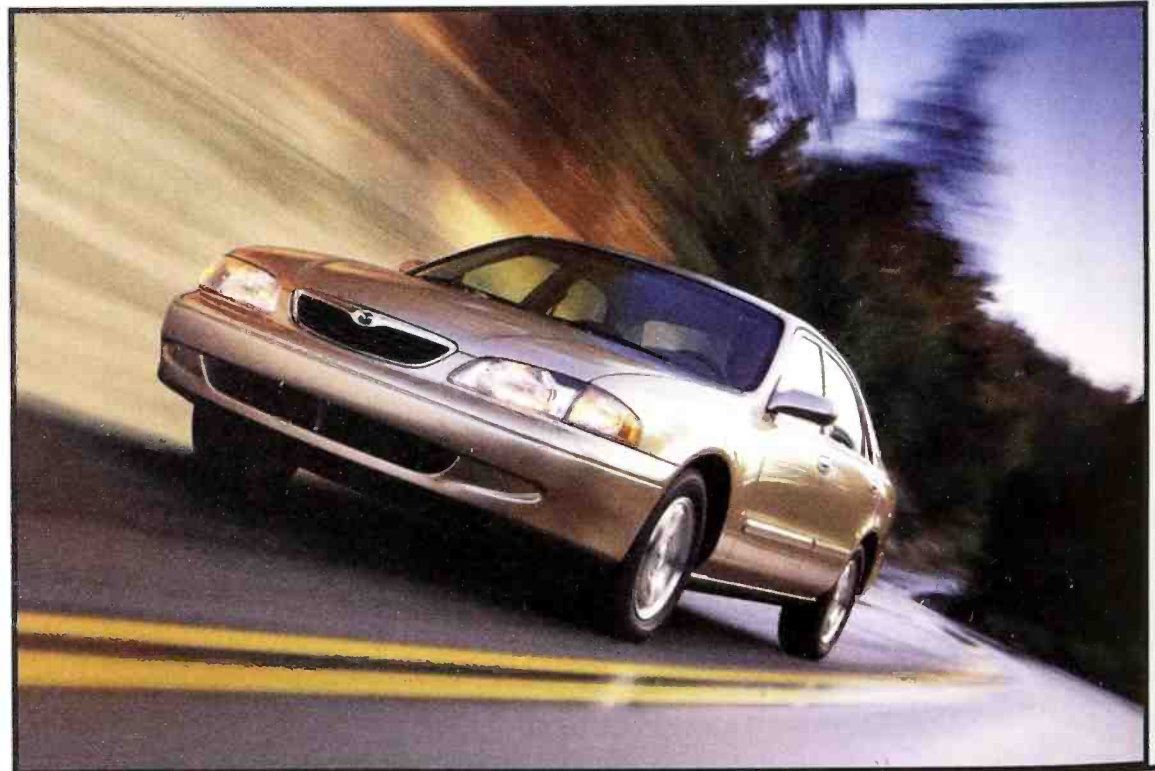
Echoing that view is **Greg Simonson**, Manager of Katz Network Radio Dimensions, Detroit. "I have met with several automotive companies since I have been in Detroit and I have found that one complaint seems to remain constant," he says. And that is: "We (agencies) would include radio more often in the media mix if we knew what you have to offer."

Radio and agency join forces

Opportunity came knocking on Simonson's door recently to do exactly that. In June, **Bonnie Saindon**, Associate Media Director at W.B. Doner, Detroit was charged with the challenge of moving the '99 Mazda 626 to make room for the new 2000 release of 626 due out in September. Doner represents Mazda North American Operations. They already had a strong TV presence but they needed an integrated campaign, said Saindon. Doner needed to "create a promotion with their radio schedules to create excitement behind the ('99) model." Saindon decided to turn to Katz and CBS Radio Sales (Interep), Detroit for promotional ideas.

The task—72 hours to come up with the perfect traffic-building promotional idea that can work across all markets. At Interep, **Susan**

continued on AB 4





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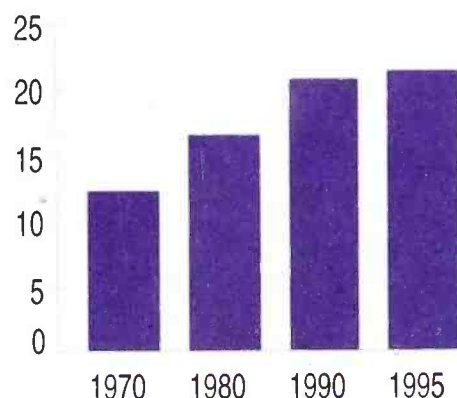
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Urban Radio: Your Black consumers are listening

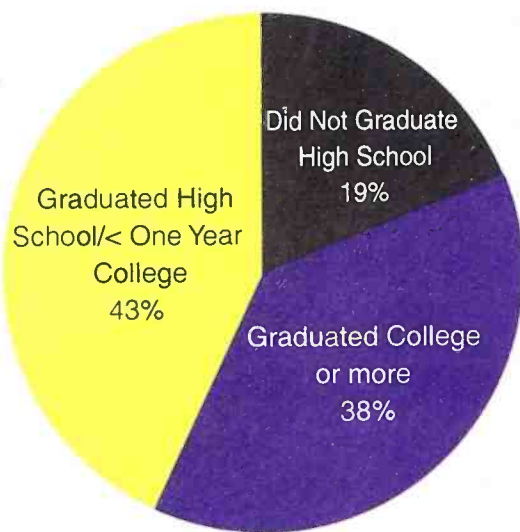
Interep Research's latest study "Black Consumers/A \$532 Billion Market" reveals the growing economic might of the growing African-American population. Presently at 13% of the population, numbering 34M, that segment is projected to grow by 38% to 47M by the year 2025. Median income for the Black family has risen over 300% from 1970 to 1995. The study also finds that Urban radio reaches 80.2% of all Blacks. In general, the results give overwhelming evidence that Urban radio shouldn't be playing second fiddle to the general market stations.—KM

Percent of Black Families earning \$50K or more



Source: Statistical Abstract of the United States

Education Attained by Urban Radio Listeners



Source: 1998 Spring Simmons

Media Index

Radio scores big with .com advertisers

by Jack Messmer

You know that Internet companies are major new advertisers for radio this year, and with this chart "Internet/E-Commerce" debuts as a hot new category in the MBR/Miller Kaplan Total Media Index.

For April, 37.03% of ad spending by the .com companies went to radio in the 15 market composite that comprises Miller, Kaplan, Arase & Company's Media Market X-Ray. In terms of total dollars, TV got a bit more, but you can bet that the Internet advertisers got many more gross impressions from their radio budgets.

Otherwise, there were no dramatic changes in ad shares from April 1998 or March 1999. Radio's overall share, 14.64%, was up from the previous month's 14.03%, but down from 15.3% a year ago.

RBR/Miller Kaplan Total Media Index

April 1999 (Expenditures in 000)

Category	Newspaper	TV	Radio	Total Media	Radio % of Total
Automotive	183,962	153,985	29,773	367,720	8.10%
Restaurants	4,217	50,712	12,063	66,992	18.01%
Department Stores	70,505	22,480	8,874	101,859	8.71%
Foods	1,281	38,890	7,981	48,152	16.57%
Communications/Cellular	37,685	30,866	14,871	83,422	17.83%
Furniture	26,785	15,209	6,517	48,511	13.43%
Financial Services	41,774	21,945	14,594	78,313	18.64%
Movies/Theater/Concerts	22,047	16,326	7,027	45,400	15.48%
Grocery Stores	13,291	9,043	6,312	28,646	22.03%
Appliances & Electronics	30,222	9,897	2,833	42,952	6.60%
Hotel/Resorts/Tours	29,737	11,292	3,648	44,677	8.17%
Drug Stores/Products	6,685	15,270	4,433	26,388	16.80%
Computers/Office Equipment	19,285	6,580	3,705	29,570	12.53%
Specialty Retail	24,208	21,073	10,411	55,692	18.69%
Health Care	13,073	16,995	7,612	37,680	20.20%
Auto Parts/Service	5,931	10,110	4,266	20,307	21.01%
Music Stores/CDs/Videos	3,478	5,999	3,428	12,905	26.56%
Transportation	14,370	7,923	4,560	26,853	16.98%
Entertainment-Other/Lottery	3,505	6,777	6,021	16,303	36.93%
Home Improvement	11,585	13,791	4,480	29,856	15.01%
Professional Services	9,871	11,582	7,213	28,666	25.16%
Beverages	2,352	15,439	8,331	26,122	31.89%
Television	10,302	3,073	8,197	21,572	38.00%
Personal Fitness&Weight Ctrs.	1,207	4,787	1,020	7,014	14.54%
Publications	25,659	3,344	2,705	31,708	8.53%
Internet/E-Commerce	2,934	6,559	5,582	15,075	37.03%
TOTAL	615,951	529,947	196,457	1,342,355	14.64%

*Based on Media Market X-Ray composite data for 15 markets (Atlanta, Charlotte, Cleveland, Dallas, Houston, Minneapolis-St. Paul, New York, Philadelphia, Pittsburgh, Portland, OR, Providence, Sacramento, San Diego, San Francisco, Seattle). Newspaper and television data compiled by Competitive Media Reporting and radio data compiled by Miller, Kaplan, Arase & Co., CPAs. For further information contact George Nadel Rivin at (818) 769-2010.

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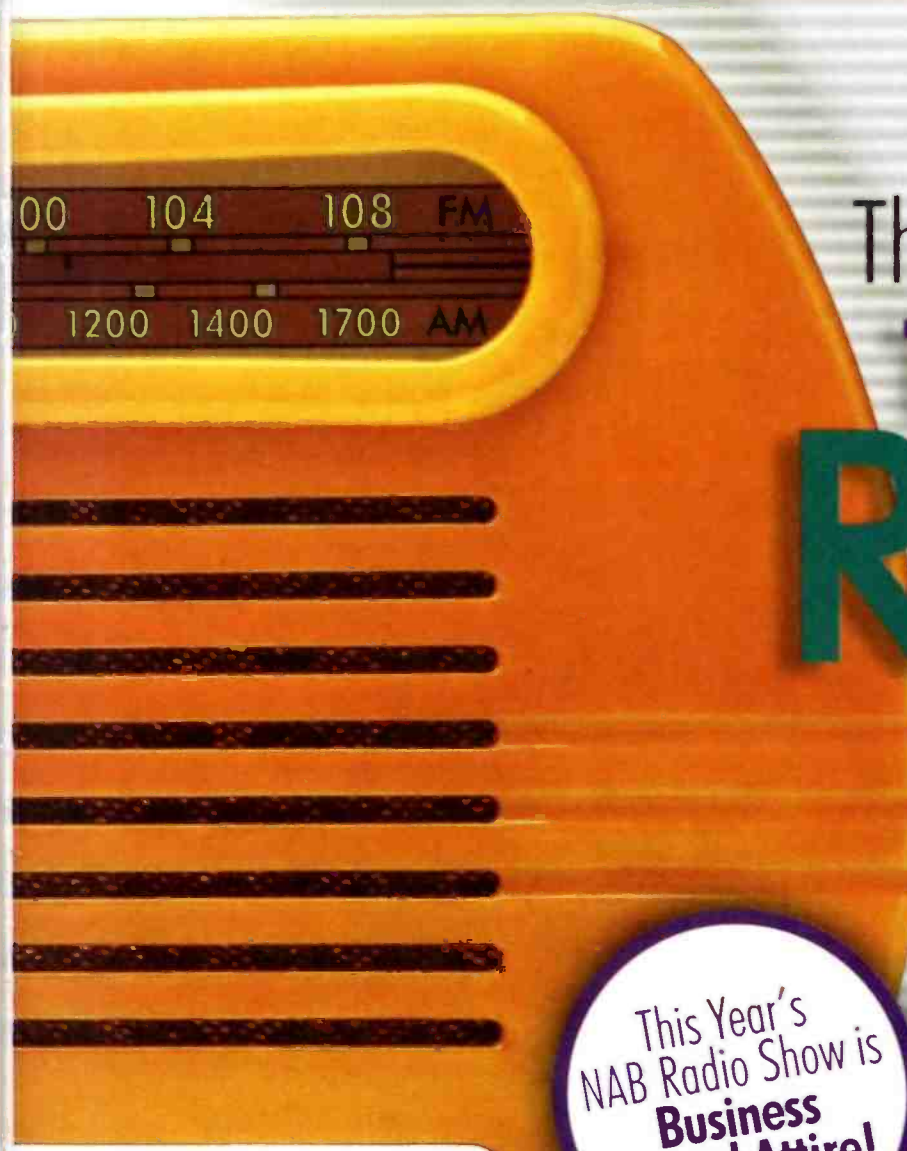
The NAB Radio Show gives you the opportunity to interact with some of the **BEST** Radio Group Executives.

Ed Christian, Saga Communications **Dick Ferguson**, Cox Radio

David Field, Entercom **Ken O'Keefe**, AMFM, Inc.

Randy Michaels, Clear Channel Communications **Erica Farber**, Radio & Records, Moderator

Participants in this year's Group Executive Super Session — **Thursday 9/2**



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August 4—RBR Stock Index 1999

Company	Mkt:Symbol	7/28/99 Close	8/4/99 Close	Net Chg	Pct Chg	8/4/99 Vol (00)	Company	Mkt:Symbol	7/28/99 Close	8/4/99 Close	Net Chg	Pct Chg	8/4/99 Vol (00)
Ackerley	N:AK	17.375	15.313	-2.062	-11.87%	179200	Hearst-Argyle	N:HTV	24.875	25.063	0.188	0.76%	4400
Alliance Bcg.	O:RADO	0.437	0.438	0.001	0.23%	0	Hispanic Bcg.	O:HBCCA	74.062	67.500	-6.562	-8.86%	73600
Am. Tower	N:AMT	22.687	22.000	-0.687	-3.03%	247000	Infinity	N:INF	27.875	26.438	-1.437	-5.16%	1237900
AMFM Inc.	N:AFM	55.875	50.188	-5.687	-10.18%	689100	Jeff-Pilot	N:JP	75.625	73.563	-2.062	-2.73%	374800
AMSC	O:SKYC	18.000	17.813	-0.187	-1.04%	370400	Jones Intercable	O:JOINA	47.125	44.000	-3.125	-6.63%	153500
Belo Corp.	N:BLC	19.125	19.875	0.750	3.92%	391700	Metro Networks	O:MTNT	55.687	55.969	0.282	0.51%	26300
Big City Radio	A:YFM	3.625	3.875	0.250	6.90%	8000	NBG Radio Nets	O:NSBD	2.000	2.000	0.000	0.00%	11700
CBS Corp.	N:CBS	45.000	44.688	-0.312	-0.69%	1792600	New York Times	N:NYT	39.500	38.313	-1.187	-3.01%	549100
CD Radio	O:CDRD	31.125	29.250	-1.875	-6.02%	93700	Otter Tail Power	O:OTTR	42.750	43.500	0.750	1.75%	20500
Ceridian	N:CEN	29.000	26.625	-2.375	-8.19%	690000	Pacific R&E	A:PXE	1.187	2.250	1.063	89.55%	45900
Citadel	O:CITC	34.250	31.000	-3.250	-9.49%	145800	Pinnacle Hldgs.	O:BIGT	25.125	24.375	-0.750	-2.99%	208900
Clear Channel	N:CCU	72.875	64.813	-8.062	-11.06%	1010100	Radio One	O:ROIA	43.625	43.750	0.125	0.29%	9000
Cox Radio	N:CXR	57.000	58.500	1.500	2.63%	2500	RealNetworks	O:RNWK	83.875	60.875	-23.000	-27.42%	2693200
Crown Castle	O:TWRS	22.812	22.000	-0.812	-3.56%	137600	Regent Pfd.	O:RGCIP	6.000	7.625	1.625	27.08%	4500
Cumulus	O:CMLS	24.187	24.250	0.063	0.26%	223500	Saga Commun.	A:SGA	20.937	21.188	0.251	1.20%	7100
DG Systems	O:DGIT	4.500	4.313	-0.187	-4.16%	138800	Salem Comm.	O:SALM	27.000	24.313	-2.687	-9.95%	94600
Disney	N:DIS	28.375	26.000	-2.375	-8.37%	6365100	Sinclair	O:SBGI	17.500	19.000	1.500	8.57%	377700
Emmis	O:EMMS	53.125	50.375	-2.750	-5.18%	42200	SportsLine USA	O:SPLN	26.812	21.625	-5.187	-19.35%	479400
Entercom	N:ETM	41.875	39.313	-2.562	-6.12%	13400	TM Century	O:TMCI	0.437	0.438	0.001	0.23%	0
Fisher	O:FSCI	62.250	61.625	-0.625	-1.00%	1100	Triangle	O:GAAY	0.240	0.230	-0.010	-4.17%	1883800
FTM Media	O:TFTMM	11.500	11.500	0.000	0.00%	0	Tribune	N:TRB	88.000	86.625	-1.375	-1.56%	191700
Gaylord	N:GET	30.000	30.125	0.125	0.42%	26400	WesTower	A:WTW	24.375	23.000	-1.375	-5.64%	1300
Harris Corp.	N:HRS	33.812	30.563	-3.249	-9.61%	185700	Westwood One	N:WON	38.000	38.188	0.188	0.49%	29000
							WinStar Comm.	O:WCII	57.000	48.688	-8.312	-14.58%	1787500

Harris cashing out PR&E shareholders

Consolidation continues in the equipment industry as well as radio, with Harris Corp. (N:HRS) announcing a \$9.5M cash tender offer for Pacific Research & Engineering (A:PXE). PR&E shareholders are being offered \$2.35 per share (double the recent trading price) and 15 cents per warrant. The tender offer begins this week and the deal is expected to close next month.

Meanwhile, PR&E reported Q2 financial results, which demonstrate why the studio equipment and design company is welcoming the deal to merge into a larger, stronger company. Net sales slipped to \$3.2M from \$4.3M a year ago. The company's net loss expanded to \$654K from \$406K. PR&E said one problem it has experienced repeatedly is having radio group owners hold off on planned purchases because of their constantly changing market and station lineups.

AMFM reports pre-nuptial Q2 results

Although the former Chancellor Media and Capstar Broadcasting didn't complete their merger until this month (RBR 7/19, p. 2), the two reported as one, AMFM Inc., for Q2. On a consolidated basis, net revenues rose 34.9% to \$434.1M. Operating cash flow gained 39.8% to \$202.1M. After-tax cash flow was up 13.6% to \$111.1M (67 cents per share).

Breaking out the former Capstar, which was in smaller markets than Chancellor, AMFM said Capstar had

pro forma revenue gains of 8.9% and cash flow 15.6%.

AMFM Radio CEO **Jimmy de Castro** noted that the company's entire management team is now on an incentive program, which will be triggered by the stock reaching \$100 per share.

"We now reach 66M people on a national basis," noted COO **Ken O'Keefe**.

Westwood posts record

Q2 was bright for new Westwood One (N:WON) **Joel Hollander**, with net revenues up 5% to \$66.4M and oper-

ating cash flow gaining 10% to \$16.2M. The gains were largely attributed to ShadowTraffic operations.

Double digit gains for Entercom

Any way you cut it, Q2 results for Entercom (N:ETM) were up double digits—except for after-tax cash flow, which was up triple digits, 102.5% to \$13.8M. Net revenues rose 44.5% to \$55.9M and broadcast cash flow gained 43.6% to \$20.6M. On a same station basis, revenues gained 14.8% and cash flow 38.1%.

Radio One still in acquisition mode

"We hope to be in a position to announce additional acquisition opportunities and other strategic initiatives in the upcoming months," said **Alfred Liggins**, CEO, as he announced record Q2 results for Radio One (O:ROIA). Gross revenues rose 82% for the quarter to \$24.1M, cash flow gained 57% to \$9.6M and after-tax cash flow increased 53% to \$4.6M. On a same station basis, both net revenues and broadcast cash flow were up approximately 30%.

by Jack Messmer

Clear Channel rides into Albuquerque

Larry Wilson's Citadel Communications (O:CITC) consolidated Albuquerque radio so early in the superduopoly game that other major group owners have seemed reluctant to enter the market—until now. Clear Channel Communications (N:CCU) won't be able to lay claim to the market's only clear channel AM (both **Lowry Mays** and **Randy Michaels** love those 50kw money machines), but it is picking up a ready-made five-FM superduopoly from **Jeff Trumper**, with an LMA expected soon. Clear Channel is paying \$55.5M for KZRR, KPEK, KTEG, KLSK & KSYU. This sale will leave Trumper with a single market, Salt Lake City.

RBR observation: It's getting harder and harder for Randy to find desirable markets that aren't already in the Clear Channel corral. With

Citadel already claiming way over half of the market's radio revenues, there's not even the possibility of DOJ objecting to a move that will give Clear Channel the maximum number of FM signals and plenty of upside (albeit, against an entrenched competitor).

Bulking up in Tennessee

Clear Channel already owns every commercial station licensed to Cookville, TN, the hub of Arbitron market #260, so it's had to head a few miles out of town to expand. It's now LMA'd the six stations in Crossville and Sparta that **Steve Newberry's** Commonwealth Broadcasting Corp. recently acquired for a total of \$2.015M. Clear Channel is buying five of the stations—WCSV-AM, WAEW-AM & WXVL-FM, Crossville and WSMT-AM & FM

Sparta—for \$2.314. At least for now, Commonwealth will continue to own WTZX-AM Sparta.

Forever ends in New York with \$44.55M sale to Regent

Terry Jacobs and **Bill Stakelin's** Regent Communications (O:RGCIP) is adding two ready-built clusters (a superduopoly and a double duopoly) in upstate New York, marking the exit of long-time owner **Kerby Confer** from the Utica-Rome and Watertown. Confer and partner **Donald Alt**, operating under various corporate names, had owned combos in both markets for many years and had expanded them under the flag of Forever Broadcasting, headed by President **Carol Logan**.

The stations involved are WIBX-AM, WRUN-AM, WODZ-FM, WLZW-FM & WFRG-FM Utica-Rome and WTNY-AM, WUZZ-AM, WCIZ-FM & WFRY-FM Watertown. Regent will pay \$44M cash for the stations, plus 100,000 shares of Regent's convertible preferred stock, worth \$550K at the last closing price (7/30) before the deal was announced (8/2). Once the acquisition closes, Regent will be operating in 13 markets. Broker: **Michael Bergner**, Bergner & Co.

Forever adds Pennsylvania combo

Meanwhile, Forever is adding a small market combo near Pittsburgh, paying \$2.875M for WASP-AM & FM Brownsville-Oliver, PA. The seller, The Humes Broadcasting Corp., is headed by **Jim Hume**.

New homes for two Goodrich stations

Here's a new twist on consolidation: instead of a single company operating multiple stations out of a single facility, how about multiple companies operating out of a single facility? That's the situation in Grand Rapids, MI, where Bloomington Broadcasting today (8/9) became the third broadcasting company operating out of

8/9/99 RBR

Stephen P. Bellinger, President, of
Mumbles/Prairieland

has transferred the assets of

WDZQ-FM, WCZQ-FM and Wdz-AM
Decatur, Illinois

for

\$3,000,000

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Goodrich Broadcasting's facility.

Bloomington is LMAing WODJ-FM and is filing with the FCC to buy the station from **Bob Goodrich** for \$6.5M. Meanwhile, Clear Channel's (N:CCU) LMA of WSNX-FM is a week old (since 8/2), pending an \$11M purchase. Both Bloomington and Clear Channel are adding to superduopolies in market #66.

Goodrich once had stations in four markets, but with the wave of consolidation he told RBR, "it's very difficult for a small entrepreneur like

myself to compete." Even so, Goodrich, whose main business is a five-state string of movie theaters, is keeping a finger in radio. He'll still have two AMs in Grand Rapids, WKWM-AM on 1140 kHz and WJNZ-AM on 1680 kHz. The latter is the expanded band relocation of WMHG-AM Muskegon, 1600 kHz, which Connoisseur (recent buyer of Goodrich's Muskegon stations) will have to sign off when the five-year transition ends. Broker: **Charles Giddens**, Media Venture Partners

Rhea shakes loose Salter stations

RadioWorks Inc., headed by **Robert Rhea Jr.**, is expanding its Rockford, IL holdings and adding a suburban Chicago combo with a \$7M deal to buy three of Salter Broadcasting's stations. The deal includes WRWC-FM Rockton, IL (in the Rockford market) and WKKD-AM & FM Aurora, IL, due west of the Windy City. Broker: Gazzana & Associates

\$4M for suburban Chicago AM pair

St. George Broadcasting, owned by **George Stevens** and **William Fleming**, is paying \$4M for the two AMs owned by **Tom McDermott's** M&M Broadcasting in Chicago's Indiana suburbs, WIMS & WJOB. But wait, there's more. St. George is also LMAing M&M's two FMs, WXRJ & WZVN, with an option to buy them for \$5.4M.

RBR's Deal Digest

Bruce Maduri's Genesis Communications is buying **Ed Allmon's** WFIV-AM Orlando for \$1.8M...**Dex Allen's** Commonwealth II is adding **Paul Coates' KBZZ-AM & KBLJ-FM** La Junta, CO for \$630K...The **Rhea Family's** RadioWorks Inc. is doubling up in Lafayette, IN with a \$1M buy of **WNJY-FM** from L. Chance Inc. Broker: **Ed Henson**, Henson Media...**Hiram Champlin's** Chisom Trail Broadcasting is paying \$525K for **Chip McCoy's** KMKZ-FM Lahoma, OK. Broker: **Bill Whitley**, Media Services Group...**Charles Kuralt's** widow, **Suzanna**, is selling **WELY-AM & FM** Ely, MN to **Janice Erickson** and **Alice Hill** for \$325K...Former GM **Jeannine Wells** and shareholder **Ted Piccolo** have sold their stakes in **KKBT-AM** Portland, OR for a total of \$305K in cash and notes and **William** and **Cynthia Sizemore** have become new 50% shareholders of licensee **Western Broadcasting Co.** for \$50K, joining **Frank** and **Myrna Eisenzimmer**.

Trivia time

Can you name the four US states in which Clear Channel Communications (N:CCU) does not have any operations?

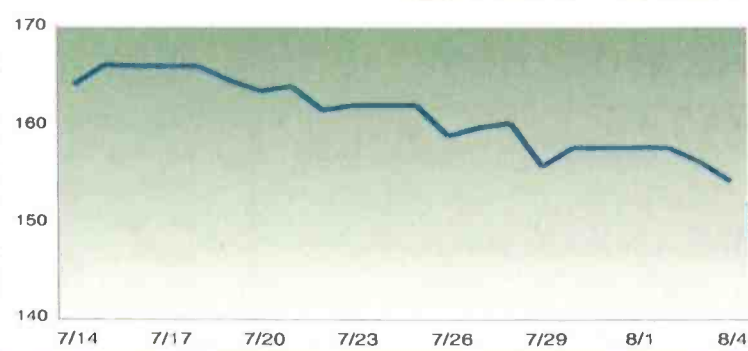
Answer: According to the company's stationary, the states with no Clear Channel radio, TV or outdoor properties are Alaska, Hawaii, Montana and South Dakota.

The Radio Index™

The carnage isn't as bad as for .com stocks, but the interest rate bears have beaten down radio stocks along with the rest of the market. The Radio Index fell 5.97 for the week to close 8/4 at 154.13, down nearly a dozen points from the 7/15 record high of 165.97.

RADIO BUSINESS REPORT

THE WALL STREET JOURNAL
RADIO NETWORK



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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.

\$65,000,000—* KLTY-FM Dallas (Ft. Worth) from SBT Communications Statutory Trust (W. Lawrence Patrick) to HBC Broadcasting Texas L.P., a subsidiary of Hispanic Broadcasting Corp. (O:HBCCA) (McHenry T. Tichenor Jr. et al). Cash. **Superduopoly** with KESS-AM, KDXX AM-FM, KHCK-FM, KDXT-FM (forms three distinct markets). LMA until closing. SBT is acquiring station from Delaware Radio Inc. (see below).

\$63,300,000—KLTY-FM Dallas (Ft. Worth) from Delaware Radio Inc., a subsidiary of Sunburst Media Corp. (John M. Borders) to SBT Communications Statutory Trust (W. Lawrence Patrick). Payment of seller debt by buyer, balance in cash at closing.

\$5,550,000—* WGOK-AM & WYOK-FM Mobile (Mobile/Atmore AL) from Roberds Broadcasting Inc. (Jay Dickie Roberds, Kevin Wagner) to Cumulus Media Inc. (O:CMLS) (Richard Weening, Lew Dickey Jr.). Cash, including \$50K non-compete. Wagner will enter into a consulting agreement worth \$7.5K/month for the first six months after closing and \$6.5K/month for an unspecified period thereafter. **Superduopoly** with WDLT AM-FM, WBLX-FM in the Mobile market and WWRO-FM, which is in the neighboring Pensacola market. LMA since 7/1. Broker: Media Services Group (buyer)

\$5,000,000—WKSX-FM Dayton (Urbana OH) from Champaign Communications Inc., a subsidiary of United States Broadcasting

Corp. (Robert M. Miller) to Blue Chip Broadcasting Ltd. (L. Ross Love Jr. et al). \$250K escrow, balance in cash at closing. **Duopoly** with WING-FM. Does not overlap WGTZ-FM in the Dayton market or WCZZ-FM in the neighboring Columbus market. LMA since 7/1. Broker: Chaisson & Co. (seller)

\$4,650,000—WBEC AM-FM Pittsfield MA & **WZEC-FM** Hoosick Falls NY from Aritaur Communications Inc. (Joseph V. Gallagher) to Tele-Media Broadcasting LLC (Robert E. Tudek, Everett I. Mundy, Frank R. Vicente, Douglas F. Best, Ira D. Rosenblatt). \$200K escrow, balance in cash at closing. Broker: Robert J. Maccini, Media Services Group (seller)

\$2,000,000—* WMHX-FM Louisville KY from The Owen Co. Inc. (George E. Owen Jr.) to CXR Holdings, a division of Cox Radio Inc. (N:CXR) (Robert F. Neil, pres). Price is an RBR estimate. Purchase option of 9/16/94 was for \$1.77M, adjusted by the percentage increase in the Consumer Price Index. Cox acquired WSFR-FM, WVEZ-FM and the LMA/option on WMHX-FM from Jacor/Clear Channel earlier this year (*RBR* 2/15, p.12). **Superduopoly** with WSFR-FM, WRKA-FM, WVEZ-FM. Broker: Charles Giddens, Media Venture Partners (for the Jacor/Clear Channel deal)

\$1,100,000—* KGV-LAM & KIKT-FM Dallas (Greenville TX) from First Greenville Corp. (William J. Andrews) to KRBE Co., a division of Susquehanna Radio Co. (David E. Kennedy, pres). \$100K escrow, balance in cash at closing. **Superduopoly** with KLIF-AM, KTCK-AM, KKL-FM, KKZN-FM, KPLX-FM, KXZN-FM. Broker: Media Services Group (seller), John W. Saunders (buyer)

\$1,000,000—* WEBZ-FM Panama City (Port St. Joe FL) from DP Media License of Panama City Inc. (Roslyck & Devon Paxson et al) to Clear Channel Communications Inc. (N:CCU) (Lowry Mays et al). Cash. **Superduopoly** with WPBH-FM, WFSY-FM, WSHF-FM, WDIZ-AM. No overlap with WPAP-FM. LMA after 60 days if closing has not yet occurred.

\$843,000—* KXAR AM-FM Texarkana (Hope AR) from KDB Inc. (Bil Hognlund, Ken Sibley, Dennis Niederer) to ArkLaTex LLC (Harold L. Sudbury, Linda D. Cate). \$51K for AM, \$430K for FM, \$350K for five-year consulting agreement, \$12K non-compete with Hognlund, all via various monthly payments. **Duopoly** with KTPA-AM Prescott AR and KHPA-FM Hope AR. Buyer also has application for New FM in Nashville AR which would overlap KXAR-FM only. LMA with AM since 4/22. LMA until closing planned for FM.