

RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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Clear Channel's new face: Expands outdoor holdings with \$1.7B deal

As we first reported (*RBR Midweek News Brief*, 7/16) Clear Channel Communications (N:CCU) is acquiring the number four outdoor company, Universal Outdoor Holdings, Inc. (O:UOUT) and merging it with Eller Media to form the number two outdoor company.

The deal is structured entirely on exchange of stock and is estimated to be worth \$1.7B. Clear Channel purchased Eller Outdoor Media in March (*RBR* 3/3, p.2), and it is expected to be merged with Universal to form one new company with 88,000 faces in 31 markets. The merger keeps Clear Channel in the number two position (see chart, p. 6), although it has gained significantly on number one, Outdoor Systems (N:OSIA). Clear Channel stock shot up 2.2% Oct. 24, the day the merger was announced.

"They are very complementary assets; they almost look like a hand in a glove moving together," says **Mark Mays**, Clear Channel SVP/Operations. Universal is strong in the Midwest, East and South, while Eller has a better hold on the West and Southwest.

The two have competed in seven markets including Chicago, Dallas and Milwaukee and the Department of Justice will need to approve the merger. Insiders expect DOJ to force a spin off of some Milwaukee faces, since Eller and Universal are the only two outdoor companies in the market. Mays says they will wait and see how DOJ rules before making any decision on

whether or not to sell some boards. Just three months ago Eller bought ABC Outdoor, making it Milwaukee's dominant billboard purveyor.

Merger talks had been under way for nearly six months, and insiders say the hold-up was Universal CEO **Dan Simon's** refusal to simply walk away and allow Eller Media to run the newly-formed company. As part of the deal, Simon will become COO of Clear Channel's outdoor business. "Universal has a good management team—everybody wanted to make sure it's right," says Mays. *RBR* sources say Universal has been able to put almost twice as much to the bottom line as Eller management has.

And Tampa too

In a separate deal, Paxson Communications (A:PXN) announced it is selling 178 billboards in Tampa to Universal for \$4.5M. That deal divests Paxson of all its outdoor holdings. Chairman **Bud Paxson** says the sale allows his company to focus on "growing a successful nationwide broadcast television group."

"It's a one-two punch," says one outdoor industry observer. "It gives Clear Channel the ability to put together some really amazing projects," he says. And there is a lot of money to be made: the outdoor business was worth \$3.8B in 1996. Montgomery Securities forecasts outdoor revenues to post an 8-10% increase for more than \$4B in 1997.

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Radio financial indicators lead the pack

On all financial fronts, radio is growing faster than any other communications medium, according to Veronis, Suhler & Associates' just-released 15th Annual Communications Industry Report. The driving force: consolidation, which increased the profitability of radio stations by 34.9% in 1996. For public stations, revenues rose by 36.2% and accounted for 25% of total US broadcasting revenue.

Other radio highlights:

- Biggest increase in asset growth, up 186% in 1996.
- Biggest five-year rise in profitability, from 10% margins in 1992 to 18% margins in 1996.
- Greatest increase in operating cash flow, with 26.1% annual compounded growth for the past five years.

Competing Media Revenue Trends

(\$ billions)

	1996 Revs	% Growth	1992- 1996 CAGR*
TV	\$ 26.9	16.6%	9.0%
Radio	\$ 3.1	34.9%	18.9%
Newspaper	\$ 22.3	7.1%	6.4%

* Compound annual growth rate
 Source: Veronis, Suhler & Associates

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More advertisers are moving into outdoor that have never before considered the medium, such as Fashion, Food and Sporting Goods. "It's the lowest risk of all mediums," said **Johnathan Crawford**, director, new business development, Universal outdoor. "There is little or no risk that people won't see your ad."

Consolidation among outdoor companies seems as natural as radio consolidation, and the trend is likely to continue in both mediums, netting both media more national sales. "These companies represent larger markets, so national advertisers can go to one or two companies and achieve a buy," says **Kippy Burns**.

VP/Communications, Outdoor Advertising Association of America (OAAA). "We're still a very local medium, but what these mergers do is allow these bigger markets to be purchased by national advertisers."

At a recent convention of outdoor advertisers, Procter & Gamble told billboard companies it is interested in doing more outdoor, but finds it too difficult to buy. Consolidation makes it easier for companies such as P&G to use more outdoor.

"You can sell nationally," says Mays. Eller has been using its relationship with the broadcast side for the past six months—too soon to say what impact it has had. Eller has been beefing up its national staff.

while Universal is considered more of a force at the local level.

What hasn't been growing much in the outdoor biz is space—the number of units has been virtually fixed, with only a 1-2% increase. That has helped to increase demand for the medium and stimulated the growth of other out-of-home alternatives such as transit stops and buses.

RBR observation: Just days after Clear Channel announced it was acquiring Universal Outdoor, Chancellor (O:AMFM) said it is looking into cross-media acquisitions, possibly outdoor if there was a financially attractive way to get into the business. And since Scott does what Mel does and Mel has an outdoor company...

New FCC sworn in today

The FCC gets a new Commission today. Swearing-in ceremonies are planned for **Bill Kennard** (Chair), **Harold Furchtgott-Roth**, **Michael Powell** and **Gloria Tristani**.

The Senate approved the four nominees last week by a 99 to one vote. The lone vote against Kennard came from Sen. **Conrad Burns** (R-MT).

It took an extra day for Kennard's nomination to be brought to the floor, because Burns put a hold on the nomination citing concerns over higher telephone rates as a result of the 1996 Telcom Act. Burns wanted to clear up Kennard's stand on the universal service fund, which evens out the cost of providing phone service between urban and rural areas. The current Commission has proposed shifting 75% of the burden to the states, and 25% to the federal government, leading to concerns over higher phone rates. Kennard guaranteed Burns the FCC will review the fund's make-up, and report back to Congress by next April.

"I will continue the FCC's efforts to replace regulation with competition," Kennard said after being confirmed.

The confirmations were delayed since they were recommended by the Commerce Committee Oct. 8. Besides a week long holiday, Sen. **Jesse Helms** (R-NC) held up the nominations in an attempt to help out a broadcaster in his home state.

The next FCC meeting is scheduled for Nov. 20.

EMRC is now MRC

Same double check marks, new name, expanded role. The Electronic Media Rating Council (EMRC) is now the Media Rating Council (MRC), to reflect its expanded role in accrediting multimedia measurement services, such as Scarborough and recently-accredited Media Audit. "Once we got into that position, Simmons approached us for an audit," said **Dick Weinstein**, executive director, MRC. "There was no master plan to go into print; the multimedia services are used by everyone, not just magazines."

RADAR ready for four

Next year radio networks could be measured four times a year. "It's something we're ready and capable of doing. As soon as 1998 is locked up with contracts, it will start in 1998," said **Miriam Murphy**, senior account exec, Statistical Research, Inc.

RBR observation: More frequent measurement brings "accountability closer to the buy," said **Gale Metzger**, president, SRI. Coupled with the debut of the new AMFM Network on Jan. 5, quarterly RADARs could help renew advertiser and agency interest in network radio (RBR 10/20, p. 4)

Jacor packages sports programming

Jacor (O:JCOR) is taking its strategy of organizing its programming by formats to sales. Former GM WGST-AM/FM **Bob Houghton** has been named to the newly-created position

of Manager of National Sports Sales to handle national buys for all of Jacor's sports programming. Jacor owns play-by-play rights to a strong line-up of major league sports teams including the Los Angeles Dodgers, Cincinnati Reds, and the San Diego Chargers.

RBR observation: Think unwired network. By packaging sports together across all its stations, an advertiser interested in reaching the lucrative sports audience can go to one place to make a national sports buy. This is similar to what Chancellor is doing with its AMFM Network, although AMFM is looking to be RADAR-rated, while a buy on the Jacor sports network would be a national spot buy.

Disney pays stations for programming

ABC Radio Networks is putting its money where its mouse is—paying compensation to at least some of its new Disney affiliates to clear programming in specific markets, say **RBR** sources. One new affiliate, Barnstable's WGSM-AM Nassau-Suffolk (#15), is said to have received a "significant amount of money" to carry Radio Disney.

Radio Disney's VP/GM **Scott McCarthy** wouldn't disclose specifics about compensation packages, but said: "By and large, [unproductive funding] will not be the case. Other than barter, we're spending resources in marketing and promotion, such as public relations, launch

Un-Allied: **Tony Fasolino** has exited rep firm Allied Radio Partners for a job with King World. His client list is being assumed by **Michael Bellantoni**.

Stormin' Gorman? One-on-One's soon-to-be-owned Chicago station will have **Michael Gorman** on board as GM. He is already EVP/Director of Sales for One-on-One's Sports Talk network.

The Reich stuff: The Cromwell Group has elevated Nashville GM **Bob Reich** to Chief Operating Officer for the entire four-state, 18-station group. Moving up with him will be **Brian Krysz**, who has been named Director of Programming for the group.

James F. Loftus has been named VP/East Coast Radio Operations for Shamrock Communications. He will oversee stations in the Wilkes-Barre and Baltimore markets. He will continue as GM of Shamrock's four Wilkes-Barre stations.

Critical Mass enriched with Wodrich: Research/marketing firm Critical Mass Media has hired **Dick Wodrich** as National Account Manager, West Coast. He replaces **Donna Leonard**.

Ain't it a Shane? It will be for **Keith Rovell**, who exits WASK AM-FM Lafayette IN to become a programmer/consultant for Shane Media in Houston.

Thom Fucci has been upped to General Sales Manager for Fuller-Jeffrey's Classic Rock pair WXBB-FM and WXBP-FM in the Portsmouth-Dover-Rochester market.

Metro Networks asked, "How much wood would a **Woody Woodard?**" and then cruised into Oklahoma City to make Woodard GM of their OKC operation.

Getting the lay of Leland: To do so, head to New England, where **Wayne P. Leland** has been named Northeast Manager for Spring Broadcasting. Spring is part of the Broadcasting Partners Holdings group.

Andy L. Graham has been transferred by Barnstable Broadcasting. He will exit the group's Akron combo to take over the reins of KKSQ/KJJY-FM/KRKQ-FM Des Moines as President/GM. Taking his place in Akron will be **John M. Shea**, who will do so with VP/GM stripes.

The Milwaukee Radio Alliance, a three-station joint venture between Shamrock and All Pro, has named **Robert Benes** Director of Sales. **Michael Schuch** is Local Sales Manager, WLUM-FM, and **Noel Skarpmoen** is LSM for WJZI-FM.

by Katy Bachman

Update: Broadcasters go on the record against monthlies

Last week (*RBR* 10/27, p. 6) we analyzed the issues raised by Arbitron's proposal to explore monthly ratings. Despite opposition from the Radio Advertising Bureau (RAB) and the Arbitron Advisory Council, Arbitron isn't backing down, yet. "Both sides of this issue need to be heard," said **Pierre Bouvard**, GM, Arbitron Radio, who adds it will be on the agenda for the December council meeting.

Below, broadcasters speak out.

• **Steve Edwards, radio president, South Central Communications Corp.**

Aside from the statistical unreliability, such a report would create buying havoc when placed in the hands of unsophisticated sellers and buyers.

I would love to know the actual verbiage of the question posed to the Research Group study sample. If it was not a leading or slanted question, I would be very surprised that 84% of the respondents found value in monthly ratings reports.

Remember back a couple of years ago when Arbitron was hellbent on increasing the amount of Scarborough information included in the quarterly Radio Market Reports book for their own self-serving purposes. Strong industry reaction which was spearheaded by me and many concerned industry leaders and organizations finally convinced Arbitron to back off.

With the RAB's strong opposition, perhaps some of the study's respondents have not seen the light. It's tough enough to resell your story every quarter. Who needs the pressure of having to do it every month with flawed numbers?

efforts, sales training and ratings."

WGSM was one of four new affiliate AM stations ABC announced last week. The other three are: KZKL Albuquerque (#71); KRYS Corpus Christi (#126); KMBS Monroe (#227). Only KRYS has any nighttime signal strength to speak of.

RBR observation: Sound familiar? In a story last month (*RBR* 9/8, p. 6), we suggested that for Radio Disney to succeed it must "back up its commitment with compensation to the affiliates to offset the loss of a signal."

Scarborough, RetailDirect check-less

Media Audit was the first qualitative ratings service to receive MRC accreditation (*RBR* 4/7, p. 6), but it may

• **Dan Lerner, chairman, Greater Media Radio Co.** (in a Oct. 29 letter to Arbitron President, **Steve Morris**)

As one who has been a radio owner for 35 years, I can assure you that such an action by your company would do a great disservice to the radio industry.

Anyone who has taken 10th-grade algebra can figure out how to interpolate monthly estimates. We simply do not need Arbitron to do it for us. And radio managers who are incapable of figuring out how it is done may want to find another line of work.

It is bad enough that we have to live with unweighted three-month rolling averages until the book arrives. However, a single-month rating would not only be a statistically unreliable and therefore inaccurate product, but putting Arbitron's imprimatur on it would only lead to selling confusion and an even more unbalanced relationship between buyers and sellers of radio advertising time than presently exists.

Worse for Arbitron, you ultimately would run the risk of devaluing the usefulness of your entire product.

be quite a while before the full slate of Arbitron qualitative services receives the double checks.

The qualitative diary service in 132 markets underwent a special audit and received accreditation in July. But Arbitron has yet to even apply for a RetailDirect audit, its qualitative service in 44 markets.

Meanwhile, the Scarborough audit in 58 top markets is still ongoing, with a number of issues to be resolved, according to **David Kennedy**, president, Susquehanna and chair, RAB Research & New Technologies Committee. Among the stickiest and most complex of the issues is "radio conforming," the process Arbitron and Scarborough use to make sure the radio numbers in Scarborough agree with the numbers published in the book.

Who has the best Digital System for groups?

CapStar/GulfStar

Austin, TX

Baton Rouge, LA

WJBO-AM
WLSS-FM
WYNK-AM
WYNK-FM
KRVE-FM
WBIU-AM

Beaumont, TX

KKMY-FM
KLVI-AM
KYKR-FM
KTCC-FM

Corpus Christi, TX

KMXX-FM
KRYA-AM
KRYA-FM

Fayetteville, AR

KKIX-FM
KKZQ-FM
KEZA-FM

Fort Smith, AR

KMAG-FM
KWHN-AM
KZBB

Killeen, TX

KIIZ-FM
KLFX-FM

Lawton, OK

KLAW
KZCD

Longview, TX

KKTX
KNUE
KISX
KTYL

Lubbock, TX

KFMX-FM
KKAM-AM
KRLB-FM
KZII-FM
KFYO-AM
KKCL

Lufkin, TX

KYKIN-FM
KAFX-FM

Shreveport

KRMD-AM
KRMD-FM

Texarkana, AR

KKYR-AM
KKYR-FM
KLLI-FM
KYGL-FM

Tyler, TX

KNUE-FM
KISX-FM
KTYL-FM
KKTX-AM
KKTX-FM

Victoria, TX

KIXS-FM
KLUB-FM

Waco, TX

KBRQ-FM
KCKR-FM
KKTK-AM
WACO-FM
KWTX-AM
KWTX-FM

CapStar/ PacificStar

Modesto, CA

KVFX
Yuma, AZ
KTTI-FM
KBLU-AM

CapStar/ AtlanticStar

Dover, DE

WSRV
WDOV

Wilmington, DE

WJBR-AM
WJBR-FM
WDSD

Winchester, VA

WFQX
WUSQ
WNTW

CapStar/ SouthernStar

Cocoa, FL

WLRQ-FM
WMYM-AM

Decatur, AL

WTAK
WWXQ-FM
WDRM
WBHP
WHOS

Tuscaloosa, AL

WACT-AM
WTXT-FM
WRTR-FM
WZBQ-FM

Triathlon

Colorado Springs, CO

KSPZ-FM
KVUU-FM
KVOR-AM
KTWK-AM

Kennewick, WA

KTCR-AM
KLOK-FM
KNLT-FM
KEGX-FM
KKNX

Lincoln, NE

KZKX
KTGL

Omaha, NE

KTNP-FM
KXKT-FM

Spokane, WA

KEYF-AM
KEYF-FM
KKZX-FM
KUDY

Wichita, KS

KQAM
KEYN-FM
KFH-AM
KRBB
KWSJ

Drake

Communications

Rogers, AR

KLTK-AM
KWMQ-FM

Tahlequah, OK

KTLO
KEOK

Lazer

Broadcasting

Big Bear City, CA

KXSB

Hemet, CA

KSDT-AM
KXRS-FM

Oxnard, CA

KXSP
KXLM

Noalmark

Broadcasting

El Dorado, AR

KIXB-FM
KAGL-FM
KELD-AM

Hobbs, NM

KYKK
KZOR
KIXN

NPR Affiliate

Boise, ID

KBSW-FM
KBSX-FM
KBSU-AM

Hutchinson, KS

KHCC-FM
KHCD-FM
KHCT-FM

Jacor

Iowa City, IA

KXIC-AM
KKRQ-FM

Salem

Boston, MA

WPZE

Denver, CO

KRKS-AM
KNUS-AM
KRKS-FM

Los Angeles, CA

KKLA
KLTX

Houston, TX

KKHT

Minneapolis, MN

KKMS
KEGE

New York, NJ

WMCA
WWDJ

Phoenix, AZ

KPXQ

Sacramento, CA

KFIA
KMJI

Faith

Communications

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KILA-FM

Ogden, UT

KANN-AM

Twin Falls, ID

KCIR



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Norfolk, VA

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KFNN-AM

Portland, OR

KBNP-AM

Providence, RI

WPNW
WKIX

Seattle, WA

KEZX-AM
KWJZ-FM

St. Louis, IL

WINU-AM

Cromwell

Group

Nashville, TN

WCTZ-AM
WQZQ-FM
WZPC-FM

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Big radio-outdoor and outdoor deals

The \$3.8B outdoor biz is going through a consolidation of its own. But the biggest deals are media mergers between radio and outdoor companies. While these deals may not have the flash of some radio-television deals, many experts believe the synergistic possibilities of radio and outdoor is the real media sleeper. (Radio deals are bold).

\$300M February 1996

Infinity—now part of CBS/Westinghouse (N:WX)—buys TDI Outdoor (RBR 2/26/96, p. 14)

\$690M July 1996

Outdoor Systems (O:OSIA) buys Gannett Co.'s billboards (RBR 7/15, p. 13)

\$1.15B March 1997

Clear Channel (N:CCU) buys Eller Media Broker: Alex Brown & Sons; Daniels & Associates (RBR 3/3, p. 2)

\$170M April 1997

Outdoor Systems Inc. (O:OSIA) buys Van Wagner Communications Inc.

\$1B May 1997

Outdoor Systems Inc. (O:OSIA) buys 3M National Advertising Co. (#4-ranked outdoor co.) (RBR 5/5, p. 4)

\$51.2M May 1997

Universal Outdoor (O:UOUT) buys Allied Outdoor Advertising Inc. (RBR 5/26, p. 4)

\$76.6M June 1997

Lamar Advertising Co. buys Headrick Outdoor. (RBR 6/23, p. 6)

\$46.5M June 1997

Universal Outdoor (O:UOUT) buys Lamar Advertising's Baltimore displays. (RBR 6/23, p. 6)

N/A September 1997

Eller Media buys Metro Display Advertising (4,000 LA transit shelters) (RBR 9/22, p. 12)

\$1.7B October 1997

Clear Channel (N:CCU) buys Universal Outdoor (O:UOUT) (See story, p. 2)

\$4.5M October 1997

Universal Outdoor (O:UOUT) buys the Tampa Division of Paxson Outdoor, Inc. (A:PXN).

Top 10 outdoor companies

Like radio, there have been some significant changes in the ranking of outdoor companies this year. And, like radio, consolidation among outdoor companies has helped increase operating efficiencies and improve national sales. Outdoor Systems (O:OSIA), for example, can offer displays in 20 of the top 25 markets.

Outdoor Systems is still the number one outdoor group in revenues and Clear Channel's Eller Media is still

number two. But, Clear Channel's purchase of Universal Outdoor (O:UOUT), combined with Eller Media's approximately \$268M in revenue, closes the gap.

TDI is still the third-ranked outdoor company and hasn't made any acquisitions since it was initially purchased by Infinity in Feb. 1996.

One top ten group exited from the list: 3M National Advertising, which sold to Outdoor Systems in May.

According to Montgomery Securities, more consolidation is likely. Even though the top 10 outdoor companies account for 53% of the out-of-home ad dollars, there are still some 600 independent companies out there. "Four of five major players are expected to emerge that could generate as much as 75% of industry revenue," said a Montgomery Securities report.

Leading U.S. Out-of-Home Advertising Companies (\$ millions)

Company (Ticker)	1996E Gross U.S. Billings (1)	U.S. Revenue Share
Outdoor Systems (OSIA)	\$605 (2)	16.1%
Clear Channel (CCU)	\$275	7.3%
TDI (division of CBS Radio) (WX)	\$270 (3)	7.2%
Universal Outdoor (UOUT)	\$236	6.3%
Lamar Advertising/Penn (LAMR)	\$195	5.2%
Whiteco	\$125	3.3%
Ackerley Communications (AK)	\$100	2.7%
Martin	\$75	2.0%
OCI Holdings	\$62	1.7%
Donrey	\$60	1.6%
Top 10 Out-of-Home	\$2,003	53.4%
Others	\$1,758	46.6%
Total U.S. Out-of-Home	\$3,761	100.0%

(1) Pro forma for announced acquisitions.

(2) Excludes approximately \$75 million in gross revenues from Canada

(3) Excludes \$15 million in estimated revenues from the U.K.

Source: Montgomery Securities

Radio companies* in the outdoor biz

CBS (Infinity)
TDI

Clear Channel
Eller Media, Universal Outdoor

The Ackerley Group**
Ackerley Communications

* Paxson was part of this list until it sold its radio stations to Clear Channel for \$633M in June, which also included the sale of 348 Orlando billboards to Eller Media.

** The Ackerley Group has a large stake in New Century Media's radio group.

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- 65% of the workforce listens to the radio at work.
- 57% say listening to the radio at work improves their productivity.
- 54% of the workforce is male and 46% is female.

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For your copy of the Arbitron At-Work Listening Study and your At-Work Local Market Profile, contact your Arbitron representative today.

ARBITRON

Implementation problems for IBOC? USADR/Lucent address latest claims

While broadcasters applaud recent IBOC developments (*RBR* 8/25, pp. 7-10), others in related industries are throwing cold water on it. Recently (9/26) CEMA (Consumer Electronics Manufacturers Assoc.) director of engineering **Ralph Justus** gave a speech before the The 103rd Audio Engineering Society's DAB forum entitled "The Dimming Prospects for DAR in the United States," setting off renewed controversy. In short, Justus claimed that IBOC's design has first-adjacent channel interference limitations, interference problems on cheaper "wideband" radios and problems overcoming multipath fading. For this story, *RBR* talked to USADR representatives from CBS, Westinghouse and Lucent/Bell Labs for responses to Justus' claims.

Claim #1: First adjacent IBOC stations will interfere with each other. Justus offered an example: "Here we see 47 received signals measured throughout the FM band at a typical location in New Jersey. This drastically limits IBOC digital coverage. Using the lab tests on first adjacent digital to digital susceptibility, only 14 of these 47 stations would be listenable if IBOC were implemented."

Response: Interference between IBOC stations has been solved. **Rick Martinson**, IBOC project manager Westinghouse Wireless Solutions claims Justus' test is based on a prior prototype system that "is in no way related to the current IBOC system." In the current system, first adjacent digital to digital interference is now eliminated because the digital signals don't overlap (see graph p. 10).

"With IBOC receivers, when you start losing a station, it won't be because another station next to it on the dial is encroaching," said **E. Glynn Walden**, director of engineering, CBS Radio.

Claim #2: First adjacent IBOC stations will interfere with current analog stations. "Injecting digital energy in the 1st adjacent channel interferes with other stations," said Justus.

IBOC broadcasts the digital signal on either side of the analog, spreading into first adjacent channel "territory" (see graph). With first-adjacent stations (ie. 97.1 and 97.3), the upper sideband digital carrier of station 97.1 overlaps the analog of station 97.3, causing interference when 97.3's signal isn't strong. This type of interference may be manifested most with listeners in between markets. For example, Princeton, NJ listeners located between New York and Philadelphia may have trouble picking up some of those stations located next to each other on the dial with analog receivers.

Response: The interference outside of markets is minimal. "With the new FM Hybrid IBOC system, we have solved second adjacent digital to analog interference. However, between markets, there will be some first adjacent digital interference to analog neighbors. That slight increase in noise will only occur at some isolated geographical locations on the 54 dB contour fringe [edge of market coverage] closest to the 1st adjacent interfering station and beyond as you get closer to that station. The analog signals are already interfering with each other at this point," said Walden.

Claim #3: Low-quality receivers will interpret IBOC signals as noise. "Receiver characteristics limit IBOC use. Any wideband FM receiver sees [digital] energy as increased noise. In lab tests, we observed a signal-to-noise degradation of up to 24 dB on some receivers," said Justus.

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Response: IBOC noise won't eclipse existing noise in those receivers. "Those lab tests were done inside screen rooms without antennas. This in no way represents a real-world reception environment. The noise from co-channel interference may exist on some cheaper radios, but only in stereo with some pre-1995 boomboxes without Walsh-function decoders. On these radios, there's already enough noise produced that will mask any IBOC noise. Other wideband radios (ie., clock radios) are one-speaker mono—they won't be affected," said Walden.

Claim #4: IBOC's narrow bandwidth signal will have reception problems in downtown areas. "CD-quality means more than just audio fidelity and dynamic range. It also means interference-free. 'Interference-free' [needs] a wideband [broadcast] system to handle multipath fading. Studies show that 2 MHz-wide channels are ideal," said Justus. (Eureka-147=1.5 MHz; FM analog=.2 MHz; IBOC=.14 MHz)

"In urban environments, multipath reception is common as the signal is bounced around—this creates frequency-selective and flat fading. You'll notice this most at stoplights, where your car is in a bad reception spot, and moving up a foot or two will clear up reception. With IBOC, if you can't move the car, the receiver will go to mute and you will hear nothing. In urban traffic jams, you could end up hearing a lot of nothing," Justus told *RBR*.

Response: Reception problems are unlikely because there are two separate signals for the receiver to pull from and urban signal strengths are high. "IBOC's aggregate bandwidth is narrow, but it is placed on almost a 400-kHz frequency spread (see graph). Using IBOC's CPC codes (allows the upper or lower sideband carrier to be completely corrupted with the other still usable) the immunity to frequency-selective fade in an urban stoplight situation is at least as good as a 1.5 MHz bandwidth system without this type of coding and interleaving," said **Brian Kroeger**, chief scientist Westinghouse Wireless Solutions.

Focusing on only part of the digital carrier could jeopardize audio quality and coverage, but USADR/Lucent's forward error correction coding schemes and embedded source coding schemes may be able to "fill in the digital blanks." Additionally, "With lower source bit rates (96 kbps FM/48 kbps AM) than the previous system, more room for forward error correction is achieved," said **Dr. Carl-Erik Sundberg**, distinguished member technical staff, Bell Labs/Lucent.

In a flat fade situation, the reflected signals are canceling each other out enough to lower the overall signal strength. "In urban environments, you can tolerate significant flat fades and still have a margin of reception because urban signal strengths are typically high. The signal strength probably couldn't drop low enough with an IBOC transmission to cause a flat-fade dropout," said Walden. "In the rural areas if your receiver is behind a hill and can only receive the signal by reflections, it looks like the signal will still decode, but it starts to be less likely than if it were downtown with the stronger signal. This is the situation where you would see more blending with analog—but of course, the analog wouldn't be very strong here either," said Walden.

Time diversity backup with analog is IBOC's final insurance against digital dropout. If the digital signal is impaired beyond what the digital technologies can solve, the receiver blends to the time-delayed analog signal instead of going to mute.

How will existing analog signals affect IBOC?

Digital to analog interference has been addressed—what about the reverse? "In the beginning of '97, we firmed up the First Adjacent Canceler (FAC) technology which tracks and cancels 1st adjacent analog interferers to digital signals. This works even when there's a digital signal sandwiched between two strong analog interferers," said Kroeger.

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What about AM?

Justus had little to say about problems for the AM band. Does 1st adjacent channel digital-to-analog interference play a role for AM?

"Because the sound quality is lower with analog AM to begin with, the extra 1st adjacent digital noise introduced would be negligible. The real challenge is, as with analog, nighttime propagation. Skywave propagation affects digital as well as analog signals. We are currently using the forward error correction coding schemes and embedded source coding schemes to solve these most challenging nighttime reception problems," said Kroeger.

Listeners who enjoy listening to distant AMs with nighttime skywave propagation would not have the luxury with Eureka-147. "Eureka was never designed for AM and there is not currently an AM equivalent," said Sundberg.

RBR observation: It's unfortunate that EIA/CEMA and USADR/Lucent still haven't come to terms for a positive working relationship in IBOC

development. The good news is a meeting is scheduled later this month for them to discuss differences. As it stands now, Martinson said USADR will not submit any of the latest designs to EIA for testing based on their previous test slanting. He said it's not that the test results were wrong, but a wider scope of testing would have produced more objective results. In return, EIA has no choice but to continue focusing on past design submissions and delivering *dated* data. USADR's next plans for testing will be observed and verified by an independent entity, with the results to be published.

EIA and manufacturers like Eureka-147 for its proven success. In representing those manufacturers, Justus is justified in pointing out that DAB in the US is well behind other countries.

On the flip side, USADR/Lucent is spending millions on IBOC. This is not government-subsidized money. They've got a full team working full-time on a very complicated and challenging system. If the government had

allocated spectrum for Eureka, IBOC would be a forgotten issue. But because IBOC is the only way DAB can currently be implemented in the US, the industry should work with instead of against those who are committing resources to see it through.

Will IBOC affect FM subcarriers?

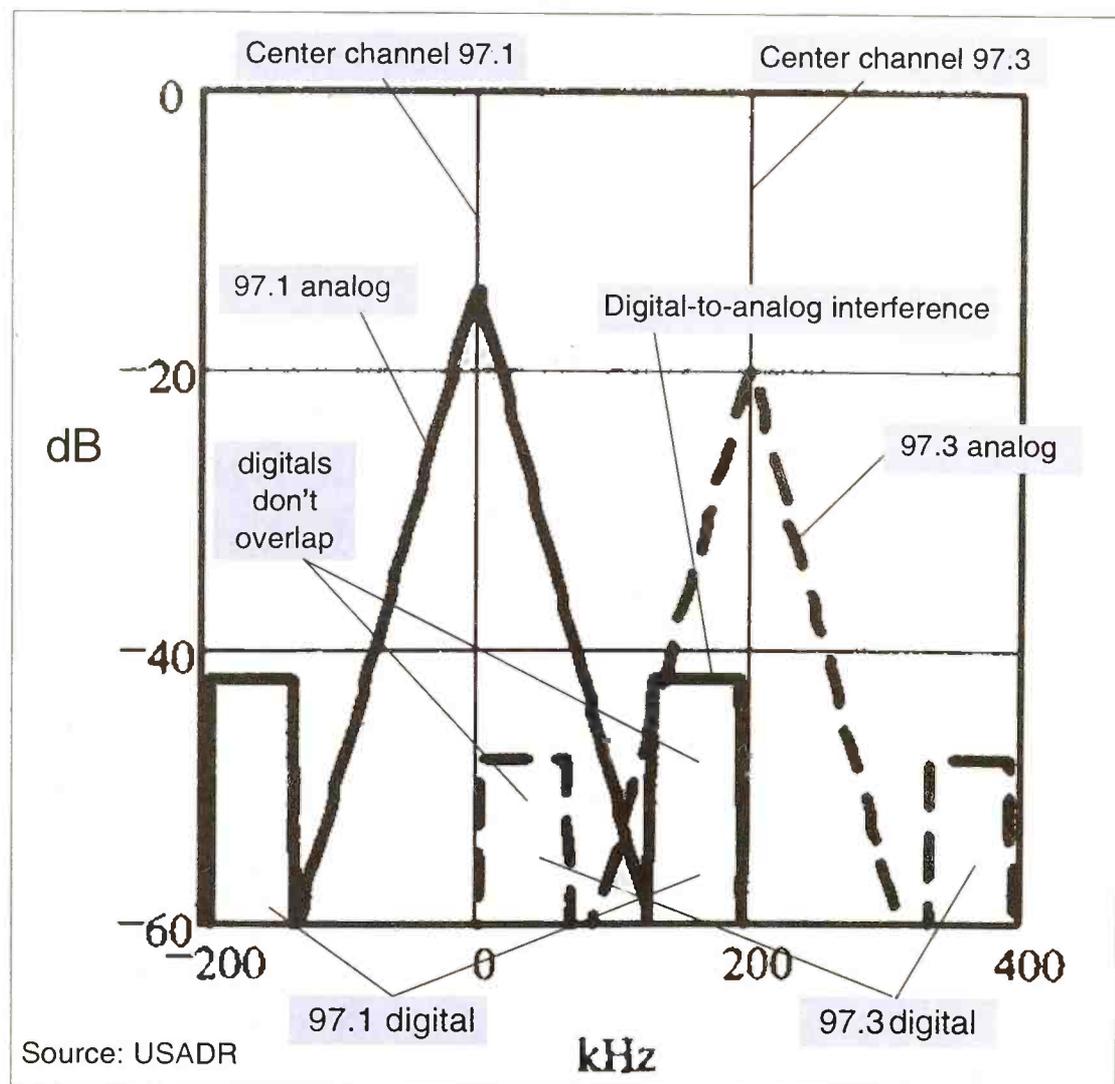
Today's analog broadcasts peacefully coexist with FM subcarriers or SCAs—but will adding a digital IBOC signal tilt the balance?

According to the NAB, less than 30% of US FM stations lease subcarrier capacity with annual revenues topping \$40M. That figure increases to 50% for top 50 markets. In the past, FM SCAs were mainly used for uninterrupted background music in restaurants and businesses. Today 50% are used for datacasting and the numbers are growing with technologies that provide additional platforms—stock market data, paging, global positioning (GPS), The Radio Broadcasting Data System (for station and song info displays on car stereos), highway/traffic info and more.

Rick Martinson, IBOC project manager Westinghouse Wireless Solutions said that subcarriers are currently placed 57, 67 and 92 kHz away from the analog signal. With IBOC digital carriers implemented, the 57 kHz would still be usable for analog and digital SCAs; the 67 kHz and 92 kHz would be less usable for analog, but okay for digital.

While current subcarrier usage would be marginally affected by IBOC, USADR has a better solution: "We're providing a digital data channel that is more robust and has higher data capacity for whatever service the station chooses to lease it to," said Martinson.

The IBOC system will provide a 64 kbps digital data stream and is part of the station's main IBOC signal.



BROADCAST INVESTMENTS™

October 29—RBR Stock Index 1997

Company	Mkt:Symbol	10/22 Close	10/29 Close	Net Chg	Pct Chg	10/29 Vol (00)	Company	Mkt:Symbol	10/22 Close	10/29 Close	Net Chg	Pct Chg	10/29 Vol (00)
Ackerley	A:AK	14.250	14.000	-0.250	-1.75%	255	Heffel Bcg.	O:HBCCA	73.500	69.000	-4.500	-6.12%	299
Alliance Bcg.	O:RADO	1.062	1.000	-0.062	-5.84%	0	Jacor	O:JCOR	47.875	42.687	-5.188	-10.84%	3480
Am. Radio Sys.	N:AFM	50.062	48.875	-1.187	-2.37%	1502	Jeff-Pilot	N:JP	86.312	82.500	-3.812	-4.42%	1475
AMSC	O:SKYC	9.000	8.875	-0.125	-1.39%	1190	Jones Intercable	O:JOINA	13.875	13.250	-0.625	-4.50%	916
CD Radio	O:CDRD	24.375	20.500	-3.875	-15.90%	1271	Katz Media Group	A:KTZ	10.875	10.875	0.000	0.00%	0
Ceridian	N:CEN	40.062	38.937	-1.125	-2.81%	4900	Metro Networks	O:MTNT	33.937	31.000	-2.937	-8.65%	784
Chancellor	O:AMFM	58.062	54.750	-3.312	-5.70%	8495	New York Times	N:NYT	55.125	52.625	-2.500	-4.54%	1341
Childrens Bcg.	O:AAHS	4.625	4.000	-0.625	-13.51%	370	News Comm.	O:NCOM	2.250	2.000	-0.250	-11.11%	8
Clear Channel	N:CCU	63.375	64.250	0.875	1.38%	8647	Pacific R&E	A:PXE	3.250	3.250	0.000	0.00%	19
Cox Radio	N:CXR	34.000	34.125	0.125	0.37%	893	Paxson Commun.	A:PXN	11.562	11.687	0.125	1.08%	1483
DG Systems	O:DGIT	4.312	4.000	-0.312	-7.24%	361	Pulitzer	N:PTZ	54.125	53.750	-0.375	-0.69%	150
Disney	N:DIS	83.187	82.937	-0.250	-0.30%	16578	Saga Commun.	A:SGA	22.375	20.750	-1.625	-7.26%	51
Emmis Bcg.	O:EMMS	45.250	44.250	-1.000	-2.21%	628	SFX Bcg.	O:SFXBA	74.437	73.750	-0.687	-0.92%	1092
Faircom	O:FXXM	0.843	0.687	-0.156	-18.51%	115	Sinclair	O:SBGI	36.875	36.750	-0.125	-0.34%	1103
Fisher	O:FSCI	126.000	122.000	-4.000	-3.17%	0	TM Century	O:TMCI	0.812	1.000	0.188	23.15%	6
Gaylord	N:GET	30.187	29.750	-0.437	-1.45%	3591	Triathlon	O:TBCOA	8.875	9.562	0.687	7.74%	2018
Granite	O:GBTVK	11.625	10.500	-1.125	-9.68%	705	Tribune	N:TRB	55.812	53.562	-2.250	-4.03%	1629
Harris Corp.	N:HRS	48.375	44.625	-3.750	-7.75%	2535	Westinghouse	N:WX	29.000	27.500	-1.500	-5.17%	40823
							Westwood One	O:WONE	30.375	29.625	-0.750	-2.47%	622

Wall Street goes wild

The Bears snuck up on the Bulls on Wall Street last week, as a mass sell-off last Monday saw the Dow drop 554.26 (7.18%). Among the hardest hit radio stocks were Chancellor (O:AMFM) which dropped 8.375, Jefferson-Pilot (N:JP) lost 5.875 and Disney/ABC (N:DIS) was down 4.625. But bargain hunting took over the next day, with a 337.17 point (4.7%) increase on the Dow. Tuesday's biggest gainers were Monday's biggest losers, including Chancellor and Disney.

Morgan Stanley Analyst **Frank Bodenchak** says the big losers Monday all had the misfortune of making news during the sell-off. Even Chancellor, which announced an acquisition, suffered a loss.

Chancellor readies for Katz

Chancellor Media (N:AMFM) is ready to close on Katz Media (A:KTZ). Chancellor has accepted for payment all shares of Katz common stock turned in by Oct. 24. A total of 13,531,726, or 99%, were tendered. Chancellor, backed by Hicks, Muse, Tate & Furst, is buying Katz Media for \$155M in cash and assumption of \$218M in debt (RBR 7/21, p. 16).

Third Quarter Earnings

•**Clear Channel Communications** (N:CCU) reported revenues grew 95% to \$209,050,000 in Q3, and after tax cash flow was up 98% to \$54,959,000. During the third quarter, Clear Channel bought Paxson Communications' radio properties. In September, the company offered a secondary stock offering of eight million shares, which raised \$504M. Clear Channel owns 177 radio stations and 18 TV stations in 39 US markets.

•**Saga Communications** (A:SGA) reported a 13.8% increase in revenues in Q3 to \$17.1M, cash flow was up 16.4% to \$6.4M for the quarter. Saga owns 37 radio stations, mainly in the Midwest and New England, as well as one TV station.

•**Granite Broadcasting** profits were up 20% in Q3, to \$110,789,000. Much of the increase came from the addition of two TV stations, and higher local and national ad revenue. Granite owns eight TV stations.

•**Digital Generation Systems** (N:DGIT) reported a \$1,247,000 loss, which is \$83K more than Q3 last year.

The increase is blamed on the purchasing of high-priced video equipment for TV stations and cable systems; as well as integrating the recently-purchased Mediatech subsidiary.

•**Paxson Communications Corp.** (O:PXN) reported revenues rose 59% to \$23.8M. Net income for 1997 through Sept. 30 was \$33.8M, compared to a loss of \$13.7M in 1996. Paxson sold its 46 radio stations to Clear Channel Communications in August.

•**Belo** (N:BLC) reported Q3 revenues of \$319.1M, including a 67% increase in earnings for Belo's broadcasting division. After tax cash flow was up 5.1%. Belo owns eleven TV stations, newspapers, a cable news network, and KENS-AM San Antonio, which it got in a swap with E.W. Scripps, for Belo's interest in the Television Food Network.

•**Medialink Worldwide Inc.** (N:MDLK) reported revenues rose 93% in Q3, to \$7,187,000. Net income was up 478% to \$480K. Medialink provides audio and video production and satellite distribution services to radio and TV stations.

by Frank Saxe

Nationwide on Jacor's side Latest acquisition puts Jacor back in the game

After losing out on purchases of ARS, SFX and other prime radio sell-offs, Jacor (N:JCOR) captured its biggest buy in years last week, with the \$620M purchase of Nationwide Communications' 17 station group (RBR 10/13, p. 13). The deal puts Jacor much closer to the third largest group, Capstar (see chart, p. 13).

The acquisitions open five new markets for Jacor, and deepens its presence in San Diego, Cleveland and Columbus. "We've been on the sidelines for a long time, passing up groups we liked except for the tax and the structure. And unlike many deals, this is an asset deal," said Jacor CEO **Randy Michaels**. He expects to make the buy accretive to 1998 earnings,

on an after-tax, cash-flow basis.

The \$620M purchase price is roughly 15 times cash flow, but Jacor CFO **Chris Weber** expects significant growth between now and the close of second quarter 1998. "We want to be at or below six times," he said.

The 51-year old Nationwide Communications is the 16th largest radio group in the US, with an estimated 1997 revenue of \$96.5M, according to BIA. Nationwide CFO **Robert Oakley** said the insurance company wants to focus on its core businesses.

Two stations will be spun off in San Diego, likely Nationwide's, which are losing money and have weaker signals, say RBR sources. A Department of Justice review of the Columbus

market is also likely, since Jacor would have a 61% market share. "We think we should be allowed to keep all of Columbus," said Michaels, who declined to say which station would be divested if the company is forced to give up a frequency.

The Nationwide group includes some big signals, like a grandfathered 175,000 watt FM in Columbus and some hot growth markets like Minneapolis. But many of the stations were run with "a very full expense line" according to Michaels. "We will be selling or swapping a number of stations with negative cash flow," he said. Which stations are in the red weren't revealed, but one analyst calculates six of the 17 are losing money. "We think there is the opportunity to do [things] far more efficiently," said Michaels.

"This is a very manageable deal for Jacor," said stock analyst **Frank Bodenchak** at Morgan Stanley & Co. While the margins for FMs with solid signals are typically around 50%, the Nationwide group margins have been an abysmal 21%. Bodenchak feels that gives Jacor the potential to more than double the margins in a three to five year period. "It extends Jacor's above average growth rate over a longer time frame, which fits nicely with the Jacor strategy of long term growth," he said. It is that opportunistic approach that Bodenchak credits Jacor's move toward FM signals.

Pluses for the network

The deal also is a boon to Premiere Radio Networks and Radio-Active Media. "This will not hurt our syndication at all. There's a lot we're going to be able to do with our network," said Michaels. Although these stations won't take the typical AM Talk programming that has become a staple on Jacor stations, they could

Lee Zapis, President of
Zapis Communications Corporation

has agreed to transfer the assets of

WICT-FM, WWSY-FM and WPAO-AM
Youngstown, Ohio

for

\$2,600,000

to

Youngstown Radio Limited Liability Company

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continued on page 14

Jacor-Nationwide overlapping markets

Jacor's asset purchase of Nationwide will give Jacor additional stations in only three markets: San Diego (#15), Cleveland (#23), and Columbus (#32). Spin-offs are expected in San Diego and likely in Columbus.

San Diego (#15)

	AMs	FMs	
Jacor	4	6	KHTS/KKBH/KSDO/XTRA AF/KGB/KPOP/ KCBQ/KIOZ/KKLQ/KOGO
Nationwide	0	2	KMCG/KXGL

Jacor is legally over the limit since it runs two Mexican stations. Look for two FMs to go, probably Nationwide's, as both KMCG and KXGL are breaking in new formats.

Cleveland (#23)

	AMs	FMs	
Jacor	2	1	WTAM/WLTF/WKNR
Nationwide	0	3	WGAR/WMJJ/WMMS

Nationwide is number one in Cleveland with the only existing superduopoly. By combining the two groups, Jacor will have the pre-eminent station group in the market by a comfortable margin.

Columbus (#32)

	AMs	FMs	
Jacor	2	5	WTVN/WLVQ/WHOL/WLLD/WLOH/ WAKS/WAHC
Nationwide	1	2	WNCI/WCOL AF

Randy Michaels may want to keep them all, but DOJ may have other ideas. The deal combines the number one and number two station groups in the market, although Nationwide's FMs rank first and second. Jacor is already at the FM limit, but replacing two of them with Nationwide's pair will significantly bolster Jacor's market strength.

Top 10 Radio Owners

With Jacor's purchase of Nationwide, Jacor is still the fourth-ranked radio group by revenue, but is closing in on third-ranked Capstar. CBS is still comfortably the top-ranked group. It will take quite a deal to knock CBS from the top.

RANK	COMPANY	96 REV (\$000)	STATIONS
1	CBS	1,385,200	171
2	Chancellor	816,200	99
3	Capstar	580,150	320
4	Jacor	557,700	185
5	Clear Channel	408,350	169
6	ABC Radio	306,250	27
7	Cox Radio	216,525	49
8	Emmis	140,250	14
9	Heftel	137,650	37
10	Sinclair	129,150	58

Source: BIA Research, Inc.

CLOSED!

WMMA-FM, Lebanon, Ohio from **McMurray Communications**, Marilyn McMurray, President and Mike McMurray, Vice President, to **American Radio Systems**, Steve Dodge, Chairman & CEO, for \$3,000,000.

George I. Otwell
and
Elliot B. Evers
initiated the transaction.

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Nationwide Deal
continued from page 12

use the comedy clips, jingles and research done by the aligned businesses.

Moreover, the markets fit into Jacor's cluster strategy. The deal will give it 51 signals in Ohio (*RBR* 10/20, p. 14) and help build a Southern California group.

Jacor has been rumored as a company for sale. Just last week, the Internet gossip mill had Randy lunching with Microsoft founder **Bill Gates**. But Michaels flatly denies they're for sale. "We are going to continue to look for radio station assets that we believe can achieve above average rates of return," he said.

Broker: Gary Stevens, Gary Stevens & Co.

RBR observation: *RBR* sources say Nationwide was forced to make its decision sooner than it wanted, after one suitor made an offer complete with expiration date. Not all the potential buyers even had a chance to make an offer. In fact, ABC was scheduled to make its pitch the very day the Jacor deal was announced.

Justice OKs Connoisseur deal

The Department of Justice has given Connoisseur Communications permission to buy two Youngstown area radio stations from the Lincoln Group LP, after Connoisseur sold two other

Youngstown stations. With the sale of WBBG-FM and WRTK-AM to GOCOM Communications, the \$13.5M deal involving WQXX-FM and WSOM-AM can go through. Connoisseur already owns six stations in the market.

GOCOM's Youngstown Radio LLP is also buying WICT-FM, WWSY-FM and WPAO-AM from Zapis Communications. "Connoisseur's sale of the two stations to Bain establishes an effective new competitor in Youngstown," says **Joel Klein**, Asst. Attorney General, Antitrust Division. GOCOM also LMAs WKBN-TV Youngstown.

CEO **Ric Gorman** says, "It also underscores our intention to rapidly increase GOCOM's presence in the broadcasting industry." The company is focusing its attention on small and mid-size markets.

Triathlon shopping

Looking to maximize shareholder value, San Diego-based Triathlon Broadcasting (O:TBCOA) said it has retained Goldman, Sachs & Co. to explore "the possibility of a merger or outright sale of the company."

Triathlon, the #27-ranked group by BIA in terms of revenue, has 31 stations in Spokane (#87), Wichita (#90), Omaha (#72), Colorado Springs (#95), Lincoln NE (#169) and Tri-Cities, WA (#201). The group expects

to post \$37M in revenues this year.

President/COO **Norm Feuer** was quick to take advantage of the Telcom Act. Triathlon was the first group to leap to the post-telcom limit of seven stations in Spokane. It was also one of the first groups to network its stations together to share programming, talent, and backroom functions such as traffic (*RBR* 9/15, p. 10).

As a result, Triathlon reported strong Q3 earnings, up 74% to \$9.4M compared to the same quarter a year ago. Broadcast cash flow grew 112% to \$3.4M. YTD net revenues were up 92% to \$34M; cash flow grew 106% to \$6.8M.

RBR observation: We were convinced that this group was going to go to a regional group of another large radio group earlier this year. Perhaps now that will happen.

Capstar stations for sale

To meet FCC ownership rules, Capstar Broadcasting Partners has put eight stations in Fairfield County, CT, and three stations in Westchester County, NY up for sale. The Fairfield County News Network, made up of WNLK-AM, WSTC-AM and WINE-AM, are also for sale. Capstar financial backer Hicks, Muse has interest in Chancellor stations in New York and stations coming from SFX in Hartford and New Haven. The stations on the block sit between the markets. Capstar decided to sell the group as a whole, although not all the signals overlap. Media Venture Partners Broker **Randy Jeffery** says the suburban NYC stations have "substantial cash flow." **Broker:** Randy Jeffery, Media Ventures Partners

RBR observation: Could this sale be in preparation for a merger between Capstar and Chancellor?

Smulyan buys mag

Emmis Broadcasting CEO **Jeff Smulyan** is buying *Cincinnati* magazine from the Columbus-based CM Media, Inc. for an undisclosed price. Emmis Publishing owns *Indianapolis Monthly* and *Atlanta* magazine.

Tower Business Report™

Tower tumbles, 3 dead

A 2,000 foot TV transmission tower in Raymond, MS twisted and toppled over Oct. 23 sending three workers tumbling to their deaths. What caused the tower to fall over is under investigation. The 31-year old structure was one of the tallest TV towers in the country, and was used by WMSI-FM, WLBT-TV, Mississippi Educational TV and several state agencies.

WMSI Asst. PD **Rick Adams** says they were able to rent a 1kw transmitter from Dallas, TX and a new tower should be up by mid-November. In the meantime, the 100kw station has seen its signal area shrink from 100 miles to just nine miles. That has meant make goods, and an expectation the Fall book may see WMSI fall from the #1 spot. "It couldn't have happened at a worse time," says Adams.

A change in insurance requirements has many stations, including WLBT, restringing tower guy wires. This was the fourth tower collapse this year.

RBR's deal digest

Jacor has closed on KEZJ-FM, KLIX-AM/FM Twin Falls ID from B&B Broadcasting for \$9M cash. **Broker:** Greg Merrill, Tom McKinley and Austin Walsh, Media Services Group... Zimmer Radio Group (**Jerry, Don, John and James Zimmer**) is buying KLIK-AM and KTXY-FM Jefferson City, MO from Brill Media Co. for \$6.625M. That will form a duopoly with KWOS-AM and WJMO-FM. **Broker:** Bill Lytle, Media Services Group... The two other Zimmer boys, **David and Tom**, are buying KATI-FM California, MO from Brill Media Co. for \$1.05M. **Broker:** Bill Lytle, Media Services Group... Adios chicos! Mega Broadcasting has formally inked a \$2.5M deal to buy WKDL-AM and WKDV-AM from Capital Kids Radio. They will take over the suburban Washington stations under an LMA in late November and will switch the Childrens stations to Spanish. Capital Kids is also selling WKDB-AM, Baltimore. **Broker:** Bruce Houston and Joe Sitrick, Blackburn & Co... Crawford Broadcasting has closed on WEMG-FM Chicago (Crete, IL) for \$1.8M from the Word of Faith Fellowship, Inc. The Religious station will pair with Crawford's other Chicago stations, WYCA-FM and WEJM-FM. **Broker:** Michael Bergner, Bergner & Co... **Lloyd Roach** is back into radio, with the purchase of WCOJ-AM Coatesville PA from Suburban Cable Co., Inc.

For the record

Zapis Communications is selling WICT-FM, WWSY-FM and WPAO-AM to Youngstown Radio LLC. for \$2.6M. **Broker:** Peter Handy, Star Media Group... Rodgers Broadcasting does not need Jacor's permission to sell it's Richmond IN and Connersville IN stations.

Transaction Digest continued from page 16

Duopoly with KFLA-AM & KSKL-FM Scott City KS.

\$527,500—* WILY-AM & WRXX-FM Centralia IL from Centralia Radio Communications Inc. (James C. Warner) to W. Russell Withers Jr. \$275K escrow, balance in cash at closing. **Superduopoly** with WMIX-AM & FM Mount Vernon IL and an FM CP at Breese IL. **Broker:** Michael Fugatt, Fugatt Media Services

\$500,000—KRG0-AM Salt Lake City (West Valley City UT) from Group Communications Inc. (Sherwin Brotman, Gene Guthrie) to KMRI Radio LLC (Pat Openshaw). \$50K escrow, balance in cash at closing.

\$500,000—KEPS-AM & KINL-FM Eagle Pass TX from Eagle Pass Broadcasters Inc. (William Harpole) to Texrock Radio Inc. (Dain Schult). \$13,333 escrow, balance in cash at closing.

\$500,000—* KVOU-AM & KYUF-FM Uvalde TX from Uvalde Broadcasters Inc. (William Harpole) to Texrock Radio Inc. (Dain Schult). \$13,333 escrow, balance in cash at closing. Texrock will create a **duopoly** with KUVA-FM.

\$500,000—KRMS-AM & KYLC-FM Osage Beach MO from Mahaffey Enterprises Inc. (John B. Mahaffey) to Viper Communications Inc. (Kenneth W. Kuenzie, Dennis J. Klautzer). \$30K escrow, additional \$95K in

cash at closing, \$375K note.. **Broker:** Bill Whitley, Whitley Media

\$425,000—* WZGO-AM & FM Johnstown (Portage PA) from H&B Broadcasting Inc. (George H. Buck Jr.) to Forever Broadcasting LLC (Kerby Confer, Donald Alt, Carol O'Leary, Lynn Deppen). \$100K escrow, \$325K (less escrow) in cash at closing, \$100K under non-compete agreement. **Superduopoly** with WJAC-AM, WVSC-AM, WKYE-FM & WVSC-FM, plus other co-owned stations in adjacent markets. **Broker:** Michael Bergner, Bergner & Co.

\$405,000—* WCCM-AM Boston (Lawrence MA) from Gowdy Family LP (Curt E. Gowdy) to Costa-Eagle Radio Ventures LP (Patrick J. Costa). \$25K escrow, balance in cash at closing. **Superduopoly** with WNNW-AM Salem NH & WHAV-AM Haverhill MA. **Broker:** Satterfield & Perry

\$400,000—WISL-AM & FM Shamokin PA from Laurel Broadcasting Co. and Northeast Broadcasting of Northumberland Inc. (James O'Leary) to MJR Media Inc. (Charles & JoAnne Hagerty). \$26K escrow, balance in cash at closing.

\$400,000—WBRT-AM & WOKH-FM Bardstown KY from Nelson county Broadcasting Inc. (Thomas L. Isaac) to CBC of Nelson County Inc., a subsidiary of Commonwealth Broadcasting Corp. (Steven & Vickie Newberry, Brereton Jones, Elmer Whitaker and others). \$20K escrow, balance in cash at closing. LMA since Aug. 1. **Broker:** Henson Media

SUSQUEHANNA

has acquired

KOFY-AM

San Francisco, California

from

JIM GABBERT

for

\$14,500,000

The undersigned acted as exclusive broker in this transaction and assisted in the negotiations.



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TRANSACTION DIGEST™

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Oct. 22 through Tuesday, Oct. 28 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.

\$30,000,000—KSJO-FM San Jose from American Radio Systems (Steve Dodge) to Citicasters Co. & Jacor Communications Co. (Randy Michaels, Sam Zell). \$1.5M in escrow, balance in cash at closing. Buyer and seller have a time brokerage agreement.

\$7,025,000—WRTK-AM & WBBG-FM Youngstown OH from Connoisseur Communications (Jeffery Warshaw) to Youngstown Radio License LLC a subsidiary of GOCOM Communications LLC (Richard and Katherine Gorman). \$702,500 deposit, balance in cash at closing. GOCOM has a time brokerage agreement with WKBN-TV Youngstown.

\$6,000,000—* WCDL-AM & WSGD-FM Wilkes-Barre/Scranton (Carbondale PA) from S&P Broadcasting LLP (Ronald Swanson) to Citadel Communications Corp. \$100K escrow, balance in cash at closing. Creates a **superduopoly** with WDLS-FM, WAZL-AM, WARM-AM, WZMT-FM, WMGS-AM, WBHT-FM, WKQV-FM, WEMR-AM, and WEMR-FM. Because of topography, no more than five signals overlap. LMA since Sept. 26.

\$6,000,000—* WDLS-FM Wilkes-Barre/Scranton (Dallas PA) from S&P Broadcasting LLP (Ronald Swanson) to Citadel Communications Corp. \$100K escrow, balance in cash at closing. Creates a **superduopoly** with WCDL-AM, WSGD-FM, WAZL-AM, WARM-AM, WZMT-FM, WMGS-AM, WBHT-FM, WKQV-FM, WEMR-AM, and WEMR-FM. Because of topography, no more than five signals overlap. LMA since Sept. 26.

\$2,400,000—* KMMS AM/FM Bozeman MT, **KSCY-FM** Belgrade MT from Gilbert Broadcasting Corp. to American Cities Broadcasting L.P. (Aaron Shainis and Bruce Buzil). \$50K escrow, balance in cash at closing. Existing **duopoly**. Note: American Cities has bought seven Montana stations this year.

\$1,850,000—* KSRV-AM/FM Boise (Ontario OR) from KSRV, Inc. (David and Clare Capps) to AGM-Nevada, LLC (Anthony Brandon). \$100K deposit, balance in cash at closing. Creates a **superduopoly** with KJOT-FM Boise ID, KQXR-FM Payette ID, KCID-FM Caldwell ID, KGEM-AM Boise and KCID-AM Caldwell ID.

\$1,800,000—* KBAR-AM & KZDX-FM Burley ID from Mini-Cassia Broadcasting Inc. (Donald Westfall) to KART Broadcasting Co and Eagle Rock Broadcasting Inc. (Allen Lee). \$90K escrow, \$200K promissory note, balance in cash at closing. Creates a **superduopoly** with KART-AM, KMVX-FM in Jerome ID; KKMV-FM, KBBK-AM and KETO-AM in Rupert ID. KETO-AM will be sold to comply with FCC rules.

\$1,500,000—WBET-AM & WCAV-FM Boston (Brockton MA) from WBET LLC to KJI Broadcasting LLC (Joseph Gallagher). \$50K escrow, balance in cash at closing. Note: Gallagher owns two stations in Pittsfield, MA and has a CP for a new FM in Great Barrington, MA.

\$1,500,000—* KZMQ-AM/FM Greybull WY from Big Horn Communications, Inc. (Frederick Forster) to Legend Communications of Wyoming, LLC (Lawrence and Susan Patrick). \$25K deposit, additional \$50K in escrow, balance in cash at closing. **Duopoly** with KZMQ-AM and KZMQ-FM.

\$1,300,000—* KFXD-AM Boise (Nampa ID) from Doubledee Broadcast Group (Alex Krisik) to Citicasters Co. (Randy Michaels). \$60,000 in escrow, balance in cash at closing. **Superduopoly** with KIDO-AM, KCIX-FM, KARO-FM, KLTB-FM, KXLT-FM.

\$950,000—* WWAV-FM Ft. Walton Beach (Santa Rosa Beach FL) from Emerald Coast Communications Inc. (Thomas C. Birch) to Root Communications Ltd. (Susan S. Root). \$55K escrow, balance in cash at closing. **Duopoly** with WMXZ-FM.

\$900,000—KBIF-AM Fresno from Cascade Broadcasting Corp. (David M. Jack) to Gore-Overgaard Broadcasting Inc. (Cordell J. Overgaard, Harold W. Gore and others). \$25K escrow, balance in cash at closing.

\$800,000—WJXN-FM Jackson (Utica MS) from Willis Broadcasting Corp. (Bishop L.E. Willis) to Flinn Broadcasting Corp. (George S. Flinn Jr.). \$100K downpayment, balance in cash at closing.

\$800,000—KEZU-FM Fort Smith (Booneville AR) from Westark Broadcasting Co. (Larry Tate) to Pharis Broadcasting Inc. (William & Karen Pharis). \$10K downpayment, additional \$90K at closing, \$700K note. Note: Adds FM to existing **duopoly** of KFDF-AM Van Buren AR and KPBI-AM Greenwood AR.

\$650,000—* KSKZ-FM Leoti KS from Threijay Inc. (Ronald C. Isham) to KBUF Partnership (Robert E. Ingstad, Scott Smith, Michael D. Tribold). \$8.5K downpayment, \$237,057 (less escrow) in cash at closing, \$221,763 note, \$191,170 non-compete note. The \$10 discrepancy is not explained.

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