

RADIO BUSINESS REPORT™

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RADIO NEWS™

Clear Channel + AMFM = \$56 Billion 2
 As has long been speculated, Lowry Mays' Clear Channel has acquired Tom Hicks' AMFM to create the largest radio group ever assembled.

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Clear Channel to acquire AMFM in mega-merger to create \$56B giant

It was the deal that had to happen. Previous merger talks between Clear Channel (N:CCU) and AMFM Inc. (N:AFM), which was then known as Chancellor Media, came up short (*RBR* 3/22, p. 3), but the synergy was so compelling that many Wall Street and radio industry observers believed it was just a matter of time until Clear Channel CEO **Lowry Mays** came up with a bid that AMFM CEO **Tom Hicks** couldn't turn down.

"We got together about three weeks ago and said, hey, lets do something for the benefit of our shareholders that's going to make them stronger," Mays said in a joint CNBC appearance with Hicks. The two agreed that having completed their respective acquisitions of Jacor and Capstar, it was time to do a deal because even more divestitures would be necessary in the future.

The latest mega-merger will combine the #1 and #3 billing radio groups, creating a new industry giant with over \$3B in annual billings. Under the deal announced 10/4, AMFM shareholders will receive 0.94 shares of Clear Channel for each AMFM share. Current Clear Channel shareholders will own about 63% of the merged company and AMFM shareholders 37% (including the 10% or so which will be owned by Hicks, Muse, Tate & Furst). Including about \$6.1B in assumed debt, the Clear Channel acquisition of AMFM is val-

ued at \$23.5B—by far the largest radio transaction ever. After divesting an estimated 125 stations to comply with ownership limits (see page 7), the merged company will have 830 radio stations in 187 US markets—roughly as many stations as the next 10 groups combined.

Both stock prices had been rising on rumors of the deal. Once it became reality, AMFM moved up and Clear Channel slipped as the two headed toward the 0.94-to-1 ratio (see page 6).

Ad agency reaction

On the advertising agency side, **Kevin Gallagher**, VP/Director of Local Investment, Starcom Worldwide, was surprised by the size and scope of the deal, but called it "a somewhat logical progression from all the mergers and acquisitions that we've been seeing from the radio side."

Regardless of the big players getting bigger (and fewer), Gallagher is confident that the ultimate leverage still lies with the media planners. If radio rates continue to escalate, he says he can always take his business elsewhere. With the influx of dot-com ad dollars into radio, Gallagher says he has already steered some money away from radio to TV in Q4.

At MediaCom Worldwide, **Matthew Warnecke**, Group Manager, Network Radio, says deals like this will help his shop become more creative. "We may be able to come up with opportu-

Pacing in high gear

The first look at December shows radio inventory selling out fast. This year's breakneck pace just keeps accelerating.—JM

RBR/Miller Kaplan Market sell-out percentage report

	1999	1998
Oct. 1	82.2%	79.3%
Nov.	78.0%	70.6%
Dec.	56.7%	47.5%

nities across clients and brands to take advantage of single ownership," he said. "We could even do inter-media deals."

Executive suite line-up

Lowry Mays will continue as Chairman & CEO of Clear Channel post-merger. Hicks will become Vice Chairman of Clear Channel and **Mark Mays** will continue as President and COO. Both Clear Channel Radio President **Randy Michaels** and AMFM Radio President **Jimmy de Castro** were mentioned in the official announcement, but there is no word yet on the specific role each will have after the merger (see de Castro, page 4).

That's just one of the details to be worked out before the deal closes—something no one is expecting until late 2000. Other issues: Will Pre-

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miere Radio Networks and AMFM Radio Networks operate together or separately? Will DOJ require divestiture of AMFM's 30% stake in the Lamar (O:LAMR) outdoor company because of overlaps with Clear Channel's Eller Media? What will Clear Channel do with AMFM's Katz Media subsidiary, since Clear Channel Radio Sales is an Interep company?

Interep CEO **Ralph Guild** isn't flustered by his second-largest client, Clear Channel, acquiring AMFM, the owner of the competing Katz Radio Group. "The Mays reward good performance," Guild told *RBR*.

Salomon Smith Barney acted as financial advisor to Clear Channel and Morgan Stanley Dean Witter & Co., Greenhill & Company, Deutsche Banc Alex. Brown and Chase Securities Inc. served as financial advisors to AMFM.—JM, KM

FCC says no to LPFM rollback

Fed up with the numerous LPFM comment extensions, several aspiring low-power broadcasters have accused the FCC of "prejudicing" their "procedural rights" (*RBR* 10/4, p. 6). But the Commission is holding its ground and calling this latest anti-LPFM complaint ludicrous.

Filing through the Amherst Alliance, the wanna-be LPFM broadcasters complain that they were not informed of the latest deadline extension—of a 9/17 deadline—until 9/17 itself, and are demanding a rollback on the deadline. Last month the FCC extended the reply comment period to 14 days after it submits rules for digital radio. The agency is expected to bring up the rules at its 10/21 meeting—meaning the new deadline should fall on 11/5 (*RBR* 9/27, p. 3).

While the FCC is not refuting the claim that it did not post the extension until 9/17, the agency is saying it was well within its right to grant such an extension and thus does not "constitute harm or prejudice."

"The Order extending the reply comment period was formally released and immediately posted on our web site," writes the FCC. "Further, the timing and substance of our action did not deprive Petitioners of opportunity to participate in our proceedings. Rather, at most, it prompted Petitioners to file their reply comments, and subject them to the scrutiny of others, earlier

Clear Channel/AMFM in the Top 50 Markets

The group formed by the acquisition of AMFM by Clear Channel will be the most formidable ever assembled in the history of radio. It will be in 45 of the top 50 markets with an average of six stations in each. It is projected to be the leading in-market owner in 31 of them. All of the statistics below are *RBR* projections.

Total mkts	45
Overlap markets	16
Superduops	39
Duops	5
Kept AMs	82
Kept FMs	190
Divested AMs	11
Divested FMs	37
Projected 1st place	31
Projected 2nd place	7

Source: *RBR* Information Services Group

than they might have had they known of the extension."

The Commission further states that while it will not grant a rollback on the reply comment extension, those who have already filed their LPFM comments may revise their replies during the extension period.

Congress checking in

Members of Congress have been keeping a close eye on the LPFM proceeding, and not all of those sitting on Capitol Hill are giving LPFM the thumbs down. In a letter sent to FCC Chairman **Bill Kennard**, Reps. **David Bonior** (D-MI), **Lincoln Diaz-Balart** (R-FL), **Rosa DeLauro** (D-CT), **Lucille Roybal-Allard** (D-CA) and **James Clyburn** (D-SC) applaud the Chairman's efforts to increase local access to the airwaves.

"These kinds of (LPFM) stations would strengthen community identity in urban neighborhoods, rural towns and other communities which are currently too small to win attention from 'mainstream', ratings-driven media," write the Reps. "The tremendous public demand for microradio is demonstrated by the proliferation of illegal radio stations, whose operators broadcast at the risk of financial losses and, in some cases, imprisonment."

The Reps. further write that LPFM is a viable solution to industry consolidation as it is "a relatively inexpensive medium to produce and is well-suited to cover community issues and local music."—TS

RBR News Briefs

Jackson pushing hearing on Viacom/CBS merger

The FCC must continue to take an in-depth look at the concentration of media ownership, the Rev. **Jesse Jackson** told FCC Chairman **Bill Kennard** during a meeting 9/30.

The Commission has held previous hearings to review the proposed Bell Atlantic/GTE and SBC/Ameritech mergers, and should now hold one to review the implications that the Viacom/CBS merger would have on minority ownership, Jackson urged the FCC boss.

Jackson, head of the Rainbow/Push Coalition, said in a statement after the meeting that he is firmly against raising the 35% national TV ownership cap and believes that CBS and Viacom should consider spinning off part of UPN to minorities.—TS

NRSC confirms "Phase II" plans for IBOC testing

The NRSC's testing schedule for IBOC systems may now include another round—Phase II—assuming at least two IBOC proponents' AM and FM systems pass Phase I, where the systems are deemed viable. Phase II tests will include data from head-to-head system comparisons in common listening environments. Those findings will be presented to the FCC.

"Phase II was always planned. Last July of '98, when neither USADR or Lucent were willing to commit to comparative testing, we decided we would do what is now being called Phase I," NRSC Chairman and SVP Susquehanna **Charlie Morgan** told *RBR*. "We've asked for them all to give us a letter by last Friday (10/1). All are participating."—CM

CBS invests in "i won" search engine

As part of its Internet investment model, CBS (N: CBS) is exchanging \$40M in advertising and promotion, \$30M in cash for a majority share of the "i won" Internet search engine/portal (CTC Bulldog Inc.), launched 10/5. The icing on the cake: i won gives away \$10K a day, \$1M a month and \$10M on tax day to those that use i won's services. That should drive plenty of traffic.—CM

FCC call sign notice

The FCC will not be accepting any broadcast call sign registrations or changes between 10/23-31. The Commission reports that it is temporarily suspending the process so that it may replace the current manual service with a new online system. All filings received that week will not be processed and will be returned to the sender.—TS

Jimmy speaks on AMFM/ Clear Channel merger

To clear up some of the speculation surrounding the AMFM/Clear Channel merger announcement, AMFM Inc. Vice Chairman and Radio President **Jimmy de Castro** tells *RBR* he was well aware of the deal as it was forming, how he plans on staying with the ship, and how Clear Channel Radio President **Randy Michaels** and himself will find a way to work together.—CM

How involved were you in the process—did you know this was coming?

I was totally involved in the process. It worked very quickly, though. Here's what happened: On August 5th, the FCC changed the duopoly laws. That created a second derivative play, which created an incredible value to our content. Everybody in the world started calling us then. Fox was calling us, NBC was calling us, Sony was talking to this person and that person. And **Tom [Hicks]** came to me and said, "Jimmy, what do you think?" And I said, "Tom, I think we are the best looking blonde at the bar, in a black dress. We look like **Rene Russo** in a black dress at "The Thomas Crown Affair"—everybody wants us. So, we're holding three aces...let's just hold our cards."

So I was at an AMFM Internet board meeting two weeks ago and he came up to me and said, "I Just got a call from an inside connect that **Randall Mays** and **Mark Mays** want to come and see me—what is your impression?"

I said, "Well, Tom, my obvious answer from a fiduciary responsibility to shareholders are we've got to listen. But, I really want to stay independent, because I believe we'll get there anyway and I believe that we'll only become more valuable in time, because of how we've cleaned it up, how we've cleaned the balance sheet up, what Wall Street feels about us. We're re-doing our cap structure, our third and fourth quarter pacings are out of control. The more time that goes by, the better we're going to be."

So, he calls me back that night and he said "They're coming at \$XX bucks." And at that time, we're at \$47.

I said, "You've got to do that."

We talked about it, brought in some of our key people and discussed it and just felt that the combined assets with what the Mays family have been doing and are doing—[would build] the greatest, biggest company ever."

Do we think we would have gotten to \$180-\$250 a share? Yea, this is just insuring the bet.

How are they going to work it with Randy and yourself—who is going to run what? Any bombs going to go off?

No—Randy and I get along fine and we've spent a lot of time together. Randy does some very incredible things that are distinctly different from what I do.

We can't talk about it yet because of Hart-Scott-Rodino. So all we have to say at this point in time is they're going to run theirs and we are going to run ours and we'll see how it goes. We've had a lot of dialogue.

What I do is about recruit and culture and driving top-line sales and marketing and innovative ideas. And what he does is about clustering Class Cs with Class Bs and move-ins on hills, and culture, too. I think his culture was always great.

So I think there are a group of things that he does and a group of things that we do, and we'll do them together.

Any talk about Premiere and AMFM Radio Networks?

Obviously, we've got to figure out a way to work together. You know, I don't know what that will be yet because they have great content and we do too. So we've got to figure out a way to get them together somehow.

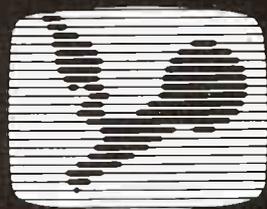
And you're going to stick and stay...there's no parachute, you're going to stay with the ship.

I've got parachutes up my —. I can pull the trigger anytime I want.

But as far as you know, you're going to stick and stay, unless something changes that you can't perceive right now.

Yes, exactly. I absolutely intend to stay—I love what I do. I'm not doing this for the money.

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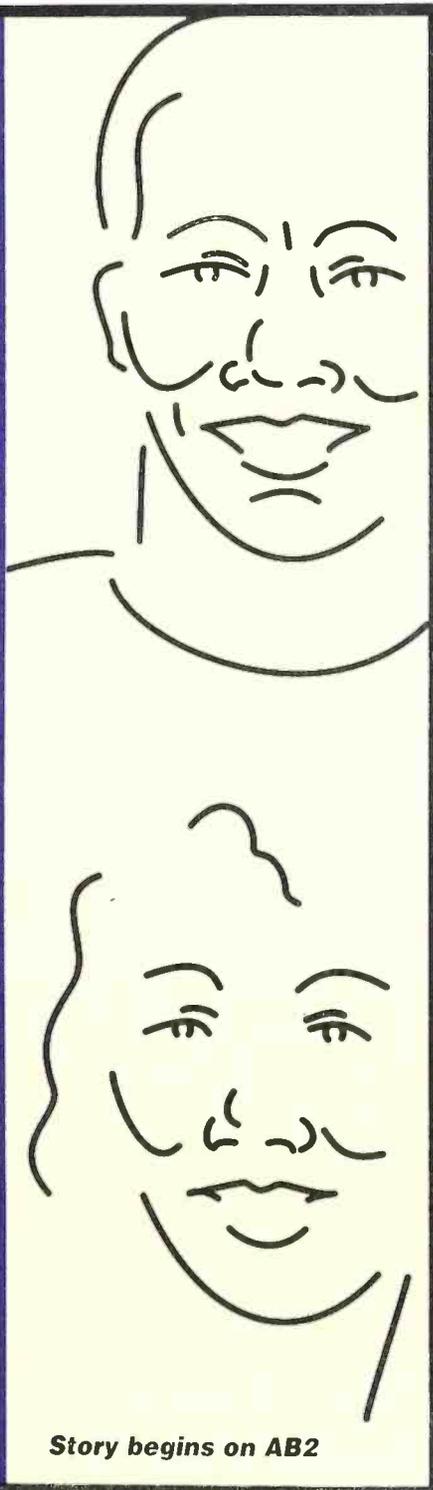
From the Publishers of Radio Business Report Inc., 16 Years

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Urban Radio: A force to be reckoned with

by Karen Maxcy

We've all heard about the no-Urban dictates and minority discounts affecting the bottom line of Urban radio broadcasters. But the truth is, the players involved with Urban radio have risen to the challenge and are gaining strides despite unfair practices or prejudices on the part of corporate America. Success stories abound when innovative and astute people take center-stage, but the true success story lies in the increasing affluence of the Black population and perhaps more importantly, the unique relationship that African Americans have with their radio sets.



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Common sense talk from MediaCom's Matthew Warnecke
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Dot-com drives revenues
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Personality Profile

Dr. Laura, moral authority
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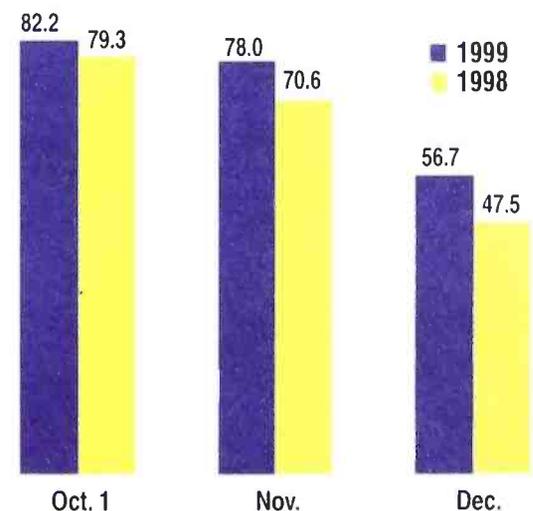
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RBR/Miller Kaplan Market Sell Out percentage report

Pacing in high gear

The first look at December shows radio inventory selling out fast. This year's break-neck pace just keeps accelerating.—JM



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continued from cover

The state of Urban radio: alive and kicking

Sherman Kizart, Director of Urban Marketing for Interep, tells *AdBiz* that in 1990, there were only four variations of the Urban format—Black News/Talk, Urban AC, Gospel and Urban Contemporary. In 1999, the number of formats have doubled to eight with the additions of Churban (blend of CHR and Urban), Urban Oldies, Classic Soul/R&B and Hip Hop.

Kizart adds that in 1990, there were 289 Urban-formatted radio stations. To date, there are over 371 radio stations that are considered Urban radio stations and that number is projected to grow an additional 20% by 2002.

Brian Knox, VP/Managing Director of Katz Urban Dimensions, says the interesting thing is that with more Urban stations per market, in a lot of cases, these stations are still top three stations in the key demographics in larger markets. Even with the splintering into different formats, instead of one mass appeal Urban station in a large market, there is enough popularity to sustain a few Urban stations in the upper rungs of the ratings chart.

Inequities still exist

So far the vital signs look good. But Urban radio stations' power ratios belie an inequity that must be addressed. Kizart says that the power ratio for Urban stations 10 years ago was 0.72. It is now about 0.93. But Urban radio still lags behind compared to other general market formats that are one plus.

Knox agrees. "What I'd like to say is that it's not whole yet. To be converting at a one-to-one ratio would be considered whole in my mind. It should be receiving proportions of the

dollars at least equivalent to that of its market share. Urban radio is still underperforming other formats, particularly Adult Contemporary." But Kizart points out that the growth in power ratio is at least an indication that the advertisers are increasingly more willing to buy Urban stations.



Brian Knox, VP/Managing Director of Katz Urban Dimensions

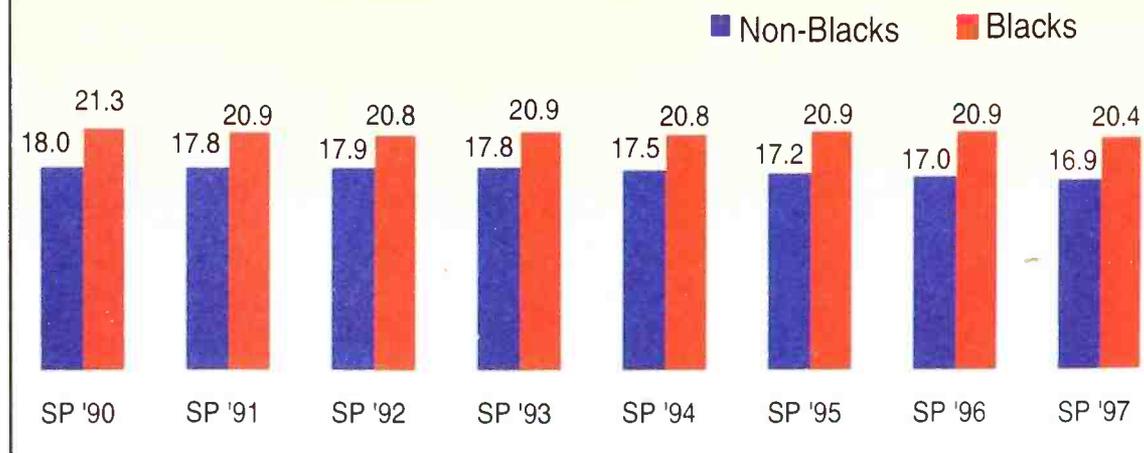
Dollars and sense (lack thereof)

"The Black population is the richest and smartest it's ever been in history," says **LaTanya Junior**, Media Director at Stedman Graham & Partners. As a group, they are 34M strong and spending at a rate of \$600B per year, according to Junior. That kind of money ranks the African American population at number six in terms of national GDP, if the group were a country. (There are varying accounts of where the African American population ranks but it is around top 10 in GDP on all accounts.)

Junior doesn't understand the need that some advertisers have for minority discounts when minority radio is already so inexpensive. She explains that it costs three to four times more to go into a general market station than

continued on AB 4

Blacks are consistently heavier radio users than other population segments.



Source: Interep

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will soon

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"Travel Affair"

"Super Summer Jam 2000"

"Road to the Olympics"

"Minority Business Report"

"Black College Football Weekly"

"Lifestyles in the New Millennium"

"Profiles in Black"

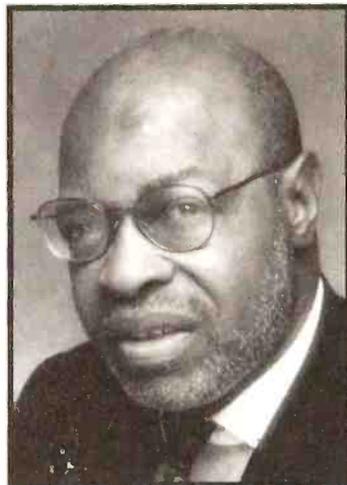
"To Your Health"

"Black Caucus Corner"

THE URBAN VOICE OF AMERICA

continued from AB 2

to reach the minority population via minority radio. But some brands that are targeting the general market actually need the minority sector even more because they are the trendsetters for those brands. "It's no secret that there are major brands and categories that the African American actually sets the trend. If the Black kids aren't buying them in the urban communities, the white suburban kids don't wear them and don't use them," she explains. Junior wonders why advertisers would discount and distort the loyalty of these customers when they are the ones who drive their sales.



Kernie
Anderson, GM,
WBLS-FM,
Inner City
Broadcasting

The many shapes and forms of no-Urban dictates

No-Urban dictate is of course passé. However, make no mistake—the term may no longer be fashionable or acceptable but the concept and practice has reinvented itself quite adeptly. **Judy Ellis**, SVP/Station Manager WRKS-FM, Emmis Broadcasting, says that no-Urban dictate is now replaced with absurd qualitative criteria. For example, an advertiser who wants to advertise a certain product will state its demographic but throws in a criteria that is very difficult to get. Ellis elaborates, "How many people make over \$100K a year? Not that much really; maybe 7% of the population. So they'll throw that in and that's really code for no-Urban dictate. We all know that you don't need to earn \$100K to buy yogurt or a lot of the things that these advertisers are advertising. So it's just their way of getting around it."

But Ellis offers some hope and says that the situation is getting better. However, she stresses that it is by no means a problem of the past. "It's still a problem. They just throw in new road blocks. It's so interesting—people would rather wrack their brains coming up with new road blocks than listen."

Kernie Anderson, GM, WBLS-FM, Inner City Broadcasting, agrees with Junior and

Ellis that discounting the minority consumer is foolhardy. "It's almost criminal malfeasance on the part of agencies and or corporate advertising managers to not target advertising to the community that has the ability to spend the sort of money we do. To not nurture that market is nothing short of insanity."

Good times spell good times for everyone: will Urban radio thrive when the good times are over?

Business will not always be as good as it is now. With plenty of good cheer to go around, it's hard to get a clear picture of how much is real and sustainable in the longer run and how much is part of the general euphoria.

Ellis describes current business conditions as "taking the receipts of a store three days before Christmas to determine what kind of business it does on a daily basis." Everything is in accelerated mode and it's hard to get a fair view of how things are.

But when slower times roll around, Ellis believes that Urban radio stations may actually weather adverse times better because it is currently not as dependent on dot-com business the way the other stations are. That is not to say the Urban stations are completely missing out on the dot-coms' massive injection of capital into the medium. Ander-

continued on AB 14

Black Consumers and Radio

- 96% of African Americans listen to radio weekly
- Black consumers listen to radio 25 hours per week—3 hours and 15 minutes longer than all other persons 12+
- The Urban radio format ranks number one in listening for Black consumers with a 60% share
- Of all radio formats, the Urban radio format has the highest Time Spent Listening (10 hours, 33 minutes)
- Over 85% of all Black women and over 80% of all Black men can be reached by radio on the weekends
- Of all listening by Black consumers, 51.1% is at home, 22.7% is in the car and 22.4% is at work
- Black consumers spend 16.9% more time listening to radio at home than other persons

Source: Arbitron 1998

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AUGUSTA, GA - WTHB AM • AUGUSTA, GA - WAEJ FM

AUSTIN, TX - KJCE AM • BALTIMORE, MD - WCAO AM • BEAUMONT, TX - KALO AM
BEAUMONT, TX - KTCX FM • BIRMINGHAM, AL - WBHK FM • BIRMINGHAM, AL - WBHJ FM
BIRMINGHAM, AL - WENN FM • BUFFALO, NY - WBLK FM • CHARLOTTE, NC - WGIV AM
CHARLOTTE, NC - WBAV FM • CHARLOTTE, NC - WPEG FM • CHARLOTTESVILLE, VA - WCHV AM

CHARLOTTESVILLE, VA - WUVA AM • CHATTANOOGA, TN - WLOV FM • CHICAGO, IL - WVAZ FM • CHICAGO, IL - WGCI AM/FM • CLEVELAND, OH - WZAK FM
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DOTHAN, AL - WAGF FM • FLINT, MI - WOVE FM • FLORENCE, SC - WYNN AM/FM • HARRISBURG, PA - WTCY AM • HUNTSVILLE, AL - WEUP AM/FM
INDIANAPOLIS, IN - WHHH FM • INDIANAPOLIS, IN - WBKS FM • LAKE CHARLES, LA - KXAA AM • JACKSON, TN - WFKX FM • JACKSONVILLE, FL - WSOL FM
JACKSONVILLE, FL - WZAZ AM • JACKSONVILLE, FL - WJBT FM • KALAMAZOO, MI - WNNW AM • KILLEEN-TEMPLE, TX - KIIZ FM • LEXINGTON, KY - WTKT AM
LIMA - WLJM FM • LOS ANGELES, CA - KACE FM • LOS ANGELES, CA - KKBT FM • LOS ANGELES, CA - KRTO FM • LOUISVILLE, KY - WLSY FM • MEMPHIS, TN - WRBO FM
MERIDIAN, MS - WZKS FM • MIAMI, FL - WHQT FM • MIAMI, FL - WEDR FM • MOBILE, AL - WBLX FM • MOBILE, AL - WDLT AM/FM • MONROE, LA - KYEA FM
MONTGOMERY, AL - WZHT FM • MONTGOMERY, AL - WMCZ FM • MONTGOMERY, AL - WMHS FM • MYRTLE BEACH, SC - WDAI FM • NEW HAVEN, CT - WYBC FM
OMAHA, NE - KBXX AM • ORLANDO, FL - WJHM FM • ORLANDO, FL - WCFB FM • PHILADELPHIA, PA - WUSL FM • PHILADELPHIA, PA - WDAS FM
ROANOKE, VA - WJJS AM • SALISBURY, MD - WJDY AM • SAN DIEGO, CA - XHRM FM • SAVANNAH, GA - WLVH FM • SAVANNAH, GA - WSOK AM
SHREVEPORT, TX - KMJJ FM • ST. LOUIS, MO - KATZ AM/FM • ST. LOUIS, MO - KMJM FM • TALLAHASSEE, FL - WHBX FM • TALLAHASSEE, FL - WHBT AM
TOLEDO, OH - WIMX FM • TUSCALOOSA, AL - WTSK AM • TUSCALOOSA, AL - WTUG FM • WATERTOWN, NY - WUZZ AM • WILMINGTON, NC - WMNX FM
WILMINGTON, NC - WAAV FM

Performance That Can't Be Ignored. Today's Urban Market.



Katz Radio Group

son, over the last couple of months, has seen more dot-coms shedding their misconceptions about Black people not owning computers or getting on-line, and have begun advertising on his station.

Urban scores big in big cities

Market	Top Urban station rank	African-Am. city pop. %
New York	2	23%
Los Angeles	3	9%
Chicago	1	30%
San Francisco	5	9%
Philadelphia	1	41%
Dallas	1	19%
Detroit	1	42%
Washington	1	59%
Houston	1	18%
Atlanta	1	51%

Source: Interep, Arbitron

Advertising on Urban radio: a win-win situation

In good or bad times, African Americans' strong identification with radio (see chart page AB4) is a stalwart that will ensure the success and growth of Urban radio. **Jay Williams**, President of American Urban Radio Networks, says that Urban radio has always been the most effective way to reach the African American population. "From the days of the 50s when there was only one Black-oriented radio station in most towns, that station became the lifeline of the community to the reality of what's going on in the culture, music, events and church and community affairs. The listeners still rely on those stations to provide information and still be that close partner in the community."

Linda Jefferson, SVP/Media Director at Burrell Communications, believes that the future of Urban radio looks strong. So long as advertisers recognize the buying power of the African American population and acknowledge the relationship these communities have with Urban radio, the medium will continue to grow.

Williams recounts that many advertisers have grown their businesses significantly by the inclusion of Urban radio in their marketing plans. He explains, "Our company is based on the principle that doing an effective job to reach the African American consumer is good for all advertisers. It improves their margins, it increases their brand awareness, it provides a strong platform for national promotions and it increases the client's and advertiser's opportunity to expand their market share."

Media Index

Radio's share declines in midst of revenue explosion

By Jack Messmer

We can't explain it, but radio's share of local ad dollars declined slightly in June to 16.5% from 19% a year ago. This came as radio revenues shot through the roof and the industry's double-digit gains outpaced all other major media this year. An examination of the Miller, Kaplan numbers finds no big changes, just lots of little ones. Meanwhile, radio continues to claim a hefty share of the hot, new dot-com sector—36.3% in June. That's almost as much as TV (and likely a lot more gross impressions) and nearly double the share going to newspapers.

RBR/Miller Kaplan Total Media Index

June 1999 (Expenditures in 000)

Category	Radio	TV	Newspaper	Total Media	Radio % of Total
Automotive	40,546	165,784	217,041	423,371	9.58%
Restaurants	15,783	49,316	4,223	69,322	22.77%
Department Stores	7,973	17,414	75,761	101,148	7.88%
Foods	9,413	34,575	2,349	46,337	20.31%
Communications/Cellular	17,183	27,402	42,469	87,054	19.74%
Furniture	6,753	16,372	27,303	50,428	13.39%
Financial Services	13,702	16,452	41,724	71,878	19.06%
Movies/Theater/Concerts	5,904	15,453	17,507	38,864	15.19%
Grocery Stores	8,413	12,278	16,228	36,919	22.79%
Appliances & Electronics	3,599	5,742	31,301	40,642	8.86%
Hotel/Resorts/Tours	6,109	12,812	38,228	57,149	10.69%
Drug Stores/Products	5,266	12,621	7,999	25,886	20.34%
Computers/Office Equipment	5,411	6,115	21,612	33,138	16.33%
Specialty Retail	12,925	17,465	29,039	59,429	21.75%
Health Care	7,703	12,738	11,821	32,262	23.88%
Auto Parts/Service	5,040	11,123	6,880	23,043	21.87%
Music Stores/CDs/Videos	4,512	9,108	2,583	16,203	27.85%
Transportation	3,207	4,807	11,409	19,423	16.51%
Entertainment-Other/Lottery	7,428	8,597	4,601	20,626	36.01%
Home Improvement	3,716	11,118	11,319	26,153	14.21%
Professional Services	7,967	10,788	9,385	28,140	28.31%
Beverages	17,828	22,559	2,317	42,704	41.75%
Television	6,850	5,467	10,094	22,411	30.57%
Personal Fitness & Weight Ctrs.	866	3,639	1,361	5,866	14.76%
Publications	3,030	2,195	29,897	35,122	8.63%
Internet/E-Commerce	12,342	15,008	6,681	34,031	36.27%
TOTAL	239,469	526,948	681,132	1,447,549	16.54%

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



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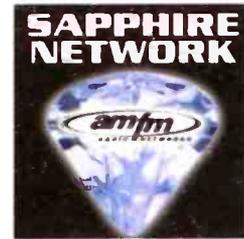
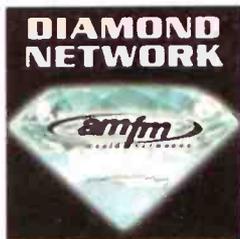
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Dallas
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October 6—RBR Stock Index 1999

Company	Mkt:Symbol	9/29 Close	10/6 Close	Net Chg	Pct Chg	10/6 Vol	Company	Mkt:Symbol	9/29 Close	10/6 Close	Net Chg	Pct Chg	10/6 Vol
Ackerley	N:AK	12.188	12.438	0.250	2.05%	30200	Hispanic Bcg.	O:HBCCA	79.375	89.250	9.875	12.44%	139500
Alliance Bcg.	O:RADO	0.438	0.469	0.031	7.08%	0	Infinity	N:INF	27.250	30.938	3.688	13.53%	2091300
Am. Tower	N:AMT	19.500	19.750	0.250	1.28%	820800	Jeff-Pilot	N:JP	61.813	64.500	2.687	4.35%	116300
AMFM Inc.	N:AFM	54.938	65.375	10.437	19.00%	2537800	Launch Media	O:LAUN	12.375	10.500	-1.875	-15.15%	106800
Belo Corp.	N:BLC	19.250	18.625	-0.625	-3.25%	97600	NBG Radio Nets	O:NSBD	3.125	2.813	-0.312	-9.98%	15000
Big City Radio	A:YFM	4.000	4.000	0.000	0.00%	0	New York Times	N:NYT	38.250	40.375	2.125	5.56%	580800
CBS Corp.	N:CBS	46.688	49.563	2.875	6.16%	2227200	Otter Tail Power	O:OTTR	42.750	44.000	1.250	2.92%	1800
CD Radio	O:CDRD	24.750	26.063	1.313	5.31%	292200	Pinnacle Hldgs.	O:BIGT	24.875	26.875	2.000	8.04%	353600
Ceridian	N:CEN	26.188	18.500	-7.688	-29.36%	2932600	Radio One	O:ROIA	40.188	47.969	7.781	19.36%	32600
Citadel	O:CITC	33.438	38.125	4.687	14.02%	74300	RealNetworks	O:RNWK	100.000	104.375	4.375	4.38%	1462200
Clear Channel	N:CCU	76.375	76.375	0.000	0.00%	2241600	Regent Pfd.	O:RGCI	8.250	8.375	0.125	1.52%	0
Cox Radio	N:CXR	56.125	60.500	4.375	7.80%	20200	Saga Commun.	A:SGA	23.188	22.938	-0.250	-1.08%	63600
Crown Castle	O:TWRS	18.500	18.563	0.063	0.34%	236700	Salem Comm.	O:SALM	26.625	23.750	-2.875	-10.80%	433000
Cumulus	O:CMLS	29.875	32.750	2.875	9.62%	91800	Sinclair	O:SBGI	9.500	9.063	-0.437	-4.60%	1222200
DG Systems	O:DGIT	3.375	4.625	1.250	37.04%	161800	SpectraSite	O:SITE	11.938	11.938	0.000	0.00%	463600
Disney	N:DIS	26.188	25.625	-0.563	-2.15%	4768200	SportsLine USA	O:SPLN	27.938	29.875	1.937	6.93%	410000
Emmis	O:EMMS	68.000	64.875	-3.125	-4.60%	15800	TM Century	O:TMCI	0.875	0.688	-0.187	-21.37%	0
Entercom	N:ETM	40.125	42.250	2.125	5.30%	505200	Triangle	O:GAAY	0.060	0.065	0.005	8.33%	171800
Fisher	O:FSCI	59.000	59.000	0.000	0.00%	2300	Tribune	N:TRB	47.938	51.500	3.562	7.43%	328300
FTM Media	O:FTMM	9.125	10.000	0.875	9.59%	0	WarpRadio.com	O:WRPR	2.875	3.375	0.500	17.39%	33400
Gaylord	N:GET	29.188	28.750	-0.438	-1.50%	57500	Westwood One	N:WON	46.250	45.313	-0.937	-2.03%	175300
Harris Corp.	N:HRS	28.063	26.500	-1.563	-5.57%	713300	WinStar Comm.	O:WCII	39.125	44.688	5.563	14.22%	2291700
Hearst-Argyle	N:HTV	20.313	23.813	3.500	17.23%	24500	XM Satellite	O:XMSR	12.000	13.750	1.750	14.58%	2510800

CLOSED

September 1999

Brentlinger Broadcasting, Inc.

Jay Brentlinger, Principal

has sold the assets of

KBZR-FM

Arizona City, Arizona

to

Big City Radio, Inc.

Mike Kakoyiannis, President

We represented the seller in this transaction.

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Interrep files IPO

Ralph Guild's Interrep National Radio Sales is the latest company to line up on Wall Street for an IPO. It's filed with the SEC to sell \$74.75M in stock to the public. Interrep, which already has public bonds, has not indicated how many shares will be sold, nor what percentage of the company's equity will be offered to the public. Some of the shares being sold will come from Interrep's Employee Stock Ownership Plan, which will still be the single largest shareholder after selling half of its current 62% stake.

For the first half of this year, Interrep's revenues rose 9.8% to \$41.7M. Virtually all of that came from selling spots for its radio station clients. Interrep's fledgling Internet rep business brought in only \$37K.

Interrep's IPO notes that its biggest client, Infinity (N:INF), is responsible for 29% of its commission revenue, but no other single radio group accounts for 10%. The rep firm claims a 55.6% market share for national radio spot sales in the top 10 markets.

Interrep's shares will trade on Nasdaq as IREP. Underwriters: Robertson Stephens, Bear Stearns & Co., HCFP/Brenner Securities, SPP Capital Partners

by Jack Messmer

Radio groups in spin-off cycle

Potential spin-offs from the massive merger of Clear Channel Communications (N:CCU) and AMFM Inc. (N:AFM) to create a \$56B media giant (see page 2) have other radio groups salivating—not to mention brokers.

While the relatively small number of market overlaps is what makes the merger so attractive, any deal involving over 900 stations is sure to require some divestitures. The companies estimate that about 125 stations will have to be spun off, leaving the new, bigger Clear Channel with approximately 830 stations in 187 US markets.

Here's a look at what's going on the block in the top 50 markets:

RBR Analysis

- AMFM is in every top 10 market, so spin-offs will have to come in the relatively few where Clear Channel also has stations: Los Angeles (six over the limit), San Francisco (two over), Dallas (two over) and Houston (eight over—a full superduopoly awaiting a new entrant).

- In the next 10 markets, the merged company will be absent from Puerto Rico (once AMFM closes a pending sale) and Seattle. The only divestitures required will be four FMs in Phoenix and two FMs in San Diego.

- Every market ranked 21 through 30 except Kansas City will become a Clear Channel market. As luck would have it, Entercom (N:ETM) needs to divest some KC stations

(RBR 8/2, p. 13), so this could be a perfect swap opportunity. Clear Channel will need to spin off six stations in Denver, five in Cleveland and four in Cincinnati.

- Clear Channel will be in every 31-40 market, but only one will require a divestiture: Orlando, where it'll be three FMs over the limit.

- The merged company will be absent from Buffalo and Monmouth-Ocean in the 41-50 markets. Telecommunications Act divestitures will be limited to three FMs in Raleigh and one in Austin, but DOJ's 40% radio revenue cap will likely require the spin-off of a couple of FMs in Greensboro-Winston Salem as well.

Thus, only 45 or 46 of the estimated 125 radio station divestitures will come from the top 50 markets, with the remaining 80 or so from smaller markets.

So who are the likely winners from the spin-off cycle? Besides Entercom (see above), look first to the successful bidders from the 18 stations spun off in the Clear Channel-Jacor merger (RBR 2/15, p. 12): Cox Radio (N:CXR), Infinity (N:INF), Radio One (O:ROIA), Mega Communications and Blue Chip. In fact, we'll go out on a limb here and name **Ross Love's** Cincinnati-based Blue Chip Broadcasting the most likely buyer of AMFM's Cincinnati stations. Only Disney's (N:DIS) ABC is unlikely to be back as a bidder, since there aren't any potential Radio Disney AMs in the top 20 markets going on the block.

NextMedia is likely to be an active bidder, particularly for properties in those markets its founders know best: Cleveland (**Carl Hirsch**), Denver (**Steve Dinetz**) and Orlando (both).

Bob Hughes and **Jonathan Schwartz** have lined up financing to grow Compass Radio back into a group. Their only current station is in San Diego, which happens to be a Clear Channel-AMFM spin-off

Cumulus Media, Inc.

has agreed to purchase the assets of radio stations

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KOOC-FM KOOV-FM

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William L. Whitley, George R. Reed and Scott M. Knoblauch

of Media Services Group, Inc. represented the Sellers in this transaction.

Bill Whitley: (972) 231-4500 Fax: (972) 231-4509 E-mail: 110446.3066@compuserve.com

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market. They are also former Phoenix station owners.

Don't rule out **Raul Alarcon's** Spanish Broadcasting System as a bidder in Dallas and Houston, despite Clear Channel's non-voting, non-attributable equity position in Hispanic Broadcasting (O:HBCCA). Besides, **Lowry Mays** will be acquiring AMFM's non-voting, non-attributable equity position in **Amador Bustos' Z-Spanish Media**. Why not just cover all of the bases in Spanish radio?

Many of the coming spin-offs will be in medium and smaller markets that would fit well with Citadel (O:CITC), Cumulus (O:CMLS), Regent (O:RGCI), Marathon and New Northwest—all of which have been active station acquirers of late.

Here's another tip for brokers: AMFM's Indianapolis stations will add another spoke to **Randy Michaels'** radio wheel going out from Cincinnati. It might be a good time to line up listings in such Southeastern Indiana towns as Columbus, Seymour, Greensburg, Versailles and North Vernon.

Emmis Argentina bound?

Emmis Communications (O:EMMS) filed with the SEC to sell 4.3M shares of stock, including 300K from CEO **Jeff Smulyan**, and 2.5M

shares of convertible preferred stock. In all, the company expects to net around \$393M.

The SEC filings also revealed the country Smulyan was referring to (*RBR* 9/27, p. 13) when he indicated that a major foreign radio acquisition was near: Argentina.

IPO updates

- XM Satellite Broadcasting (O:XMSR) priced its 10M share IPO at \$12 per share (down from the earlier anticipated \$14-16) and began trading 10/5. The satellite radio developer, which plans to launch next year, is principally owned by General Motors (N:GM) and Clear Channel Communications (N:CCU). Underwriters: Bear Stearns & Co., Donaldson, Lufkin & Jenrette, Deutsche Banc Alex. Brown, Merrill Lynch

- Spanish Broadcasting System (O:SBSA) estimated that its 22.35M share IPO will price in a range of \$15-17. CEO **Raul Alarcon** is selling 4.8M of his shares in the IPO, but will remain the company's largest stockholder. SBS' filing revealed that the company plans to sell its two smallest stations, WVMQ-FM Key West, FL and WZMQ-FM Key Largo, FL, to Alarcon's father for \$700K. Underwriters: Lehman Bros., Merrill Lynch, CIBC World Markets

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RBR's deal digest

As predicted (*RBR* 9/6, p. 2), NextMedia is buying Empire Broadcasting's WILN-FM & WYYX-FM Panama City, FL for \$4.7M, as well as Styles Broadcasting's WDLP-AM, WYOO-FM & WPCF-FM for \$3.6M. Broker: **Scott Knoblauch**, Media Services Group... **John Mitchell's** Mitchell Broadcasting is expanding to 15 stations with a \$600K purchase of KUVR-AM & KMTY-FM Holdrege, NE from **Peggy Goth's** High Plains Broadcasting. Broker: **Susan Patrick & Terry Greenwood**, Patrick Communications... **Lyle Evans'** Fox Cities Broadcasting is duoping in Appleton, WI with a deal to buy Winnebago Broadcasting's WRJQ-AM for \$328K. Broker: **Bob Heymann & Jack Minkow**, Broadcasting Asset Management

The Radio Index™

The Clear Channel-AMFM merger sent the Radio Index™ soaring to record heights. The index closed 10/6 at an all-time high of 183.49, up a dramatic 11.65 from a week earlier.



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TRANSACTION DIGEST™

by Jack Messmer & Dave Seyler

The deals listed below were taken from recent FCC filings. *RBR's* Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.

\$824,500,000 46 stations (*RBR* 8/2, p. 13) from various subsidiaries of Sinclair Broadcast Group Inc. (O:SBGI, David Smith, CEO) to various subsidiaries of Entercom Communications (N:ETM, Joe Field, CEO). \$50M escrow, balance in cash at closing. Existing **superduopolies**. The only overlap with existing Entercom stations is in Kansas City, where three as-yet-unspecified stations will be divested. Broker: Deutsche Banc Alex. Brown

\$60,000,000 **WWLS-AM, KATT-FM, KCYI-FM, KNTL-FM & KYIS-FM** Oklahoma City (Moore, Oklahoma City-Edmond-Bethany OK) from Caribou Communications Co. (J. Kent Nichols, FINOVA Capital Corp.) to Citadel License Inc. (Larry Wilson), a subsidiary of Citadel Communications (O:CITC). \$3M letter of credit as escrow, \$60M in cash at closing. Existing **superduopoly**. Broker: Kalil & Co.

\$19,710,000 **KIT-AM, KMWX-AM, KATS-FM, KFFM-FM & KQSN-FM** Yakima WA (Yakima-Toppenish WA) and **KKXL-AM & FM, KQHT-FM, KSNR-FM & KJKJ-FM** Grand Forks ND (Grand Forks, ND-Crookston-Thief River Falls MN) from T&J Broadcasting and Iowa City Broadcasting Co. (Tom Ingstad) to Clear Channel Broadcasting Licenses Inc. (Lowry

Mays), a subsidiary of Clear Channel Communications (N:CCU). \$19.71M cash. Existing **superduopolies**.

\$10,000,000 **WAEC-AM & WWWE-AM** Atlanta (Atlanta-Hapeville GA) from Forus Atlanta & Forus Georgia (Lind Carl Voht, Simon Rosen) to WAEC License LP, a subsidiary of Beasley FM Acquisition Corp. (George, Barbara, Brian, Bradley, Robert & Bruce Beasley), part of the Beasley Broadcast Group. \$500K letter of credit as escrow, \$10M in cash at closing. Existing **duopoly**. Broker: Force Communications

\$8,000,000 **WNIV-AM & WLTA-AM** Atlanta (Atlanta-Alpharetta GA) from Genesis Communications I Inc. (Bruce Maduri) to Salem Media of Georgia Inc. (Ed Atsinger), a subsidiary of Salem Communications (O:SALM). \$8M cash. Existing **duopoly**. Broker: Jorgenson Broadcast Brokerage

\$2,990,000 **WCHR-FM CP** (105.7 MHz) Monmouth-Ocean NJ (Manahawkin NJ), 100% voting control and 66.66% equity of Manahawkin Communications Corp. from Great American Communications Corp. (Patricia Stokes) and Jersey Devil Broadcasting Inc. to Nassau Broadcasting Partners LP (Louis Mercatanti Jr., Spectrum Equity Investors LP, Grotech Partners IV LP). Nassau has previously made an option payment of \$900K and loaned Manahawkin Communications \$1.25M for construction of the station. An additional payment of \$840K was made into escrow for distribution to the shareholders at closing. It appears that a distribution of \$357,125 from that escrow was made to the bankruptcy creditors of Southern Ocean Broadcasting Corp., whereby Nassau acquired its initial 33.33% equity interest. Note: No contour overlap with Nassau's other stations in the Monmouth-Ocean market.

\$1,500,000 **WNST-AM** (formerly WKDB) Baltimore (Towson MD) from Capital Kids' Radio Company (Virginia Carson) to CRN of Baltimore LLC, a subsidiary of Catholic Radio Network LLC (John Lynch, Frank DeFrancesco, Christine Holcombe, John Saeman II, Thomas Monaghan, Francis Hager, David & Mary Weyrich, Robert Cummins, Guadalupe Associates Inc., Franciscan University of Steubenville, Missionaries of Faith Foundation, Joseph Kelly, John Brennan, Paul Gergen, 20 others). \$1.5M cash. LMA since 6/30. Broker: Blackburn & Co.