

# RADIO BUSINESS REPORT™

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KMPZ (FM)	Memphis, TN
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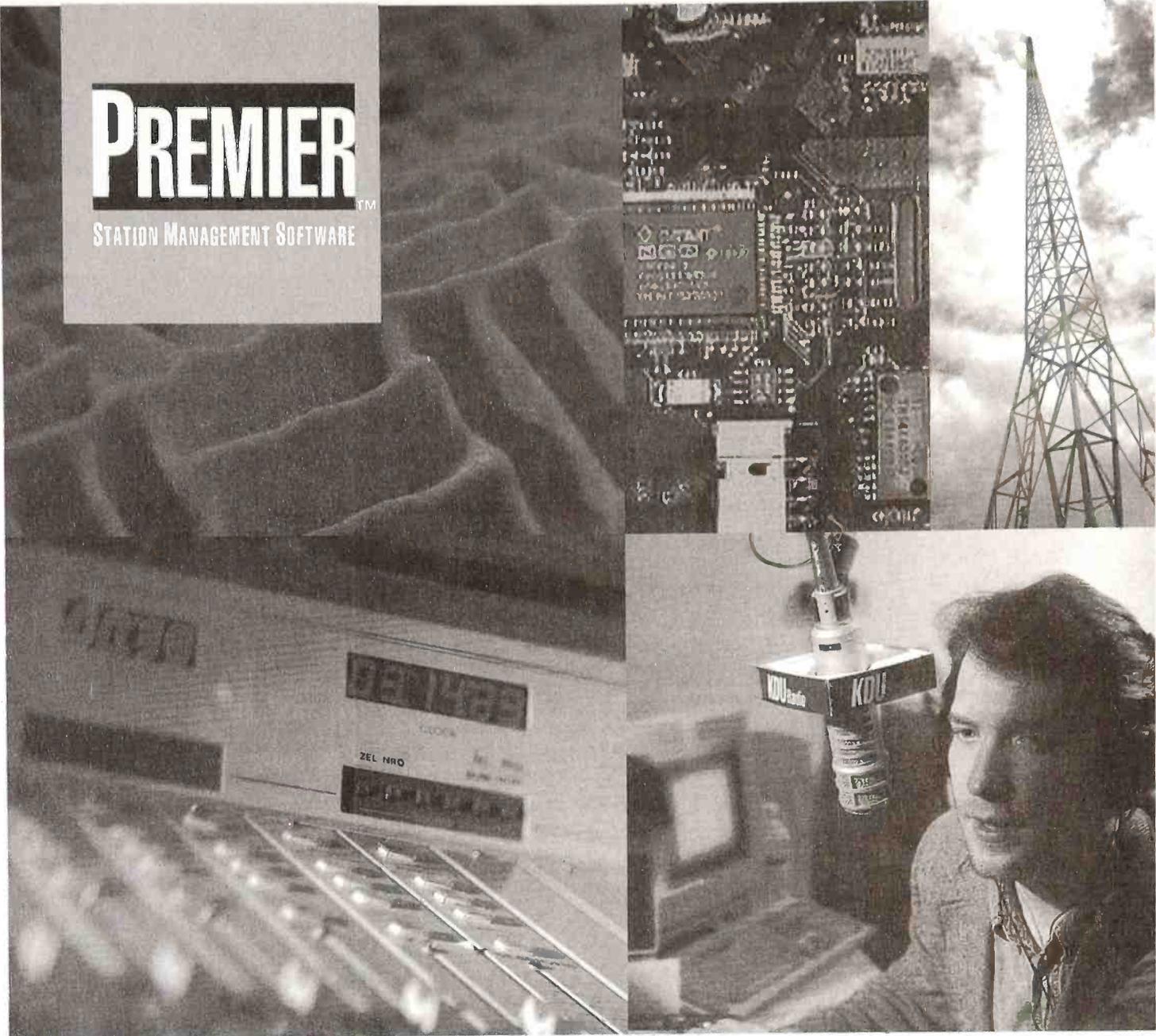
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## DOJ standing firm on radio mergers

Don't look for any change in the stance by the Department of Justice's (DOJ) Antitrust Division that radio mergers should be analyzed by their impact on the local radio advertising market. At the opening session of the NAB Radio Show, DOJ's Chief, Merger Task Force, **Craig Conrath**, turned a deaf ear to broadcasters' claims that radio is just a tiny part of a much larger advertising market.

"We've talked to hundreds and hundreds of radio advertisers and that's not what they tell us," said Conrath.

Conrath said DOJ will continue to stick to its task of protecting the consumer. "In the radio industry, the

consumer is the advertiser," he said.

Offering some guidelines to the broadcasters, Conrath said a would-be buyer should consult an antitrust attorney if 1) a potential deal would consolidate 35-40% of local ad revenues, 2) consolidate 35-40% of the market's "big signals," or 3) involves the acquisition of a broadcaster's closest competitor in terms of formats or audience demographics.

Will DOJ modify its benchmarks as consolidation moves to smaller and smaller markets? Conrath said DOJ will stick to its principles, but conceded that it may not be possible to have as many competitors in smaller markets.

## Tristani nominated

No surprise here. President **Clinton** has nominated **Gloria Tristani** to fill a seat at the FCC. The 43 year old Democrat has been a member of New Mexico's State Corporation Commission since 1995 (*RBR* 9/15, p. 21). The Senate Commerce Committee will review the three Commissioner nominees Sept 30.

## Casino ads cleared

The FCC is giving broadcasters in eight western states the green light to start airing ads for casinos. That announcement follows a US Ninth Circuit Court of Appeals ruling Sept. 4 which opened the door to additional advertising for casinos and lotteries in Alaska, Arizona, California,

Hawaii, Idaho, Montana, Oregon, and Washington (*RBR* 9/8, p. 4). Many broadcasters were waiting to see if the FCC would enforce its prohibition before accepting any new casino ads.

The Commission does say, however, that it will continue to enforce the ban on airing commercials for out-of-state lotteries. A 1993 US Supreme Court decision upheld that power.

## Baseball in ESPN's court

ESPN Radio, marketed and distributed by ABC Radio Networks, announced a five-year agreement with Major League Baseball for exclusive regular and post-season broadcast rights. The CBS Radio Network has carried the sport since 1976. How did ESPN woo baseball over? "The platform that ESPN radio offered—the cross-promotion with full-

## Radio ponies up big bucks

The checkbooks are out, and broadcasters are showing just how committed they are to public service. Hicks, Muse, Tate & Furst Inc. has announced a community service initiative that includes the airing of \$100M worth of PSAs per year on 316 Capstar Broadcasting stations. Besides the free air time, they will also raise at least \$5M annually for local charities.

Capstar President and CEO, **Steve Hicks**, says "consolidation provides more and better opportunity for stations to identify and address local community needs." SVP **Rick Neuman** agrees, "Broadcasters can do a better job and devote more resources because of consolidation."

Of course, giving time is nothing new for radio. Stations gave The Advertising Council \$542M worth of PSA time in 1996, more than all other media combined (*RBR* 8/4, p. 4).

time sports television, the integration of our resources into the broadcast, and our demonstrated ability to market sports like no one else," said **Drew Hayes**, GM, ESPN Radio Network. ESPN Radio is currently heard on more than 375 affiliates.

## New from the NAB show

### Optimum results

Consolidation is reaching into music research and consulting. McVey Media and Optimum, a wholly-owned

*New from the NAB continued on page 4*

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## Bud buys more TV

Expanding his television empire, **Bud Paxson** is buying three more UHF TV stations, making him the largest TV group owner with 62 stations. Paxson Communications (A:PXN) will acquire WFAY-TV 62 Raleigh, NC; WKRP-TV 29 Charleston, WV; and KXGR-TV 46 Tuscon, AZ. Paxson will initially LMA WKRP and KXGR before exercising an option to buy both stations.

Paxson says adding these stations helps his "strategy of bringing our nationwide broadcast television network into every major market." Paxson has a deal pending to sell his radio group to Clear Channel (N:CCU) for \$633M.

## Hicks musing about NBC deal?

Hicks, Muse, Tate & Furst CEO **Tom Hicks** is working on a \$1B+ TV joint venture with GE's (N:GE) NBC, according to reports (9/12) in both the *Wall Street Journal* and *Daily Variety*. The deal would reportedly have NBC invest in the ten NBC affiliates owned or being acquired by Hicks, Muse—which owns Sunrise Television and is acquiring LIN TV (O:LNTV) for \$1.7B (*RBR* 8/18, p. 3). The big attraction for NBC in this deal is LIN's Dallas station, KXAS-TV (Ch. 5).

**RBR observation:** It doesn't take a lot of imagination to see a scenario that would (several years down the road) have NBC spun off from GE as a stand-alone public company, with GE and Hicks, Muse as major shareholders. **Tom Hicks** may be on his way to making **Rupert Murdoch** and **Ted Turner** look like minor-league players in the media consolidation game.

## HDTV assured

"ABC still remains committed to broadcasting some HDTV programming," ABC TV President **Preston Padden**

told the Senate Commerce Committee during a hearing last Wednesday. Sen. **John McCain** (R-AZ) held the hearing after some broadcasters hinted they may not offer high-definition programming. **Robert Dechard**, CEO of A.H. Belo Corp., told the panel that broadcasters see HDTV as a competitive necessity, but warned some stations may take longer than first thought to make the switch because of costly tower modifications. Sinclair Broadcast Group President, **David Smith**, says they are considering pooling the extra channels and selling them to consumers in a cable-like service. Otherwise, Smith says Sinclair's debt could jump by \$300M.

## Murdoch buys LA Dodgers

**Rupert Murdoch** has scored another sports coup with an estimated \$350M for the Los Angeles Dodgers, double the current record. Murdoch, through various deals including the net-shaking \$1.58B deal for the NFL games, is in a battle with other networks to corner the market on the lucrative sports programming franchise. The Dodgers sale still needs approval by baseball's ownership committee.

## Cable rate rift

A consumer group is trying to get Congress to order the FCC to freeze cable TV rates, which it says are skyrocketing despite federal price controls. The Consumers Union told the Senate Judiciary Committee last Wednesday that since the 1996 Telcom Act took effect, rates have risen nearly 12%. Sen. **Herb Kohl** (D-WI) says its unlikely Congress will give the FCC such a directive.

## Seamless TV-Web connection

Philips Electronics last week unveiled its new TV receiver complete with internet connection. Users will be able to watch TV while connected to the web and connect instantly to internet site links embedded in television programs and commercials. The Magnavox WebTV will retail for \$300.

## New from the NAB continued from page 3

subsidiary of Broadcast Direct Marketing are linking their in-home music testing and consulting services together to form the new research division specializing in NAC formats. Optimum will do in-home music research, and McVey will consult the stations.

## Arbitron and RCS team for song ratings; other RCS debuts

Arbitron and Radio Computer Services (RCS), announced new software for Selector clients. Arbitron's Maximizer product, MusicReach, will be directly accessible from the RCS Selector music scheduling system as a new product—SelectorReach. The new add-on provides song ratings—reach and frequency, audience composition and other measures for a \$100/month fee. To get SelectorReach, stations must be both an Arbitron and RCS Selector client. Arbitron and RCS will share 50/50 in the revenue.

## RCS also debuted the following at NAB:

- NetRCS: a radio station Web site add-on which will datastream song and artist titles with the streaming song, plus animated graphics to include cover art, artist info, promos and ads. Microsoft's NetShow will be offered with the product.
  - RCS Winner: software to keep track of contest sponsors, prizes and winners.
  - RCS Stormcenter: automated school closing software for call-ins
- RBR observation:** RCS' Selector has about a 90 market share. Arbitron is the only local ratings game in town. Both companies are looking at mature market growth and are seeking ways to get more business from current customers.

New from the NAB  
continued on page 8

# The *Hot* Line POTS codec

## Hear how good one Plain Old Telephone line can sound

Now, watching TV  
can remind people to  
drink more responsibly.



Effective immediately, every Seagram TV commercial will begin with a six-second responsibility message. Every radio commercial will also include this message.

With these messages, Seagram wants to repeatedly remind people that drinking requires responsibility. And we will do this right then and there, as every commercial airs.

We at Seagram want our consumers to know that we are against underage drinking, drunk driving and reckless drinking of any kind. We also believe in our right to advertise our products responsibly—as we have done for over 60 years.



**Seagram Americas**

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## Upped & Tapped

Nicholaw and order: The Southern California Broadcasters Association has bestowed its Lifetime Achievement Award on L.A. radio veteran **George Nicholaw**. His 30-year run at KNX-AM is believed to be the record for an All News station.

The Associated Press has named **Corrine Baldassano** to the new position of General Manager, Radio Division. She most recently worked for SW Networks.

When Bonneville completes its trade of Los Angeles FMs with Chancellor (it's getting KZLA in exchange for KBIG), current KBIG PD **David Ervin** will move to KZLA as VP/GM. He will report to **Richard Mecham**, who has been named President of Bonneville's Los Angeles/Salt Lake City Radio Group.

Jacor VP/Programming **Tom Owens** has been nudged up to SVP/Programming.

Veteran Big Apple air talent **Ron Lundy** is calling it quits after 41 years on the air. He will be moving to his farm in Mississippi.

### Jones Radio Network Seeks Regional Affiliate Sales Managers

Jones Radio Network has added three new formats and three new syndicated programs in '97 alone, bringing us to 16 products in all. And there's more to come. We're expanding and looking for regional affiliate sales managers to grow with us and market the full range of programming services offered by Jones Radio Network.

Qualifications: Experienced radio network sales preferred. Radio industry sales experience working at the highest levels with broadcasters and broadcast groups is also desirable.

You can enjoy the lifestyle of the beautiful Rocky Mountains, as you will be based in our Denver corporate offices. Jones offers an excellent compensation and benefits package. Call Michael Henderson, Director of Affiliate Sales, to arrange a meeting at the NAB. Direct Line: 303-784-8690 or send your resume to: Michael Henderson, Director of Affiliate Sales. 9137 East Mineral Circle, Suite 230, Englewood, Colorado 80112. Confidentiality is assured. EOE.



JONES RADIO NETWORK™

## Syndication News

### United Stations set for new Talk show

United Stations has been building its Talk Network and *RBR* sources say next in line is a new morning show, using some of United Station's current hosts from its stable of talk and entertainment personalities, such as **Alan Colmes** who's 3-5P show has been running "best of" as of late. An announcement is imminent.

### BP adds "Neon Nights"

Following the rollout of "Delilah" for AC formats (*RBR* 4/14, p. 4), Broadcast Programming has announced its second night-time show, "Neon Nights," scheduled to debut Sept. 15. Tailored for Country formats, the show is hosted by **Scott Evans** of the KPLX-FM Dallas morning team and Country's "Weekly Top 30" countdown. Air time is 7P-Midnight for all time zones.

BP intends to offer "Neon Nights" affiliates the same barter arrangement it has for "Delilah." Affiliates must carry two minutes/hour of inventory in the program itself, but, depending on the ratings, other daytime inventory is variable—the higher the ratings, the less inventory stations need to carry. In addition, BP will give group owners the option of flipping inventory to sister market stations that have equivalent audience shares and demos. The variable barter offering is apparently a hit with stations—71 affiliates have signed since its January launch.

### AVI adds show; announces board

American View, Inc. is moving quickly to expand its program offerings (*RBR* 9/1, p. 8). Beginning Sept. 8, AVI will offer **Myrna Lamb's** show, "Divorce: Moving On," weekdays 5-7P ET.

The syndicator also announced its Board of Advisors: **Bob Neil**, Cox; **Bill Tanner**, PD, HefTel's KLVE-FM Los Angeles; **Clarke Brown**, Jefferson-Pilot; program consultant **Rusty Walker**; former Pyramid owner **Richie Balsbaugh**; and **Ken Dow**, KKDA-FM Dallas.

### Burbank switches to weekends

The 16-year veteran program "The **Gary Burbank Show**" aired from Jacor (O:JCOR) flagship WLW-AM Cincinnati will change from weekday to weekend syndication on November 28. Burbank will remain on WLW weekdays. The weekend show will carry the best of the weekday programming. Burbank has 65 affiliates since it was syndicated Spring '95. *RBR* sources indicate this may be an effort to make room for Jacor's newly-acquired "Dr. **Laura Schlessinger Show**" (*RBR* 9/15, p. 3).

### NBG signs deal with Ten Star

NBG Radio Network, part of Nostalgia Broadcasting Corp., will handle clearance and sales for Ten Star Productions' "Dance Mix America," currently heard on 40 stations. Hosted by **Chuck Bennett**, the three hour barter program offers dance hits from the 70's including Motown to Disco and interviews with 70's artists. Delivered by CD, the weekly program is offered for 6A-12A airplay.

### Radio One launches Hot AC

Third to Radio One's 24-hour format offering, "Hot AC" will debut with KSTB-FM Houston/Galveston. Hot AC is consulted by **Joel Folger** and designed by Radio One's VP programming, **Tony Mauro**.

### United Stations reps Country Jukebox

Originating at KZLA-FM Los Angeles, "The Country Jukebox with Bo and Buzz" has entered into an exclusive ad sales agreement with United Stations Talk Radio. The Country Jukebox, which airs 7P-3A ET, is California-based DP Productions' first program offering.

### Radio Unica to launch

The first live Hispanic 24-hour Talk network, Radio Unica, is expected to launch with 50 affiliates Dec. 1. Directed to the Hispanic 25-54-demo, the network will offer long form talk programming, newscasts on the hour, sports talk and programming from Mexico's Grupo Radio Centro (N:RC).

# RADIO



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- Double-check your assumptions about your station, your format and your at-work audience.
- Learn how to fine-tune your at-work telemarketing efforts.
- Discover the sales advantages that your medium and your station have for your local advertisers.

Here are just a few highlights from the At-Work Listening Study:

### *Radio is the #1 at-work medium*

- 65% of the work force listens to radio at work.
- 39% (a distant second) read a newspaper at work.
- 16% access the Internet at work.
- 11% watch TV at work.

### *Radio at work is a personal medium*

- 63% of at-work listeners make their *own* station decision.
- 61% of at-work listeners tune to only *one* station. (See if you can make it yours!)

For your copy of the At-Work Listening Study, contact your Arbitron representative.

# ARBITRON

**Katz and Electric Village to build VillageNet; Go.Com joins in**

Katz Radio Group and ElectricVillage (the format-specific content provider for radio Web sites) have joined resources to develop "VillageNet," a network of radio station web sites.

Go.Com, a global 2,000-station Web site content provider will offer its interactive chat room service as a link for VillageNet, as well as another offering for the ElectricVillage menu.

VillageNet is designed to make broadcasters' Web sites profitable through advertising and transactions from CD sales, dating services and others. Katz will bring in advertisers and ElectricVillage will provide the

platform with content links and technical Web site development. This new business model, a year in the making, will be Katz's first effort in repping Web sites to advertisers.

**Radio Shows Ltd. gets Reality Check**

**Jeff Dorf**, GM Radio Shows, Ltd., announced it will syndicate "Reality Check," hosted by **Willie D** (Willie Dennis of "The Geto Boys" rap group) on KBXX-FM Houston. The highly-rated live call-in show will move from one night a week to five nights, 9-11P ET Sun.-Thurs. "This is a forum to bridge the age, social, racial and financial gaps present in our society," said Dennis at the press conference. Guests will include both sides of the issues: convicts and car-jackers to community leaders and victims.

**Arbitron Fall market rankings are out: Dallas to #6**

It isn't often that there is any shift in 12+ population rankings within the top ten markets, but Fall 1997 has some. Dallas moved from #7 to #6, displacing Detroit.

In the next tier, Minneapolis improved two positions to #14, bypassing San Diego and Nassau-Suffolk.

Austin TX was the only market moving into the top 50, displacing Louisville, which dropped to #52. Cracking the top 100 were Morristown NJ, improving from #101 to #99, and Lakeland-Winter Haven FL, which moved from #104 to #100. Displaced were Ft. Wayne and Chattanooga. The only change in the top 150 was the addition of Ft. Collins-Greeley, which knocked out Killeen-Temple TX.

The biggest leap was registered by Myrtle Beach SC, which jumped ten slots from #185 to #175. The dubious look-out-below award goes to the aforementioned Killeen-Temple market, down eight slots from #143 to #151.

**Bigger groups, more markets**

As big national groups expand into unrated markets, Arbitron has followed suit in two of the three new survey areas (268 total for Fall). Jacor has a large presence in Ft. Collins-Greeley CO, #135, and Clear Channel is moving into #259 Cookeville TN via its purchase of the Paxson radio group. The third, #252 Lewiston-Auburn ME, is basically a market redefinition, featuring stations in both Portland ME and Augusta-Waterville ME.

**AudioNet to switch to NetShow**

Market share for streaming broadcast signals on the web is about to change. AudioNet, by far the largest Web site for streaming radio stations (about 400 contracted) has decided to change streaming servers to Microsoft's (O:MSFT) NetShow. "The majority of new content is already using NetShow format, and the other stations will be done over time," said **Mark Cuban**, president, AudioNet.

Progressive Networks' RealAudio is currently the largest streaming server with 617 stations (see chart, right). NetShow shows 25 stations (some now from AudioNet). Since AudioNet secured most of those 617 stations, the balance will change dramatically.

**RBR observation:** If the woven Web wasn't tangled enough already, Microsoft bought a 10% stake in Progressive Networks in early August (*RBR* 7/28 p.7), and later bought Vxtreme in an ongoing quest to standardize the industry's streaming technology to ASF. Could this be another reason the DOJ has its eye on Microsoft lately?

**Streaming Players**

RealAudio	617	88.9%
StreamWorks	46	6.0%
Microsoft NetShow	25	3.1%
AudioActive	11	1.5%
Netscape Media	1	0.1%
Interflix	1	0.1%
GTS Audio	1	0.1%
Radio Destiny	1	0.1%
TOTAL	684	100.0%

Source: BRS Radio Consultants

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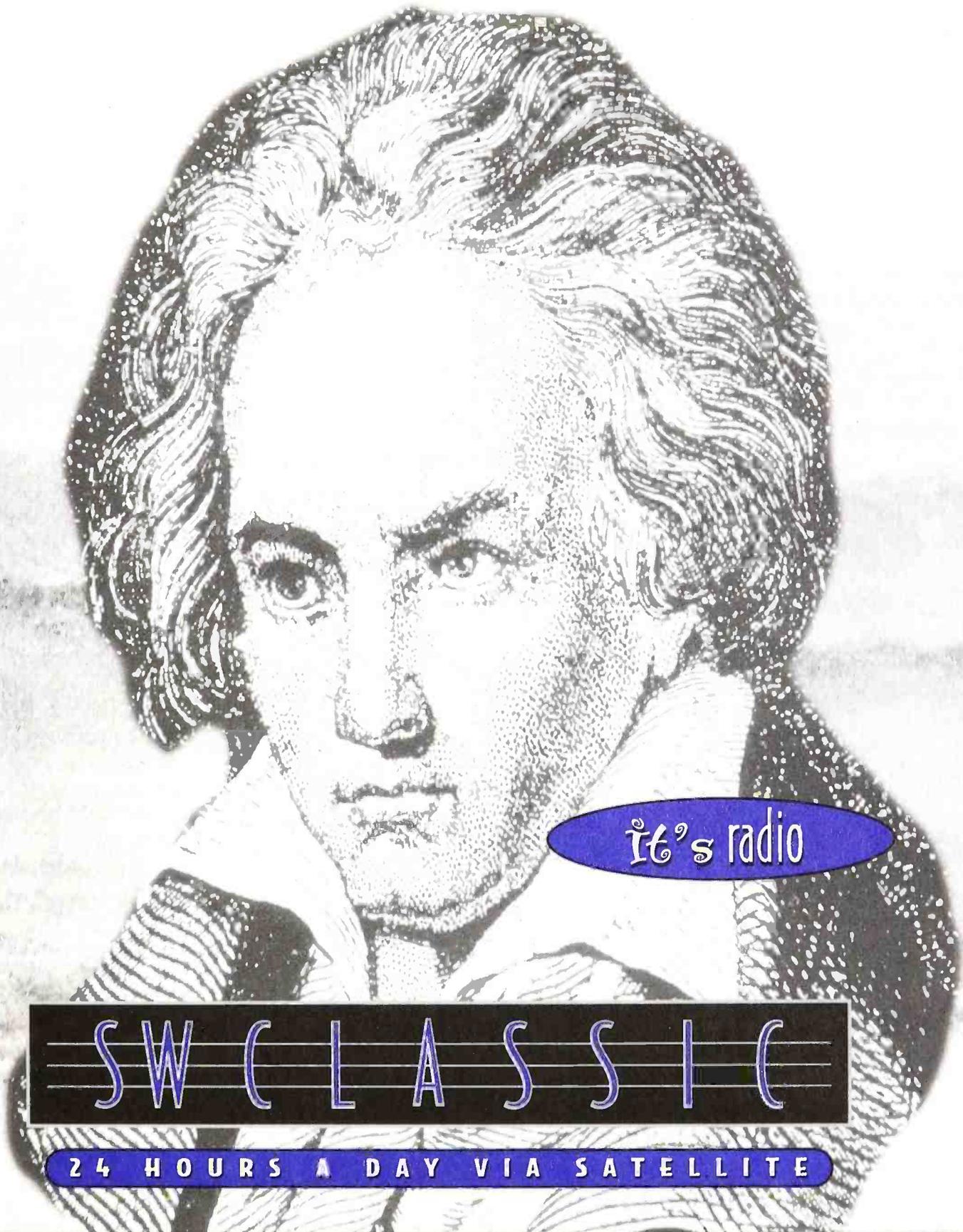
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by Frank Saxe

## Liquor fights for airtime

Seagram has begun an all out campaign to get its advertisements on radio and television. Starting last Monday, Seagram spots began including a six second statement urging responsible drinking. It says, "People of legal drinking age should enjoy alcohol responsibly, but don't drink if you're under 21." They're also buying ads in newspapers and publications such as *RBR* (see page 5) and *Ad Age* explaining the initiative. Spokeswoman **Bevin Gove** says their primary goal is to promote responsible drinking; making their ads more palatable to broadcasters is "secondary."

Seagram has "been more success-

ful in running radio spots," according to Gove. Unlike most TV outlets, some radio stations have been more flexible in allowing hard liquor advertising. Competitive Media Reporting (CMR) data shows national spot radio spending by hard liquor companies has risen 347% this year, with \$3.6M worth of ads placed YTD.

Royal Canadian whiskey and Chivas Regal scotch are among Seagram's products, and according to CMR, they've spent more than a half million dollars on national spot radio between January and June this year. Despite the new message, Gove says they have no plan to step-up advertising efforts.

The FCC killed its broadcast liquor probe in July [*RBR* 7/14, p. 2] after Commissioners deadlocked over the inquiry. Once new members are seated, supporters of an ad ban are expected to ask again for an inquiry.

**Gary Fries**, president of the Radio Advertising Bureau, says "I don't think it will make any difference at all." Radio 2000 President **Stewart Yaguda** says "many of our clients aren't willing to accept it, but this may help appease some of the groups," which have turned down the liquor spots in the past. ABC and CBS radio say they have no plans to change their policies.

### *Cutty Sark rides the air-waves*

Cutty Sark scotch has found a way to steer its ships clear of the controversy

surrounding alcohol advertising. They are using radio to promote a brand-sponsored yacht race instead of what's inside their bottles. Hiram Walker, Inc. will air its million dollar campaign this November and December in core markets.

That has opened up groups long nervous about running liquor commercials. The CBS policy book includes a "longstanding prohibition against the airing advertising for hard liquor," but CBS/VP **Helene Blieberg** says because the ads are for a sponsored sporting event, they'll air them.

**Greg Zegras**, an account executive for Scaros &

Casselman, says they carefully wrote the spots and so far, no station has turned down a Cutty Sark buy. Their targeted demo is men 30-45, so :60 spots will air on Rock, Sports and AC stations in Florida, California and Texas, plus Chicago and Boston.

This is the second big radio ad campaign for Cutty Sark. Earlier this year, the company spent \$161,000 on radio promoting a tall ship race in Europe. While they do place print ads in magazines like *Sports Illustrated*, Creative Director **Carl Casselman** says it is "very hard to get on TV," since many television stations won't air liquor ads. Zegras adds that radio hits their demo and "gets into markets more efficiently" than TV.

Seagram Gin has also tried a similar marketing strategy. The brand sponsored a Black History Month art program along with six museums around the country. To help promote it, Seagram used Urban radio.



### Top Liquor Advertisers,

#### National Spot Radio (YTD 1997)

Cutty Sark	\$870,000
Kahlua Mudslide	\$860,000
Seagram Gin	\$415,000
Kahlua Cocktails	\$400,000
Tanqueray Gin	\$380,000
Bacardi Spiced Rum	\$350,000
Chivas Regal Scotch	\$90,000

#### National Spot Radio Hard Liquor Spending (YTD 1997)

Scotch	\$960,000
Gin	\$800,000
Rum	\$470,000
Mixed Liquor Drinks	\$1.3M

Source: Competitive Media Reporting

Jacor has chosen *Hot* Line POTS codec.

To try it for yourself, call Comrex at 800-237-1776.

## September 17—RBR Stock Index 1997

Company	Mkt:Symbol	9/10	9/17	9/17		Company	Mkt:Symbol	9/10	9/17	9/17		9/17	
		Close	Close	Net Chg	Pct Chg			Vol (00)	Close	Close	Net Chg		Pct Chg
Ackerley	A:AK	15.437	17.375	1.938	12.55%	190	Jacor	O:JCOR	43.625	40.500	-3.125	-7.16%	11320
Alliance Bcg.	O:RADO	1.000	1.000	0.000	0.00%	0	Jeff-Pilot	N:JP	71.250	73.562	2.312	3.24%	8118
Am. Radio Sys.	N:AFM	50.000	51.437	1.437	2.87%	1578	Jones Intercable	O:JOINA	11.625	12.437	0.812	6.98%	2009
AMSC	O:SKYC	7.500	7.625	0.125	1.67%	105	Katz Media Group	A:KTZ	10.375	10.375	0.000	0.00%	44
CD Radio	O:CDRD	18.125	17.000	-1.125	-6.21%	775	Metro Networks	O:MTNT	30.000	28.000	-2.000	-6.67%	776
Ceridian	N:CEN	33.000	37.187	4.187	12.69%	16077	New York Times	A:NYTA	49.500	51.250	1.750	3.54%	2132
Chancellor	O:CBCA	45.000	47.250	2.250	5.00%	4114	News Comm.	O:NCOM	1.875	1.625	-0.250	-13.33%	64
Childrens Bcg.	O:AAHS	4.062	3.812	-0.250	-6.15%	109	Pacific R&E	A:PXE	3.250	3.375	0.125	3.85%	1
Clear Channel	N:CCU	67.312	63.250	-4.062	-6.03%	5246	Paxson Commun.	A:PXN	11.750	11.750	0.000	0.00%	943
Cox Radio	N:CXR	27.625	28.187	0.562	2.03%	155	Pulitzer	N:PTZ	53.937	54.687	0.750	1.39%	295
DG Systems	O:DGIT	6.000	5.500	-0.500	-8.33%	170	Saga Commun.	A:SGA	20.000	20.500	0.500	2.50%	3
Disney	N:DIS	77.687	78.875	1.188	1.53%	12153	SFX Bcg.	O:SFXBA	73.265	74.750	1.485	2.03%	4805
Emmis Bcg.	O:EMMS	46.500	47.125	0.625	1.34%	437	Sinclair	O:SBGI	37.125	36.625	-0.500	-1.35%	2782
Faircom	O:FBCM	0.406	0.625	0.219	53.94%	2270	TM Century	O:TMCI	0.468	0.660	0.192	41.03%	140
Fisher	O:FSCI	127.500	127.500	0.000	0.00%	0	Triathlon	O:TBCOA	8.500	8.125	-0.375	-4.41%	128
Gaylord	N:GET	23.750	24.562	0.812	3.42%	2611	Tribune	N:TRB	49.812	51.937	2.125	4.27%	2285
Granite	O:GBTVK	11.750	13.000	1.250	10.64%	5318	Westinghouse	N:WX	25.062	26.000	0.938	3.74%	19756
Harris Corp.	N:HRS	90.687	93.187	2.500	2.76%	1076	Westwood One	O:WONE	28.000	28.500	0.500	1.79%	1383
Heftel Bcg.	O:HBCCA	63.750	69.750	6.000	9.41%	917							

### Westinghouse sells Thermo King for \$2.56B

Chalk up \$2.56B in the cash column for the soon-to-be independent CBS Corp. With the separation of Westinghouse's (N:WX) media and industrial units on track for this Fall, CEO **Michael Jordan** has cut a deal to sell off the most profitable industrial unit, Thermo King, to Ingersoll-Rand, for \$2.56B in cash.

The original game plan had been to package Thermo King with the industrial group. But after federal pension regulators insisted that Westinghouse's pension liabilities stay with the larger media segment, Jordan decided to make Thermo King part of CBS Corp. to compensate for having to carry the pension liabilities.

Regardless of whether the cash is allocated to the pension liabilities, paying down debt, or funding more broadcast purchases, it clearly removes a question mark for CBS Corp. "It not only provides a great value, but significantly improves our financial flexibility," Jordan noted.

## Blue Chip Broadcasting, Ltd.

L. Ross Love, President

has purchased

### WJZA-FM

Columbus, Ohio

from

### Horrance Broadcasting, Inc.

for

## \$4,500,000

The undersigned represented the buyer in this transaction.



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by Jack Messmer

## Salem sells \$150M in bonds

Salem Communications made its first visit to Wall Street last week, selling a \$150M private placement of bonds at a yield of 9.5%. The privately-held company, which owns the nation's largest group of commercial Religious radio stations, is also getting a new \$75M bank credit facility.

Moody's rated the 10-year bonds (senior subordinated notes) B3 and the bank line Ba3. S&P gave the bonds a B- rating and the bank line BB-.

The bond issue will be used to repay Salem's current \$141M in bank debt. S&P noted that "current cash flow interest coverage, which approaches two times, and debt-to-cash flow near 6.5 times may limit the company's access to additional debt funding."

Moody's found much to like in Salem's business—selling blocks of time to Religious programmers, rather

than relying mostly on spot sales like traditional broadcasters. "The costs to run a block sales operation are relatively modest. Were it not for the drag on margins of the company's newly-acquired stations, Salem's margins would likely run several percentage points higher than mainstream format radio broadcasters," said Moody's. "The most costly operation is its network, which ran at a loss for the six months ended June 1997."

## Global files for kiddie stations

At long last, Global Broadcasting Co. has filed its \$72.5M purchase of Children's Broadcasting Corporation's (O:AAHS) 14 O&O AM stations (RBR 6/16, p. 14). Even so, we haven't learned much about the secretive Global. The company's stock is owned

equally by CEO **Gregory D. Deieso** and President **Gregg Baldinger**. There's no indication how Global plans to finance the station group purchase.

To date, Global has not put down a single cent of cash toward the \$72.5M deal. As escrow, Children's Broadcasting accepted a \$3.5M note secured by the assets of Global (RBR 8/11, p. 13). Closing is planned for early 1998.

## Capstar grows

**Steve Hicks'** Capstar Broadcasting is expanding into the northern California market. Pacific Star is buying KNCQ-FM, KEGR-FM and KEWB-FM in Redding from McCarthy Wireless, for an undisclosed sum. The deal is expected to close in the first quarter of 1998. That brings Capstar's station count up to 316.

## Everybody is getting into the tower biz...

The latest entrant is Cox Enterprises, which is teaming up with TeleCom Towers Inc. (TTI). Their joint venture, TeleCom Towers LLC, plans to build, own and manage tower and rooftop sites for TV, radio, paging, cellular, PCS and other wireless services.

TTI Executive VP **Mike Williams** said the deal will position the joint venture to become a "dominant force" in the tower industry. "In addition to capital, Cox brings us great depth and sophistication in the operation of substantial telecommunications businesses." TTI already owns or manages more than 2,300 sites in 23 states.

Cox Enterprises owns newspaper and TV groups, Cox Interactive Media and Manheim Auctions. It is also the majority owner of two publicly traded companies, Cox Radio (N:CXR) and Cox Communications (N:COX), a cable TV system owner.

## Lowry adds bus hut signs

Waiting for the bus in Southern California? You might want to check out the ads on the bus shelter. Metro Display Advertising, the latest acqui-

Frank E. Wood, President and CEO of  
**Secret Communications, L.P.**

*has agreed to transfer the assets of*

**WLTF-FM and WTAM-AM  
Cleveland, Ohio**

*for*

cash and stock valued at approximately

**\$50,000,000**

*to*

Randy Michaels, President of  
**Jacor Communications**

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**CLOSED**

sition for the Eller Media division of **Lowry Mays'** Clear Channel (N:CCU), controls 4,000 transit shelter displays throughout Los Angeles, Orange and Northern San Diego counties.

### Belo becomes radio group owner

A.H. Belo Corp. (N:BLC) is the latest big TV group owner to become a radio group owner as well. Don't get too excited, though. Belo will hardly be among the big players in radio—both of its radio stations are small AMs and one isn't even in an Arbitron-rated market.

In its latest deal, Belo is swapping its 56% interest in cable's Television Food Network and paying an additional \$75M to E.W. Scripps Co. (N:SSP) for KENS-AM & TV San Antonio. Scripps

is in the process of acquiring the stations as part of a \$625M buy of Harte-Hanks' (N:HHS) broadcast and newspaper properties (*RBR* 5/26, p. 14). *RBR* had estimated the value of the AM at \$2M. The Scripps deal will grow Belo's TV group to 17 stations.

Earlier this year (*RBR* 4/21, p. 16), Belo bought its first radio station, WFKN-AM Franklin, KY, for \$365,533 in a deal tied to a newspaper purchase.

### Setting it straight...

*RBR* incorrectly identified KTDY-FM in an article (9/8 p.13) as a Jacor Communications Santa Barbara group station. The correct call letters are KTYD-FM. KTDY is located in Lafayette, LA, and is owned by Communications Corp. of America.

### No end in sight for revenue growth, high multiples and willing buyers.

A year and a half into superduopoly consolidation, BT Alex. Brown analyst **Drew Marcus** says he's beginning to see the radio industry delivering on the biggest promise made by the companies assembling mega-groups. "We're seeing increased evidence of radio gaining share from other media," Marcus said in a finance panel at the NAB Radio Show. He said the impact of the large national radio groups is beginning to be felt, because radio is gaining ad market share at the national level, as well as local.

With revenues and cash flows rising, radio continues to be a darling of the equity and debt markets, both public and private. There's nothing on the horizon to stop radio from growing faster than its media competitors, but some panelists were wondering what will happen to the new mega-groups the next time the entire ad industry

hits a slump. "Business is so good that I don't think we have a sense of how this new world order will behave when the next recession comes," noted **Lee Simonson**, CEO, Broadcasting Partners Holdings.

Skeptics who remember the 1980s station price run-up, and subsequent collapse, need not be concerned that history is repeating itself. "We're not repeating the mistakes of the 80s, we're making new ones," quipped **Jeff Smulyan**, CEO, Emmis Broadcasting (O:EMMS).

Despite his misgivings about some of the prices being paid by other station buyers and growth projections he finds "wildly unrealistic," even Smulyan couldn't be called pessimistic about the radio business. After all, he recently made a deal to buy a third New York FM for \$160M. "It's still a great business," said Smulyan.

### RBR's deal digest

Blue Chip Broadcasting is buying WJZA-FM Columbus, OH for \$4.5M. Blue Chip is building a midwest Urban radio group. **Broker: Dean Meiszer**, Crisler... Jacor (O:JCOR) is buying WNCG-FM Clyde, OH for \$2.2M, creating a duopoly with its Sandusky combo... **David Jack**, long time owner of Cascade Broadcasting, has sold his final radio property. Gore Overgaard Broadcasting is buying KBIF-AM for \$900,000 all cash. **Broker: John Pierce**, Force Communications & Con-

sultants... **Kenneth Kuenzie's** Viper Communications is buying KRMS-AM & KYLC-FM Osage Beach, MO from **John Mahaffey's** Mahaffey Enterprises for \$500,000. **Broker: Bill Whitley**, Whitley Media... Sacred Heart University of Fairfiled, CT is acquiring WMMM-AM Westport, CT from long-time on-air personality **Robert "Red" Graham** and son **Mark**. The Grahams are receiving \$50,000 in cash and will get to write off a \$275,000 charitable donation on their taxes. **Broker: Dennis Jackson**, New England Media

# CLOSED!

Capstar Broadcasting Partners, Inc., R. Steven Hicks, Chairman and CEO, has entered into an agreement to purchase **The Madison Radio Group**, Richard P. Verne, President.

George I. Otwell  
and  
Randall E. Jeffery  
advisors to the Buyer.

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**Transaction Digest**  
continued from page 16

**\$222,355—WHQO-FM Augusta ME** (Skowhegan ME) from Harvey Communications Corp. (Robert R. Harvey) to Mountain Wireless (Alan W. Anderson, R. Kittredge Scripps). \$222,355 is total purchase price. After interest is applied to notes, total will be \$267,400 broken down as follows; \$5K for purchase option, \$56K cash at closing, \$30K cash within 60 days of closing, two notes totalling \$176,400. Various amounts of payments going to Harvey and two other entities. **Superduopoly** with WSKW, WTOS-FM, WCTB-FM. LMA since 9/30/96.

**\$150,000—\* WIFN-AM Marine City MI** from Bar-Schremp Communications (David W. Barr) to HANCOM LLC (Lee C., Janet E. & Eric C. Hanson). \$26,236 deposit, additional \$80,000 in cash at closing, \$43,764 debt assumption. **Duopoly** with WPHM-AM & WBTI-FM Port Huron-Lexington MI. LMA since June 30.

**\$150,000—WMSJ-FM Portland ME** (Harpwell ME) from Downeast Christian Communications Inc. (John Libby, pres) to Bible Broadcasting Network Inc. (Lowell Davey, pres). \$25K earnest money, balance in cash at closing.

**\$130,000—WBZB-AM Selma NC** from C&J Broadcasting Inc. (Jim Massengill) to The Word Became Flesh Ministries Inc. (Eugene & Sheila Bruton, Phillip Blamont, Jimmy Eason). \$31,707 downpayment, \$98,293 note.

**\$125,000—WIGY-FM Madison ME** from Innovative Advertising Consultants Inc. (Dan Priestley) to Tryon-Seacoast Communications Inc., jointly owned by Kennebec-Tryon Communications Corp. (Jeffrey Fisher) and Seacoast Broadcasting Inc. (Richard Fors Jr., Raymond Wardynski). \$40K escrow (to be returned to buyer at closing), \$39K debt assumption, \$85K note. The \$1K discrepancy is not explained. LMA since May.

**\$25,000—KAUJ-FM CP Waltham ND** from Norex Broadcasting Inc. (Charles Rutledge et al) to Two Rivers Broadcasting Inc. (Janice M. & Robert J. Ingstad). Cash. Deal also includes \$100K consulting agreement with Rutledge over term of 100 months. **Duopoly** with KAOC-FM Cavalier ND. **Broker:** Burt Sherwood

**\$7,100—WNRN-FM CP Charlottesville VA** from C.A.P.R.A. Inc. to STU-Comm Inc. Cash. Noncommercial station.

**N/A—WRYT-AM St. Louis** (Edwardsville IL) from John Anthony Holman to Covenant Network, a non-profit corporation (John Anthony Holman, Teresa Ley, Tammy Teresa Keppner). Ley is Holman's fiance, Keppner is his sister.

**N/A—\* KCID-AM Boise** (Nampa ID) from Van Noy Bishop & Larry Hancock L.P. to AGM-Nevada L.L.C., related to American General Media (Charles Salisbury, Anthony S. Brandon, L. Rogers Brandon). Forgiveness of debt. **Superduopoly** with KGEM, KJOT-FM, KCID-FM, KQXR-FM.

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CORPORATE

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GULFSTAR COMMUNICATIONS, INC. 04/21/97 \*\*\*732,000.00\*

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# TRANSACTION DIGEST™

The deals listed below were taken from FCC filings made public during the week from Wednesday, Sept. 10 through Tuesday, Sept. 16. *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.

**\$4,800,000—\* KWEB-AM & KRCH-FM** Rochester MN, **KMFX-FM** Lake City MN and **KNFX-AM** Austin MN from Radio Ingstad Minnesota Inc. and KRCH Inc. (Robert E. Ingstad) and Robert & Janice Ingstad (as unincorporated owners of KNFX) to Radio Iowa Broadcasting Inc. (James D. & Victoria S. Ingstad, The Brook J. Ingstad Trust). \$125K escrow, \$1.3M (less escrow) in cash at closing, \$3.5M note. Multiple **superduopolies** created with stations owned by James Ingstad in Minnesota and Iowa, requiring 14 map studies demonstrating compliance with local ownership limits.

**\$4,500,000—\* KISN-AM** Salt Lake City from KISN-AM Broadcast LP, a subsidiary of Trumper Communications (Jeffrey Trumper), to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). Tax-

by Jack Messmer & Dave Seyler

free exchange for KBKK-FM (below). Price based on recent cash sale of KBKK. **Superduopoly** with KALL-AM, KFAM-AM, KODJ-FM, KZHT-FM, KURR-FM & KKAT-FM.

**\$4,500,000—\* KBKK-FM** Salt Lake City (Spanish Fork UT) from Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR), to KISN-AM Broadcast LP, a subsidiary of Trumper Communications (Jeffrey Trumper). **Superduopoly** with KISN-FM, KUMT-FM, KRKR-FM, LMA of KBKK-FM, and an application for a new FM on 100.7 MHz at Brigham City UT. Note: No more than five FM contours overlap at any point.

**\$3,550,000—\* WING-FM** Dayton (Springfield OH) from Short Broadcasting Corp., a subsidiary of Capstar Broadcasting Partners (Steve Hicks), to Regent Licensee of Dayton Inc., a subsidiary of Regent Communications Inc. (Terry Jacobs, William Stakelin), via assignment of option from Great Trails Broadcasting Corp. (Alexander Williams). **Duopoly** with WING-AM & WGTZ-FM. LMA in place.

**\$600,000—KVAS-AM & KKEE-FM** Astoria OR-Long Beach WA from Lower Columbia Broadcasting Company Inc. (Elizabeth Farmer) to Dolphin Radio Inc. (Donald McCoun, Donald Jones). \$50K escrow, additional \$100K in cash

at closing, \$450K note. LMA since Aug. 1.

**\$400,000—\* KREB-FM** Fayetteville-Springdale (Huntsville AR) from Vekony Broadcasting Inc. (Istvan & Mary Vekony) to Hochman Communications Inc. (George Hochman). Cash. **Superduopoly** with KZRA/KMCK and the pending purchases of KAMO AM-FM (also from Vekony) and KBRS-FM (from Westark). Existing LMA continues until closing.

**\$385,000—WOWF-FM** Crossville TN from Crossville Broadcasting Inc. (Archie Kendrick) to Commsouth Radio Inc. (Kirk A. and Jennifer R. Tollett). \$15K deposit, \$20K cash at closing, \$350K note.

**\$350,000—KBFL-FM** Buffalo MO from KBFL Broadcasting Co. (Melvin & Gretchen Pulley) to Pacific Broadcasting of Missouri Inc. (Stephen Bunyard, James G. Withers, Richard Dames). \$10K escrow, \$60K cash at closing, \$280K note. Station has filed application to upgrade to Class C3.

**\$287,500—KREC-FM** Brian Head UT, sale of 50% stock interest in Brian Head Broadcasting Co. from John E. Dierks Living Trust to the corporation, which will then be 100% owned by Jeffrey G. & Pamela J. Johnston. \$287,500 note.

**\$275,010—WTWB-AM** Auburndale FL, sale of 100% stock interest in WTWB Radio Station Inc. from L.M. Hughey to Evangel Christian School Inc. (Karl Strader et al). Cash.

*continued on page 14*

## VS&A Communications Partners II, L.P.

an affiliate of Veronis, Suhler & Associates Inc. in concert with

## Broadcasting Partners Holdings, L.P.

a company formed by VS&A Communications Partners II, L.P. to acquire and invest in radio stations

has made a substantial equity investment in

### Spring Broadcasting, LLC

a radio broadcasting company formed to acquire eight radio stations in Illinois, Connecticut, Massachusetts, and New Jersey

from

### H & D Broadcasting Group

for

**\$14,100,000**

January 1997

has acquired a membership interest in

### Pilot Communications, LLC

a radio broadcasting company which operates four radio stations in Syracuse, New York and four in Augusta-Waterville, Maine

for

**\$6,250,000**

January 1997

has made a substantial equity investment in

### Mercury Radio Communications, LLC

a radio broadcasting company formed to acquire four radio stations in Buffalo, New York:

from

### Mercury Radio Communications, L.P.

for

**\$62,000,000**

June 1997

has made a substantial equity investment in

### Sound Broadcasting, LLC

a radio broadcasting company formed to acquire three radio stations in Monroe, Louisiana:

from

### Radioactive Images, Inc. Phoenix Broadcasting Company

Tom D. Gay

for

**\$5,100,000**

July 1997

has made a substantial equity investment in

### Gleiser Communications, L.P.

a radio broadcasting company formed to acquire four radio stations in Tyler, Texas:

from

### Gleiser Communications Inc. Williams Communications, Inc.

for

**\$3,550,000**

August 1997

Veronis, Suhler & Associates, the leading investment bank exclusively serving the media and communications industry, specializes in helping entrepreneurs and family-owned businesses to maximize value through private sale transactions, mergers and acquisitions.

VS&A Communications Partners II, L.P., a \$330 million private equity fund affiliated with Veronis, Suhler & Associates, has formed Broadcasting Partners Holdings, L.P. to acquire and invest in radio stations and groups which can achieve growth through intensive development of local marketing and strategic acquisitions.

Christine L. Balcus, Director for Radio Broadcasting (212) 935-4990



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