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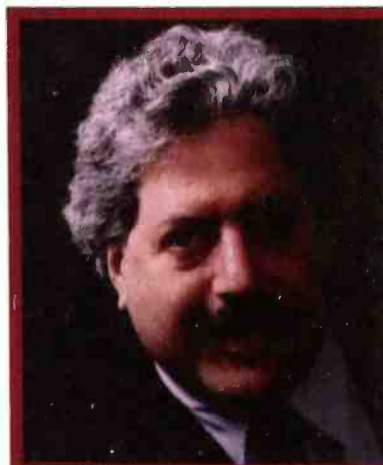
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## RBR Interview:

**"Generation XM" Lee Abrams,**  
SVP Programming, XM Satellite Radio,  
gives an in-depth look at programming  
radio's next wave.

Jim Carnegie ..... Publisher  
 Ken Lee ..... Associate Publisher/GM  
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 Dave Seyler ..... Senior Editor  
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 Frank Saxe ..... Associate Editor  
 Jim Allen ..... Associate Editor

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 April Olson ..... Admin. Assistant

## Ballot box victories for broadcasters

by Frank Saxe

Status quo is the outcome of Election Day 1998 for broadcasters. Despite victories for Democrats, the GOP held onto a majority ensuring Congressional committees would not see new chairman or agendas.

It was largely a good Election Day for broadcasters, according to most Monday morning quarterbacks. Key supporter Sen. **Ernest Hollings** (D-SC) pulled off a come-from-behind victory against Republican **Bob Inglis**. In Indiana, former governor **Evan Bayh** (D) won a senate seat once held by **Dan Quayle**. Bayh's wife is **Susan Bayh**, who sits on the board of directors of Emmis Communications (O:EMMS). Commerce Committee chair Sen. **John McCain** (R-AZ) also won. McCain and Rep. **Billy Tauzin** (R-LA) plan on introducing legislation to overhaul the FCC in the coming Congress.

Because the GOP did not pick up five seats and thereby ensure a filibuster-proof Senate, it is not expected to have a significant change in the way business is done.

In the House, **Greg Walden** (R) beat his opponent to win Oregon's second district seat. Walden owns KHR-AM-AM and KCGB-FM Hood River, OR. Given his background, it would surprise no one if Walden requests a seat on the House Telecommunications subcommittee.

Subcommittee member Rep. **Rick White** (R-WA) lost his re-election bid

so that may open a seat up for Walden. It won't be known until January who will replace him, and it is possible with the GOP losses that the seat may go to a Democrat. White had been active on Internet free speech and commerce issues, although he was backed by the NAB.

Elsewhere, former station owner **William Walker** (R) failed to unseat incumbent **Maurice Hinchey** (D) to take New York's 26th District.

Voters also sent a mixed message on the issue of campaign finance reform. Free time supporter Sen. **Russell Feingold** (D-MN) narrowly beat **Mark Neumann** (R), 51% to 48%. Feingold refused to take any PAC donations in his campaign. At the same time, reform backer Rep. **Linda Smith** (R-WA) failed to unseat incumbent Sen. **Patty Murray** (D-WA).

Broadcasters also had mixed results in statehouse battles. In Minnesota, KFAN-AM midday Sports host and former pro wrestler **Jesse Ventura** (Reform) staged a surprise victory. Yet former station owner and party reject **John Lindauer** (R) lost his bid to become Alaska's governor in a six-way race.

### It all starts again

The status quo for broadcasters may be short-lived, however. With a presidential election cycle lurking, the entire process will begin again rather shortly.

"The 106th Congress will be shortened by the legislative process," said one NAB official, who believes it will be a cantankerous session with presidential politics on everyone's mind. "McCain and Gore need hot issues and they'll be pushing them in Congress," he said.

"**Al Gore** was helped tremendously," assessed a broadcast industry lobbyist—who pointed to Democratic wins in several statehouses, including California, South Carolina, Alabama and Georgia.

Republican Gov. **George W. Bush** was obviously helped by his strong win in Texas, and his brother **Jeb's** victory in Florida.

### Pacing off record

Forward pacing numbers remain strong, although they're running slightly behind the record sell-out levels seen a year ago.

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

	1998	1997
Nov. 1	83.8%	87.0%
Dec.	57.7%	60.7%
	1999	1998
Jan	14.8%	16.4%

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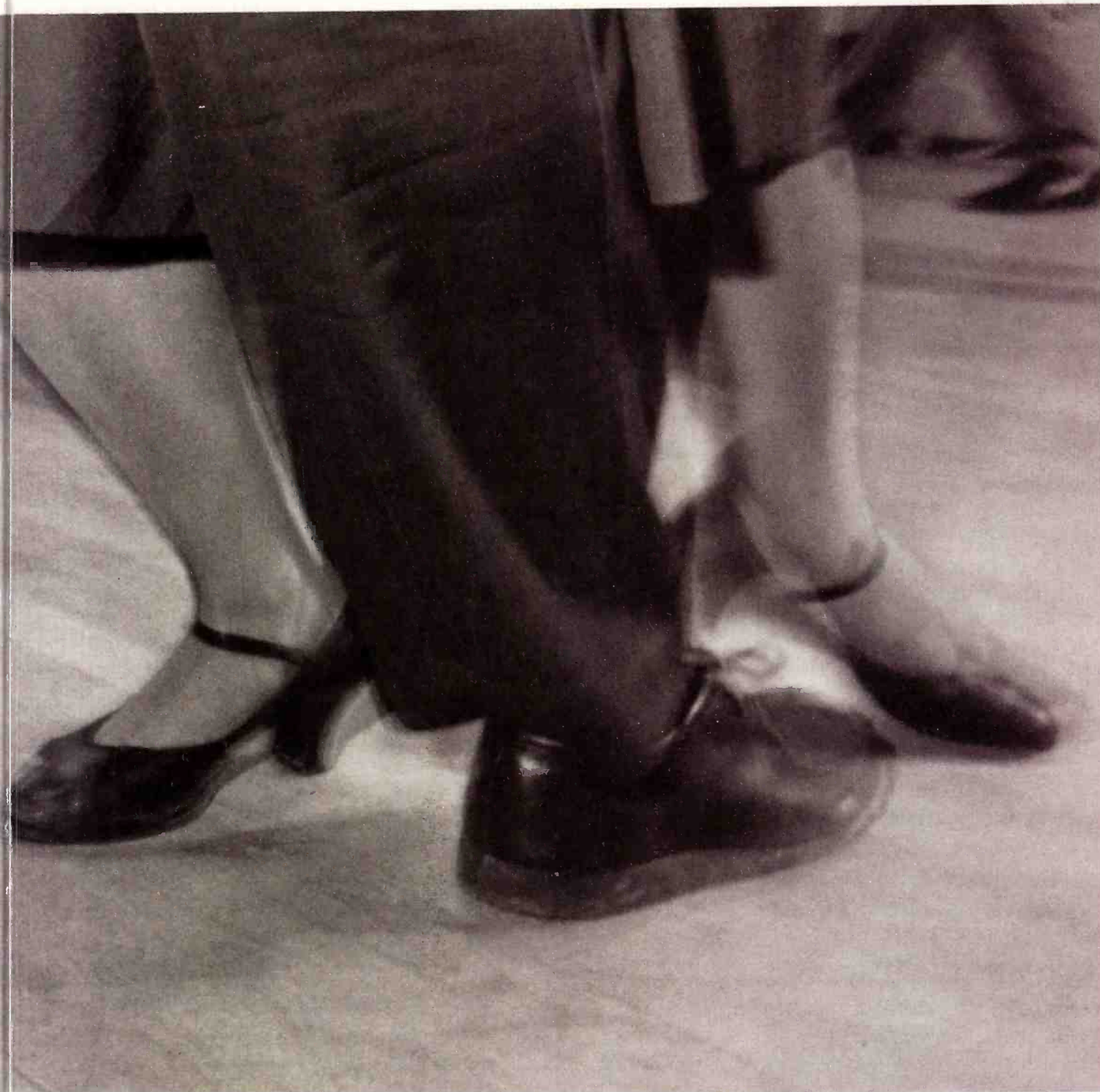
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## Ad sales up 15% in Sept.

Sales gains were double-digits across the board in September, according to the RAB, boosting year-to-date radio ad revenue gains to 11% with the year three-quarters finished.

National spot was the month's star performer, with the Southeast up 26% and the East up 20%—outpacing the

nationwide gain of 16%. Local sales were up 15% overall, with the West strongest at 18%, followed by the Southeast at 17%. Combined local and national revenues in September beat year-ago figures by 15%.

Through the first nine months of this year, local revenues were up 10% and national up 15%—making the overall gain 11%.—JM

## Jim Allen joins RBR

Veteran PD **Jim Allen** is the latest addition to the staff of *Radio Business Report*, joining *RBR* and its sister publication, *Manager's Business Report*, as an Associate Editor.

Allen had previously been both a Program Director and News Director with Radio One's stations in Washington and Baltimore. He was also News and Program Director for WWRC-AM Washington and held various positions at WDCU-FM Washington, WSTU-AM Stuart, FL and WFOG-AM Norfolk. Allen has also worked in television and publishing.

"Jim brings an incredible amount of experience to *RBR*," said **Ken Lee**, Associate Publisher and GM. "He's been on the frontlines of this business and knows what information radio managers are looking for in our publications."

Most recently, Allen had been Press Secretary to DC Councilmember **Kevin Chavous**, who was defeated in the Democratic mayoral primary.

### Mel threatened to quit: report

It sounds like a plot line from one of CBS' (N:CBS) own daytime dramas: Soon-to-be CEO **Mel Karmazin** threatened to quit if CEO **Michael Jordan** was not forced to resign, according to a report in *Barron's*.

Two weeks ago, CBS announced that Jordan would retire Jan. 1, with Karmazin taking over the top spot (*RBR* 11/2, p.2). But *Barron's* says Jordan went to the CBS Board of Directors asking it to rein in Karmazin, who reportedly responded with a lecture on how Wall Street would react if he left Black Rock.

A CBS spokesman downplayed the report, and reiterated that Jordan retired because his work of transitioning CBS from an industrial to media company is nearly complete.

## Chancellor, Big City arm for Chicago radio war

by Carl Marcucci

Shock jock **Eric "Mancow" Muller** may not be entirely to blame, but his departure from Chancellor's (O:AMFM) AOR WRCX-FM in July (*RBR* 6/29 p. 4) has begun a classic format war in the Windy City. Taking most of his audience with him to Emmis' WKQX-FM (Alternative) forced Chancellor Radio President **Jimmy DeCastro** to flip (11/2) WRCX's format to Rhythmic Oldies, just shy of identical to Big City's (A:YFM) WXXY/WYXX-FM "Heart and Soul" suburban simulcast. GM **Michael Fowler** is continuing in his current position, PD **Dave Richards** is gone. SVP **Charles Warfield** and Chief Programming Officer **Steve Rivers** are handling the format's launch.

WXXY, also a recent format flip (Feb.) after Big City's acquisition, has a disadvantage of using two Class A suburban sticks. WRQX, with an antenna atop the Sears Tower will have a significant advantage reaching listeners with a format that, previous to WXXY, didn't exist in Chicago.

"The only advantage that they have is the signal. Heart and Soul 103.1 is coming from a position of strength. They have been building the format for 11 months. I really feel that RCX right now is a fugitive from failure. This format is really something they had to grab at because they failed at the last stab they made," said **Robert Murphy**, a popular Chicago jock who worked at WKQX from '82 to '91, and is returning on WXXY Jan. 4.

Chancellor is spending big bucks on WRCX's flip. \$2M in TV spots and a gala launch at The House of Blues with the Temptations at the mic was just the beginning. DeCastro at first offered to buy the "Heart and Soul" brand for WRCX, but **Mike Kakoyiannis**, CEO, Big City, declined.

"We totally gave them the opportunity—quietly. It was a lot of cash. I guaranteed his cash flow. Now they're going to go away anyway, just in a different way," said DeCastro.

"If our company were to have sold to Chancellor, I think we would ruin the lives of 25-30 people who believed in us. We aren't going buck for buck with these guys. I'm a guerrilla marketer. I like beating them on the street," said **Rich Marston**, GM, WXXY.

## ► RBR News Briefs

► An industry code of conduct, time set aside for candidates in the days leading up to an election and additional funding to public broadcasting. Those are the preliminary recommendations of the Gore Commission, which will hash out final details at their meeting today, Nov. 9. One thing not recommended is mandatory free time for candidates. While it has focused on TV, many radio broadcasters have kept a watchful eye, fearing its recommendations could eventually be passed on to radio.

► Dr. **Laura Schlessinger** lost her attempt to have a judge block the Internet Entertainment Group from posting 20-year old nude photos of her on its web site (*RBR* 11/2, p.3). She told listeners last week that she suffers from "acute embarrassment" and confusion. "I am mystified as to why, 23 years later, this 80 year old man would do such a morally reprehensible thing," she said during the Nov. 3 broadcast.

► FCC has put Jacor's (O:JCOR) planned purchase of WCCF-AM, WIKX-FM and WCVU-FM from InterMart Broadcasting on hold. The stations sit between the Sarasota and Ft. Myers, FL markets. The FCC wants to collect comments on the deal's concentration effects because Jacor owns six stations in Sarasota and controls 72% of the radio revenue there—according to BIA's estimates.

► Wasting no time in following through on his pledge to ax shows that are not making money (*RBR* 11/2, p.7), Westwood One (O:WONE) CEO **Joel Hollander** has cut three programs from the network's line-up. Gone are "The House of Blues Radio Hour," "Blues Breaks" and reruns of the classic "Radio Mystery Theater" series. At the same time, WW1 announced it is adding a new weekly half hour NHL highlight show.

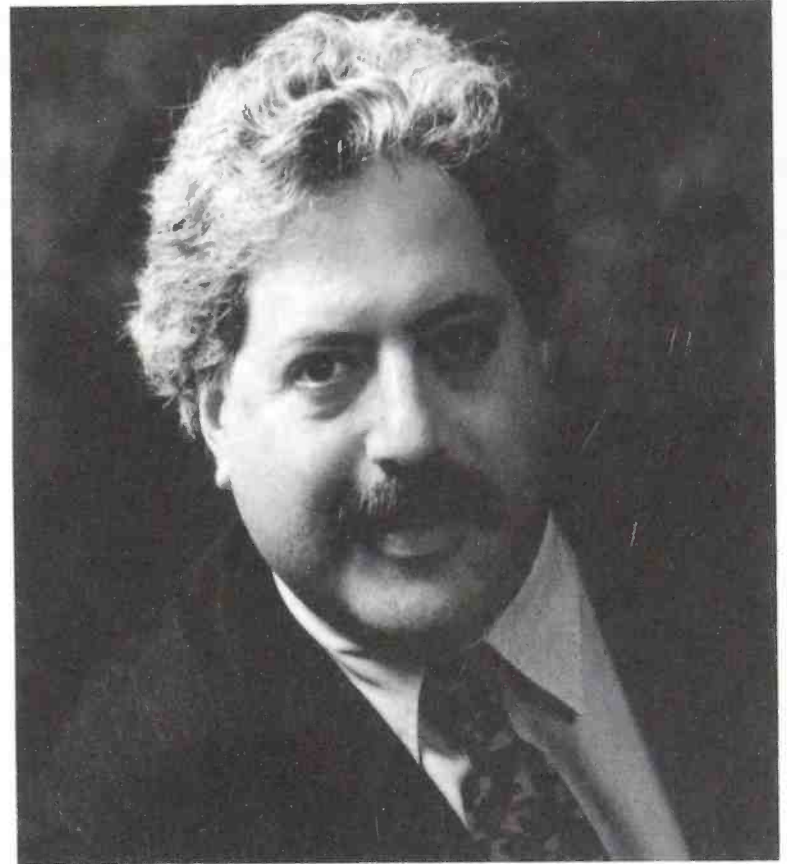
► 24-hour network OneOnOne Sports signed an exclusive agreement (11/3) to have United Stations Radio Network rep all of the Sports net's products beginning the week of 12/28. The account had been with Jacor's (O:JCOR) Premiere Radio Networks.

► Capstar (N:CRB) has asked the FCC to delay holding a hearing on its proposed purchase of Triathlon Broadcasting's (O:TBCOA) Wichita, KS stations. The hearing was requested by DOJ lawyers (*RBR* 11/2, p.3), but Capstar attorneys say they are in discussions with DOJ in hopes of resolving the issue. Capstar attorney **Nathaniel Emmons** said the extension "will relieve Capstar of the burden and expense of preparing a potentially needless response."



# Lee Abrams: Inventing a new kind of radio

by Carl Marcucci



**Lee Abrams**, SVP Programming, XM Satellite Radio, at only 45 could already be considered a jack of all trades. Focusing most of his career in radio, Abrams also has a commercial pilot's license, helped launch the TNT cable network, redesigned *Rolling Stone* magazine and consulted bands like The Moody Blues and **Bob Seger** and the Silver Bullet Band. Radio accomplishments include program direction and consulting for 200 stations, designing format for such giants as KFOG, WKTU and ABC's "Z Rock." Abrams is

credited for inventing AOR and was listed in *Newsweek's* "100 Cultural Elite."

In maybe the most exciting and challenging career move yet, Abrams is now in charge of designing and/or choosing format for 100 stations, actually channels, in XM's direct-from-satellite service, debuting with competitor CD Radio in 2000. The 50 music-based channels, however, promise to be anything but the norm in radio today.

Abrams gave *RBR* a piece of his time to explain where he's coming from and where he's going.

## **What is your radio and programming history up to now?**

I started back in the 60s, mainly working with WQAM-AM in Miami and WLS Chicago, but I was still in high school and had go-fer positions. My first programming job was at one of the first FM top 40 stations, Bartell's WMYQ in Miami in 1970. Then I became programmer at WRIF-FM Detroit (ABC) in 1971 at 19. Right after that, in 1972 or so, I joined up with **Kent Burkhardt** and formed one of the first consultancies. I consulted radio and consumer products and all sorts of things all the way until 1989, when I joined ABC as an internal consultant. I created the Z-Rock format, which was actually Satellite Music Network at the time. There was a year,

prior to joining here, where I went back as an independent consultant.

## **You served as a consultant for ABC, Capstar and Nationwide (now part of Jacor). What were your responsibilities and how are you utilizing those experiences for programming XM?**

I had, fortunately, hundreds of clients over the years. I'd say that most recently, the experiences at GulfStar brought a real first-hand look at the virtual radio situation, which is obviously going to be helpful. And at ABC, my main focus was on 24-hour satellite-delivered national formats. I think those two digs alone helped me prepare for this position. Of course, from all the other individual clients that I had, you always learn

something from everybody that makes you more aware and hopefully smarter.

## **A lot of broadcasters want to know how satellite DARS will differ from the current radio medium. Where do you see the defining lines?**

I think if we offer the same old thing as traditional radio or just audio wallpaper, there's going to be trouble. It's really up to us to create amazing formats that are clearly different and better from what you can get on the AM and FM stations. The last thing we want to do is to be a dumping ground for bad syndication. Our whole view is that the things we do best, which will be music formats, we'll originate ourselves and try to

rewrite the playbook and create really amazing-sounding stations. In areas where we don't have the in-house expertise, we're going to third party providers. For example, I don't know anything about Hispanic, but Heftel's the best, so they're going to produce it for us. Christian programming, not a clue, so we went to Salem. For news, which is a very specialized area that requires journalists all over the world, we went with *USA Today* and Bloomberg. Really, we're looking at just creating the best possible radio. And the way it will shake out will be pretty much a balance between things we produce ourselves or things that we have experts produce for us. The bottom line is the best possible radio.

**Does XM plan on establishing a ratings system, if any, for agencies and national advertisers?**

Yes, we are indeed in negotiations with Arbitron. They've already shown us a diary, which will have AM, FM, Satellite and they have been great in pursuing this with us. I don't believe a deal has been formalized, but we've had lots of meetings with them. I would expect that they will be involved.

**Will local-market advertisers be able to insert spots within your network of 1,200 terrestrial repeaters?**

No, we are going to be strictly national.

**Will XM be able to offer any localism, i.e. weather, news?**

At this point, no. The radio itself will have an AM/FM/satellite, so if you need to know what's happening on the local interstate, traffic jam-wise, you would go to your local station. We're going to be national.

I don't think local radio (with the few exceptions) has really been around in years. If you listen to the stations, you might hear the ID identify the city, and they will do a blood drive once a year. Compared to the way radio was in the 60s and 70s, it's gotten very national anyway.

**So far, how do you plan on breaking down the 100 channels formatically?**

It really is a work in progress. It's a lot



An artist's rendering of an AM/FM/XM car stereo. With XM, channel number, format, artist, title and comments will be displayed.

of research and evaluation and brainstorming going on pretty much on a daily basis. If we were going to launch it tomorrow, it would probably break out into half-and-half between music and news/information. Probably about half will be formats that might exist around the country now, the other half, maybe even more, will be just totally new and unique formats.

I would say we'll probably have a couple different varieties of Jazz formats, not only the NAC varieties, but traditional; new age and pure teen formats that are basically CHR that don't worry about the housewives. Upper-end AOR, something for the first generation FM listeners. We'll also have certain varieties of Classical music. There will be a lot of formats that only exist on AM. For example, traditional Country, Gospel, kids programming, Nostalgia, Sinatra-type stuff. You can hear it now, but for the first time, you will hear it in a digital quality sound. So that will be almost like a new format. Probably Blues, Metal, Reggae, game show formats where if you want to be the 10th caller to win 24-hrs a day, there's a place for it. Comedy, right on down to foreign language and soundtracks. One great advantage we'll have is that we will dedicate channels to special events. For example, a couple years ago, during the OJ thing, we would have had a 24-hr. OJ channel. More recently, a 24-hr. Spice Girls channel and Titanic channel.

**What music, informational or entertainment formats will you be offering that have been underserved to listeners?**

Oldies—they're in every market, but we'll be able to have six or seven Oldies formats with each one focus-

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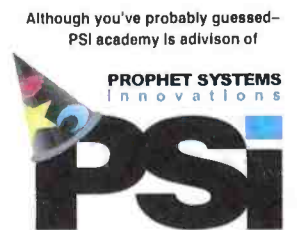


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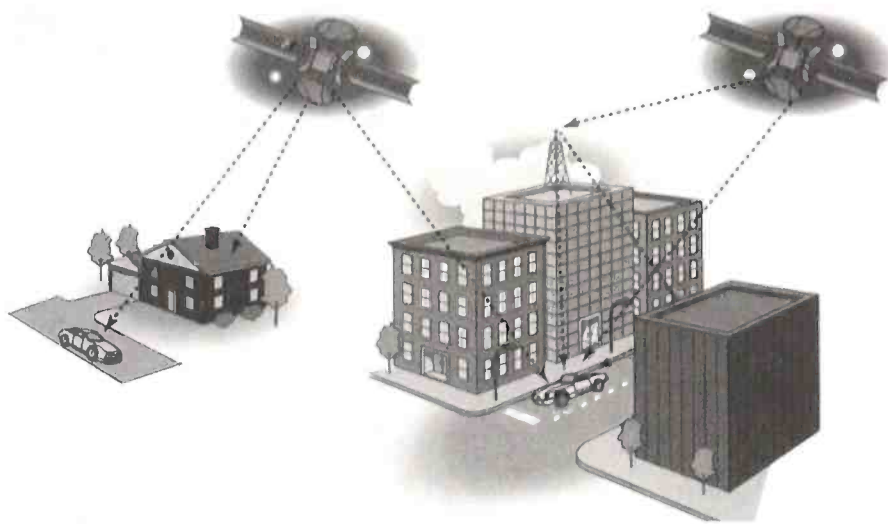
ing on the forties, fifties, sixties, seventies, eighties. You don't hear many Disco formats out there, soundtracks, environmental sounds (if you just want to hear crashing waves), obviously Reggae, world music, different flavors of Classic Rock. It's big enough of a genre now you have an upper end that's more rooted in the sixties, and a lower end, more rooted in the late seventies and eighties. Country will be split up into five or six different types.

**What direction do you see music going right now and into the new millennium?**

I think it's something I've been preaching for years—music tends to run in cycles as far as current music. In the 80s, there was an intense period with MTV and new wave. Then it went into a lull in the late 80s where it was dominated by hair pop. The early 90s was the whole birth of the grunge and the new alternative movement. That was an intense period. Then it got kind of into a lull like we're in now where it's kind of cliched, poppy and a lot of soundtracks versus statements. In other words it's fashion over art.

I think that by about the time we're going to be launched, we will be in another one of these intense cycles. What happens whenever there is one of those periods, new technology emerges, new sounds, the artists are in control, and you don't have this corporate rock, corporate pop. People are listening more than dancing, sound over fashion. There is a whole new look. There is a new generation of artists and the old artists tend to transfer their experience, like in career-topic albums. So in the big picture, we are getting into a period where it is going to be very fresh, very new, very artist-driven.

Also I see continued fragmentation. The options for the 35-54 year olds is going to explode as more classic and oldies niches that pop up as pop music ages. And a lot of exciting eclectic music that, I think, is going to see some big sales. We've seen it in the past few years with things like Riverdance, The Chants and Three Tenors and certain Jazz records. I think there will be some eclectic things that really break through the mainstream. And I also see a continuing



A diagram depicting how ground-based terrestrial repeaters will aid XM's two satellites in reaching listeners in "urban corridors."

retro sort of thing happening, but with today's attitude and yesterday's arrangements. I see four or five different areas that are going to be pretty exciting.

I think it is not AM or FM radio's fault, but there just haven't been the frequencies allotted to cover all these exciting musical things. That's one of our big advantages.

**Are you going to have DJs?**

Absolutely yes. DJs and cinematic production and all the bells and whistles that make a station great.

**How are you going to structure all this format management beneath you?**

I've already hired **Dave Logan**, who works under me as VP of Operations. We've worked together for years on a lot of pretty revolutionary stations. One way I look at it is that I sort of write the recipe and he cooks it. It worked on that level for years. So we'll be working closely and every format will have a program director, music director, production director and a staff. Some of the formats might be voicetracked. We want to be great radio, but we also want to be economically realistic. A Beautiful music format may not need seven high profile jocks. It's great because we have the opportunity to really hire the most out-of-the-envelope, hyper-creative people on earth. These people have incredible ears.

**How are you going to store all this music on these channels?**

It will be on hard drive. We're going to be all digital, but we haven't chosen what system we're going to use.

**Tell us about the custom, PBS-style spots that will play into each format without being "obtrusive."**

First of all, many of the music channels will be commercial-free. We don't know how many yet, but we're studying that. The ones that will be commercial certainly won't have the traditional four stopsets an hour. There will be PBS-style sponsorships where "this hour is brought to you by AT&T." That will be your commercial.

**How do you see Satellite DARS affecting and changing the radio industry?**

I think in two sort of natural migrations. One is, from a choice standpoint, it will do to radio what cable did to network television. All of a sudden, you have more choices. Second, quality-wise I think we will see the same thing that FM did to AM. In both cases, network TV or AM, there are some very successful AM stations and there are a lot of successful local television stations. It's not like we'll wipe those guys out by any means. But it will hopefully be another big piece of the pie based on the choice and quality.

# BROADCAST INVESTMENTS™

## November 4—RBR Stock Index 1998

Company	Mkt:Symbol	10/28 Close	11/4 Close	Net Chg	Pct Chg	11/4 Vol (00)	Company	Mkt:Symbol	10/28 Close	11/4 Close	Net Chg	Pct Chg	11/4 Vol (00)
Ackerley	N:AK	20.500	20.625	0.125	0.61%	42	Harris Corp.	N:HRS	34.375	36.813	2.438	7.09%	6095
Alliance Bcg.	O:RADO	0.625	1.031	0.406	64.96%	863	Heftel Bcg.	O:HBCCA	39.625	43.500	3.875	9.78%	1468
Am. Tower	N:AMT	22.250	21.313	-0.937	-4.21%	1055	Jacor	O:JCOR	53.375	53.500	0.125	0.23%	2588
AMSC	O:SKYC	4.125	4.688	0.563	13.65%	3786	Jeff-Pilot	N:JP	58.625	62.125	3.500	5.97%	1126
Belo Corp.	N:BLC	17.750	18.250	0.500	2.82%	2228	Jones Intercable	O:JOINA	28.250	28.188	-0.062	-0.22%	428
Big City Radio	A:YFM	4.125	6.000	1.875	45.45%	131	Metro Networks	O:MTNT	35.250	35.875	0.625	1.77%	172
Broadcast.com	O:BCST	50.500	50.188	-0.312	-0.62%	1607	NBG Radio Nets	O:NSBD	1.281	1.313	0.032	2.50%	60
Capstar	N:CRB	14.875	17.063	2.188	14.71%	839	New York Times	N:NYT	26.312	28.875	2.563	9.74%	4213
CBS Corp.	N:CBS	24.562	29.063	4.501	18.33%	19882	News Comm.	O:NCOME	0.437	0.438	0.001	0.23%	86
CD Radio	O:CDRD	27.312	31.750	4.438	16.25%	1820	OmniAmerica	O:XMIT	20.875	20.313	-0.562	-2.69%	467
Ceridian	N:CEN	54.625	53.813	-0.812	-1.49%	6265	Otter Tail Power	O:OTTR	38.875	39.188	0.313	0.81%	56
Chancellor	O:AMFM	32.562	36.500	3.938	12.09%	11044	Pacific R&E	A:PXE	2.000	1.875	-0.125	-6.25%	0
Childrens Bcg.	O:AAHS	3.187	3.375	0.188	5.90%	771	Pulitzer	N:PTZ	77.750	83.125	5.375	6.91%	156
Citadel	O:CITC	20.250	20.563	0.313	1.55%	1567	RealNetworks	O:RNWK	34.875	37.188	2.313	6.63%	3320
Clear Channel	N:CCU	43.625	43.875	0.250	0.57%	7891	Regent Pfd.	O:RGCI	4.750	5.125	0.375	7.89%	4
Cox Radio	N:CXR	35.750	43.000	7.250	20.28%	380	Saga Commun.	A:SGA	16.750	17.375	0.625	3.73%	52
Crown Castle	O:TWRS	12.750	12.500	-0.250	-1.96%	1058	Sinclair	O:SBGI	13.812	13.250	-0.562	-4.07%	6793
Cumulus	O:CMLS	10.125	9.688	-0.437	-4.32%	2347	SportsLine USA	O:SPLN	14.500	16.000	1.500	10.34%	4135
DG Systems	O:DGIT	2.406	2.563	0.157	6.53%	44	TM Century	O:TMCI	0.437	0.600	0.163	37.30%	220
Disney	N:DIS	26.437	28.688	2.251	8.51%	87292	Triangle	O:GAAY	0.042	0.037	-0.005	-11.90%	2818
Emmis	O:EMMS	30.750	33.125	2.375	7.72%	1135	Triathlon	O:TBCOA	10.000	11.000	1.000	10.00%	52
Fisher	O:FSCI	63.000	61.000	-2.000	-3.17%	10	Tribune	N:TRB	55.562	58.375	2.813	5.06%	2040
Gaylord	N:GET	25.500	27.875	2.375	9.31%	265	Westower	A:WTW	17.000	20.875	3.875	22.79%	127
Granite	O:GBTVK	5.500	5.938	0.438	7.96%	3777	Westwood One	O:WONE	17.000	18.250	1.250	7.35%	253
							WinStar Comm.	O:WCII	26.375	27.875	1.500	5.69%	15471

### US ad outlook bright

Dow Jones—Shares of British ad agency WPP Group PLC (O:WPPGY) soared 12% (11/4) after the chief executive of one of its prominent American holdings offered a positive industry forecast during an interview on CNBC.

In the interview, broadcast Wednesday morning, Ogilvy & Mather Chief Executive **Shelly Lazarus** said major clients were increasing their budgets for the next year. Ogilvy & Mather, a large American ad agency, is a WPP unit.

According to William Blair & Co. analyst **Anthia Christian**, such remarks come in direct contrast with what WPP's British analysts have been saying. Still, she said, "an agency CEO is much closer to the clients on a daily basis."

For WPP, the interview may have come as a boon. The company's American Depository Receipts (ADRs) rose \$6, or 11.5%, to \$58.25.

The stock remains significantly off its 52-week high of \$77.25, reached in July. "The valuation was ridiculously low," Christian said. "It's getting a big boost."

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11/9/98 RBR

## Hochman Communications, Inc.

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*and* **KAMO-FM**

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*has agreed to sell its assets to*

**Cumulus Media**

*for*

**\$6.5 Million**

**Robert J. Maccini and Stephan C. Sloan**

*of Media Services Group, Inc.*

*represented Hochman Communications in this transaction.*

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by Jack Messmer

## Mel set to raise \$3B in Infinity spin-off

With the bulls again wresting control of Wall Street from the bears, CBS (N: CBS) President **Mel Karmazin** is readying the spin-off of CBS's radio and outdoor operations into Infinity Broadcasting (RBR 9/28, p. 12) and an IPO which will sell about 16.2% of the new company's stock to the public (N: INF, IPO pending).

The November 2 update of Infinity's SEC filing didn't fill in all of the blanks, but it did validate RBR's previous estimate that the IPO should raise about \$3B. Infinity has registered 135M shares for public trading. The formal pricing will come later, but those figures would put the price per share around \$22.22—and the total value of Infinity over \$15B. Of course, if market conditions are good, Karmazin could up the \$3B figure and send the SEC a check for the additional registration fee.

After the IPO, Infinity will have \$651M in long-term debt and access to an additional \$1B in borrowing capacity from CBS, allowing it to take advantage of the parent company's investment-grade bond rating.

CBS will hold onto 700M shares of Infinity's Class B common stock. Those shares have five times the voting power of the Class A shares being sold to the public, so CBS will retain 96.3% of the voting power at Infinity. Underwriter: Merrill Lynch & Co.

### Z enters Miami

**Amador Bustos'** Z-Spanish Media is making its first east coast acquisition, paying \$5.65M for WLQY-AM Miami. The seller is **Bruce Maduri's** Genesis Communications. Sacramento-based Z-Spanish Radio Network syndicates three Spanish formats to its 31 O&Os and 28 affiliates nationwide. Broker: Jorgenson Broadcast Brokerage

## Tiny groups merge, drop IPO

Northern Radio Network Corp. Isn't going to become the smallest publicly traded radio group after all. Instead of selling stock in an IPO (RBR 7/6, p. 13), the owner of five small market stations in Michigan is going to merge with Alliance Broadcasting Group (O: RADO), which will continue to be the smallest radio group with public stock.

"Together, we feel that we can become a major force in the communications industry," said Dr. **Robert Currier**, the ophthalmologist who owns Northern Radio, formerly known as Ives Broadcasting.

"This is the first step in developing a broad-based communications company to include radio stations as well as radio and television production and syndication," said **Joe Newman**, CEO, Alliance.

Financial details of the merger, which is currently only a letter of intent, have not yet been disclosed.

**RBR observation:** After a troubled year on Wall Street in 1997, Alliance has been the come-back-kid this year. As we reported last month (RBR 10/26, p. 8), Alliance was the top-performing radio stock through the first three quarters of this year. The penny stock had gained 323% to \$1.062.

## Cox crows over Q3 results

Strong revenue gains in Atlanta, Miami and Orlando were credited with giving Cox Radio (N: CXR) a 25.3% boost in Q3 revenues, to \$69.2M. Broadcast cash flow rose 29.6% to \$6.1M. Net income gained 17.1% to \$7M.

On a same-station basis, Cox said revenues increased 12.4% and cash flow by 19.3%.

## Q3 record for Jacor

Jacor Communications (O: JCOR) is already beginning to sound like pending merger partner Clear Channel (N: CCU), with **Lowry Mays'** favorite statistic in the headline of Jacor's Q3 report: "After tax cash flow per share

Christopher T. Dahl, Chairman of  
**Children's Broadcasting Company**

*has agreed to transfer the assets of*

**KAHZ-AM Dallas, TX**  
**WJDM-AM New York, NY**  
**KIDR-AM Phoenix, AZ**

*for*

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*to*

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## MarketWatch.com files IPO

If anyone knows when Wall Street's appetite for IPOs is returning, it ought to be MarketWatch.com, the joint venture of CBS Corp. (N:CBS) and Data Broadcasting Co. (O:DBCC) which operates the cbs.marketwatch.com Internet site. With the stock market rebounding from its recent sell-off, MarketWatch.com has filed with the SEC to sell stock to the public and trade on the Nasdaq National Market as MKTW.

Much like Sportsline USA (O:SPLN), CBS' investment in MarketWatch.com has been through the licensing of the CBS name and "eye" logo and providing advertising via CBS radio and TV. Whatever the IPO price, it's a good bet that it will be well above the 22¢ per share that CBS and Data Broadcasting paid (in cash or services) for their 4.5M shares each.

Many details of the IPO, which will sell up to \$34.5M in new stock to the public, are yet to be filled in, so it's not possible to say how much CBS' stake will be worth. \$1.5M of the proceeds are earmarked to repay debt owed to Data Broadcasting and \$5M for marketing. The remainder is designated for general corporate purposes.

MarketWatch.com derives its revenues from advertising, subscriptions to premium services on its Internet site and the sale of news content to Data Broadcasting for resale to corporate customers. Net revenues for Q2 were \$1.5M, up from \$1.2M in Q1. Comparisons to previous years have little relevance, since the marketing agreement with CBS began in October 1997, although Data Broadcasting had operated a much more limited Internet site since 1995. Underwriters: BT Alex. Brown; Donaldson, Lufkin & Jenrette; Salomon Smith Barney; FAC/Equities

increases to 67¢. That, by the way, is a 62% gain to \$36.8M.

Net revenues were up 42% to a \$204.5M and broadcast cash flow rose 49% to \$75.7M—both records. Jacor said same-station revenues rose 18% and cash flow 35%.

## Disney increases small

In keeping with its warning about weakness overseas and costs associated with start-up ventures, The Walt Disney Co. (N:DIS) reported that net revenues for its fiscal year which ended 9/30 rose a mere 6% to \$23B. Operating income slipped 2% to \$4B and net income rose 4% to \$1.9B.

Broadcasting, including ABC Radio, ABC-TV, ESPN, the Disney Channel and other related ventures, posted a 10% gain in revenues to \$7.1B. Operating income rose 3% to \$1.3B.

## Salem cash flow up 28%

Salem Communications reports that Q3 net revenues rose 13.6% to \$19.2M, while broadcast cash flow shot up 28.2% to \$9.1M. Salem, the nation's largest commercial Religious radio group, is privately owned but has public bonds.

## RBR's Deal Digest

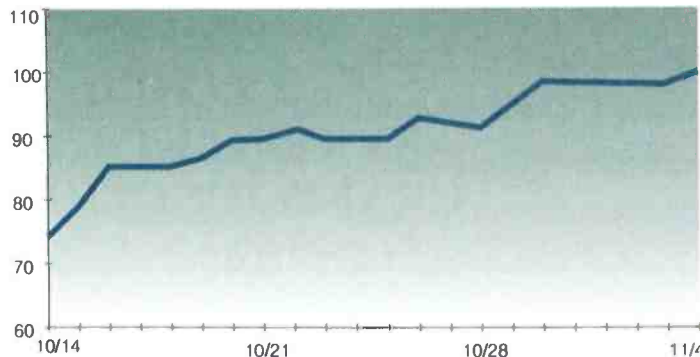
The Freedom Network, owned by **George and Adam Lindemann** and **Otto Miller**, is buying EXCL's KRCX-AM Sacramento and its expanded band CP on 1690 kHz for \$1.7M. Broker: **George J. Dacre... Russ Oasis** is returning to ownership with a \$1.3M purchase of WJFX-FM Ft. Wayne, IN from **Louis and Joan Dinwiddie's** Allen County Broadcasting LP.

## The Radio Index™

**RADIO BUSINESS REPORT**  
Voice of the Radio Broadcasting Industry

**THE WALL STREET JOURNAL**  
RADIO NETWORK

The Radio Index™ is back in positive territory. For the first time since August 30, The Radio Index™ closed last Wednesday (11/4) above the 100 base level set at the end of 1997. The barometer of radio stocks was at 100.3, up 8.74 from a week earlier.



# SOLD!

WLVU-FM  
Tampa, Florida

to

**Cox Radio, Inc.**

Robert F. Neil

President and CEO

from

**Concord Media Group, Inc.**

Mark Jorgenson

President.

Charles E. Giddens  
represented Cox Radio, Inc.

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703-847-5460

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**SOLD**

WGUL-FM, Dade City, FL. \$3.5 million  
WNFT-AM, Boston, MA \$5 million  
Mega Broadcasting, Buyer

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**T RANSACTION D IGEST**

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.

with WLS-TV (Ch. 7, ABC). Broker: Media Venture Partners

**\$14,750,000—\* WLUV-FM Tampa** (Holiday FL) from Concord Media Group Inc. (Mark W. Jorgenson) to Cox Radio Inc. (N:CXR, Bob Neil, pres.). \$9.75M cash, tax-free exchange for WSUN-AM (below). Total value estimated by *RBR*. **Superduopoly** with WWRM-FM & WCOF-FM. Note: No overlap with WFNS-AM. WLUV has a CP to upgrade from Class A on 106.3 MHz to Class C2 on 97.1 MHz. Broker: Charles Giddens, Media Venture Partners

**\$5,000,000—\* WSUN-AM Tampa** (St. Petersburg FL) from Cox Radio Inc. (N:CXR, Bob Neil, pres.) to Concord Media Group Inc. (Mark W. Jorgenson). Tax-free exchange as partial payment for WLUV-FM (above). Value estimated by *RBR*. **Superduopoly** with WRMO-AM & WAMA-AM. Broker: Charles Giddens, Media Venture Partners

**\$3,500,000—WGUL-FM Tampa** (Dade City FL) from WGUL-FM Inc. (Carl Marcocci) to Mega Communications inc. (George Lindemann Sr., Adam Lindemann, Alfredo Alonso). \$200K escrow, balance in cash at closing. Combo with WBDN-AM.

**\$2,200,000—KBET-AM Los Angeles** (Canyon Country CA) from Saddleback Broadcasting Inc. (Carl Goldman) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$300K escrow, balance in cash at closing. Combo with KIIS-FM. Note: No contour overlap with Jacor's other L.A. stations.

**\$24,000,000—\* KEEL-AM, KWKH-AM, KITT-FM, KRUF-FM & KVKI-FM Shreveport** from Progressive Broadcasting LLC (William R. Fry) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$100K option payment, \$2.3M escrow, balance in cash at closing. Existing **superduopoly**.

**\$22,000,000—\* KWCV-FM Phoenix** (Glendale AZ) from OwensMAC Radio LLC (Buck Owens, Michael Owens, MAC America Communications) to KZPZ License Co. LLC, a subsidiary of Z-Spanish Media Corp. (Amador Bustos & others). \$2.2M escrow, balance in cash at closing. **Duopoly** with KUET-AM & KVVA-FM. Broker: Blackburn & Co.

**\$20,000,000—\* WTAQ-AM & WTAU-AM Chicago** (La Grange-Zion IL) from Illinois Lotus Corp., a subsidiary of Lotus Communications Corp. (Howard Kalmenson), to ABC Inc. (Bob Callahan, pres./radio), a subsidiary of The Walt Disney co. (N:DIS). \$1M escrow, balance in cash at closing. **Superduopoly** with WLS-AM, WMVP-AM & WXCD-FM. LMA since 7/16. The buyer is requesting a **waiver** to acquire these stations in the same market

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Broker: Jorgenson Broadcast Brokerage

**\$1,140,000—KTAA-FM** Bakersfield (Kerman CA) from Hispanic Radio Enterprises Inc. (Ruben Flores Jr.) to Big Broadcasting Inc. (Arthur Egnoian). \$40K downpayment, balance in cash at closing. LMA since 9/19.

**\$850,000—\* KBKB-AM & FM** Fort Madison IA from Talley Broadcasting Co. (Hayward L. Talley) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$40K escrow, balance in cash at closing. Double **duopoly** with KBUR-AM & KGRS-FM Burlington IA. Broker: The Connelly Co.

**\$475,000—KWYR-AM & FM** Winner SD, 50% stock sale of Midwest Radio Corp. from Steve R. Clark to Scott E. Schramm and Jeffrey L. Schramm (50% each thereafter). \$250K in cash at closing, \$225K note.

**\$450,000—\* KAJK-AM & FM** Fortuna-Ferndale CA from M. Keith Allgood to Miller Broadcasting Co. Inc. (Ronald W. Miller, Pattison Christensen). \$450K cash. **Duopoly** with KXGO-FM Arcata CA. Note: Miller Broadcasting is selling KVIQ-TV Eureka CA prior to closing this purchase.

**\$250,000—WTYS-AM & WBNF-FM** Marianna FL from Roy S. Baker, Receiver, to James L. Adams Jr. \$250K cash.

**\$160,000—KPXA-FM CP** (104.1 mHz) Sisters OR from Schuyler H. Martin to Thunderegg Wireless LLC (George Kriste, Lance Anderson, Ernie Hopseker, Robert Case). \$160K cash.

**\$100,000—\* KYVD-AM** Abilene TX from Wooten Broadcasting Inc. (Bourdon Wooten) to Dynamic Broadcasting Co. (Adrian Lloyd Mynatt). LMA payment credit estimated at \$47.5K, balance in cash at closing. **Duopoly** with KMPC-AM Abilene. LMA in place.

**\$40,000—KRSC-AM** Othello WA, 100% stock sale of Richard Daniel Leary, a sole proprietor, from Richard Daniel Leary to Roberto Coronado Lopez. \$4K downpayment, \$36K note. LMA since 12/1/97. Note: This transaction was filed as a Form 315 stock sale, although it appears to be impossible to sell a sole proprietorship in a stock sale.

**N/A—WAWV-FM** Sylacauga AL from Alabama Broadcasting Co. Inc. (Bruce C. Carr) to W.O. Powers. Transfer for release of debt, except that Alabama Broadcasting

will continue to owe \$207K secured by the assets to WFEB-AM Sylacauga AL.

**N/A—WHTA-FM** Atlanta (Fayetteville GA) from Radio One of Atlanta Inc. (Alfred Liggins, Allied Capital Corp., Syndicated Communications Venture Partners II, Alta Subordinated Debt Partners III) to ROA Licenses Inc., a subsidiary of Radio One Inc. (Catherine Hughes, Alfred Liggins). This will be primarily a non-cash, stock-swap in preparation for an IPO in 1999 by Radio One (*RBR* 10/19, p. 18). The value has not yet been established.

**N/A—WMBN-AM & WLXT-FM** Petoskey MI, **WMKT-AM & WKHQ-FM** Charlevoix MI and **WATT-AM & WLXV-FM** Cadillac MI from The MacDonald Broadcasting Co. (Kenneth MacDonald Jr. and other family members) to MacDonald Garber Broadcasting Inc. (Patricia MacDonald Garber). Split-off of portion of family owned corporation. The seller will retain its Lansing and Saginaw combos.

#### For the record...

The broker for the \$5M sale of WNFT-AM Boston was incorrectly identified in the 10/26 issue of *RBR*, p. 14. The actual broker was Norman Fischer & Associates.

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**FRANCIS L'ESPERANCE**

*Managing Director*

lesperancef@vsacomm.com



### Malrite Communications Group, Inc.

WOIO-TV, Cleveland, Ohio  
WUAB-TV (LMA), Cleveland, Ohio  
WXIX-TV, Cincinnati, Ohio  
WFLX-TV, West Palm Beach, Florida  
WNWO-TV, Toledo, Ohio  
WLII-TV, Puerto Rico  
WSUR-TV, Puerto Rico

has been acquired by

### Raycom Media, Inc.

The undersigned acted as financial advisor to Malrite Communications Group, Inc. in this transaction.

September 1998

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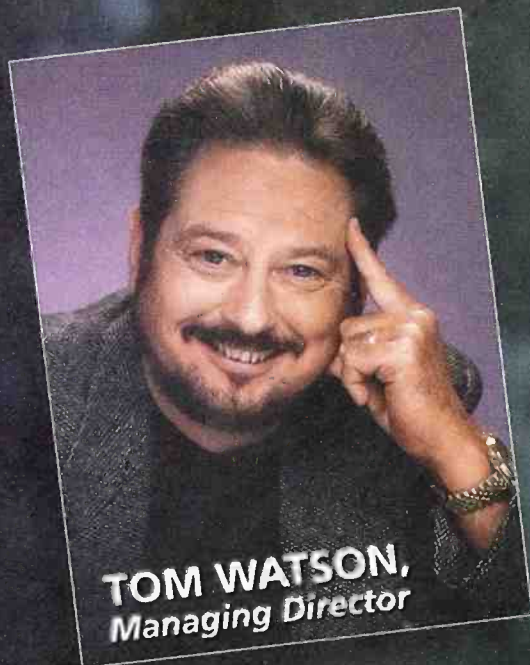
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