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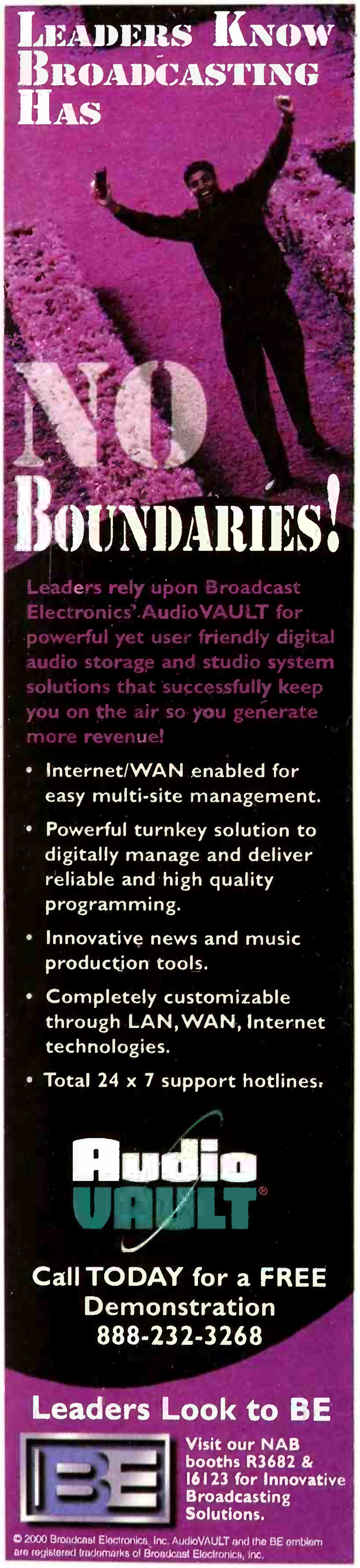

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Anti-LPFM sentiment gaining momentum on the Hill

This time the low-power FM opposition is coming from the mouth of Rep. **Collin Peterson** (D-MN), who has called on fellow "Blue Dogs"—conservative Democrats against overregulation—to support the Oxley-Pallone Bill (H.R. 3439) to kill LPFM.

Members of Congress and the industry itself are worried that the implementation of LPFM stations into an already congested band would mean interference to existing stations. But, says Peterson, "for around $10,000, the FCC could have gone to the field and conducted tests...that would have provided facts and definitive information" about such interference. The FCC, he adds, did not conduct one single field test but relied upon computer data.

He also points out that the FCC acted in a rush to judgment and rescinded decades old protections of the spectrum. "It took the FCC seven years to prescribe a low-power television service, and 10 years to approve digital television, I find it curious that they decided to rush the low-power radio rules into place while Congress was not in session."

Sens. **Judd Gregg** (R-NH) and **Rod Grams** (R-MN) also sent out a similar letter, asking their colleagues to support the Senate's companion anti-LPFM bill (S. 2068).—TS

Making demands: Sales at a blistering pace

Even though 1999 was another record year for radio revenues, 2000 is blowing its doors off. Presold inventory for April is up 12%, and May, which is already halfway to the sell-out point, is 16% ahead of last year. Miller Kaplan's **George Nadel-Rivin** attributes the gains to traditional retailers, who are now forced to compete for air time with the dot-coms and other newcomers.—DS

RBR/Miller Kaplan Market sell-out percentage report

	2000	1999
March. 1	77.6%	71.1%
Apr.	54.9%	42.9%
May.	50.5%	36.8%

Bliley says adios to Congress

Though he's not leaving just yet, **Tom Bliley**, a veteran Republican from Virginia who chairs the House Commerce Committee and was instrumental in pushing through the 1996 Telecom Act, announced his retirement last week (3/8).

"He has been both a first-class legislator and an exemplary committee chairman," NAB CEO/Pres. **Eddie Fritts** said of the Chairman who's been a member of Congress since 1980. Bliley's term expires at the end of this year.

His departure does not come as a surprise, though. Under House GOP rules, committee chairmen must give up chairmanships after three terms. Former House Speaker **Newt Gingrich** (R-GA) appointed Bliley to head the panel in 1995. Either Rep. **Billy Tauzin** (R-LA) or Rep. **Mike Oxley** (R-OH) is expected to take the chair next.—TS

NBC kicked off of NAB's Board, quits organization

Only a few days after NAB revoked GE's (N:GE) NBC representative from its Board of Directors, the TV group resigned as a member of the organization, upset that NAB will not lobby Congress to further relax the national TV audience reach cap.

Under current federal rules, no company can own stations that reach more than 35% of US households. NBC and other large networks support eliminating the cap, or at least raising the cap to 50%. The cap was last relaxed in 1996 from 25%.

In a letter to NAB CEO/Pres. **Eddie Fritts**, NBC Pres. **Robert Wright** accused the NAB of dragging its feet on the issue and said NBC cannot support policy decisions that "go against our best interests, and the interests

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of sustaining broadcasting as a growth business."

Smaller owners of TV stations oppose increasing the cap and worry that the networks would grow too powerful.

NBC was dropped from the Board last week because flagship station WNBC-TV New York had not paid its dues. According to NAB bylaws, if a station is delinquent with its dues for more than six months, that station (and any member of the Board of Directors representing that station) is no longer considered an member of the lobbying group, NAB spokesperson **Dennis Wharton** told *RBR*.

"We took the action because it would be unfair to allow dues-delinquent stations to have the same privileges as those stations that are current in paying dues," he added. "The financial impact will be minimal since NBC contributed less than 1% to the entire NAB budget."

The TV group first threatened to pull its membership in December (*RBR* 12/20/99, p. 5), after Fox (N:FOX) withdrew from the NAB last year over the same issue.—TS

National talk show fined for broadcast

An Infinity Broadcasting station has been levied a $4,000 fine for failing to notify a city commissioner that WJFK-FM Washington, DC (Manassas, VA) was going to broadcast the conversation.

Hosts of the "Don and Mike Show" placed an on-air telephone call to City Hall of El Cenizo, TX last August and used racial slurs to vent their anger over the town's decision to conduct all official business in Spanish (*RBR* 12/27/99, p. 2). The hosts did notify **Flora Barton**, an El Cenizo commissioner, that she was on the air, but did not do so *before* recording the conversation intended for broadcast, as federal rules dictate.

Infinity claims that it did not violate FCC rules because the station uses digital audio delay devices—a process that gives persons an opportunity to object before any such call is broadcast. Further, Infinity denies that it "recorded" Barton's conversation because digital audio delay devices do not permanently preserve the material.—TS

Hicks, Muse forms alliances with CMGI, Pacific Century

AMFM Inc.'s (N:AFM) biggest shareholder, Hicks, Muse Tate and Furst, has formed strategic alliances with CMGI (O:CMGI) and Hong Kong-based Pacific Century CyberWorks to leverage existing resources and acquire assets that will support online and traditional media convergence on a "global scale."

"@Ventures Global Partners," the three concerns' new venture capital partnership, will commit to invest $500M each, for a total of $1.5B to build infrastructure, support Internet companies in Europe, Asia and the Americas, while leveraging new and existing content and e-commerce.

The integration of Hicks, Muse's traditional media outlets with Pacific Century's Pacific Convergence Corp.'s existing and planned broadband Internet services throughout Asia ("Network of the World" service); with its other partnerships (Intel, China's Legend Computer, etc.) and Internet giant CMGI, is aimed at bringing together a global convergence of content, interactivity and distribution. "Having capital and access to capital is certainly going to be key; so is having strategic relationships and the ability to generate deal flow [and] having the technological expertise and the operational expertise to know what to do with it," Hicks, Muse spokesperson **Roy Winnick** tells *RBR*. "To the extent that an existing group of TV or radio stations, or any kind of traditional media have existing content, infrastructure and customers, the whole idea is to and marry [that] to the new media [offerings] that CMGI has historically specialized in."—CM

American Tower moves into Canada; joins with Richland for supertower

In a joint venture with Telemedia Corp., a privately owned Canadian concern, American Tower (N:AMT) has formed Canadian Tower, LP. Based in Canada, the new company will develop and acquire wireless and broadcast towers throughout the country. Telemedia brings to the table 20 broadcast towers in Toronto, Montreal, Quebec City, Edmonton and

Hiwire gets $17M in funding from NEA, Grey Advertising

Hiwire Inc., with its new targeted audio and video streaming ad solution, announced (3/7) the completion of its second round of capitalization, for $17M. **Stewart Alsop**'s New Enterprise Associates (NEA) and Grey Ventures, represented by **Ed Meyer**, CEO of Grey Advertising, are the new partners. Alsop takes a seat on the Hiwire Board of Directors and Meyer joins Hiwire's Advisory Board. Since 1978, more than 100 NEA companies have gone public, 60 since '91.

A rival to RadioWave's recently debuted ad insertion capability (streaming listeners hear Internet-only ads instead of the streaming station's on-air inventory—*RBR* 2/28, p.4), Hiwire splits revenues from ads placed on stations' online streaming inventory, of which are targeted at agencies and advertisers by location, gender and age, market-specific in cities around the globe. Hiwire President **Jim Pavilack** says this is different from RadioWave, which uses "server-side" insertion, "Where somebody takes your station and every time there's a commercial opportunity, everyone hears the same [Internet streaming] ad. Most advertisers aren't looking for [that kind of] reach and they don't compensate the radio stations for it," he tells *RBR*. "What our system does is you're a station in NY, you have a listener in Chicago. The Chicago listener gets a Chicago commercial. And that happens with every city all over the world. So any radio station has the opportunity to make money from every other market. What we offer the advertiser is, rather than buying just to get a station, they buy into a network."

Hiwire's contract includes placing ads on unsold on-air inventory slots, of which the stations get a percentage, and as stated above, stations get a percentage of all Internet ads Hiwire places. "It's deal-specific, but [the percentage] tends to be in the agency-type range," explains Pavilack. "Right now, stations are just giving it away. For example, a radio station has 10,000 listeners in Germany—it costs them money. It doesn't do anything for them. Now, suddenly, they get a check. This gives every radio station the opportunity to become an international syndicate."

Hiwire currently doesn't offer streaming services. Its downloadable Internet tuner currently has 3,500 affiliates, from which the commercial stations will be offered the ad insertion deal. Existing value-added deals struck with local or national advertisers that specifically include streaming can be flagged out of the inventory.—CM

Hamilton. "We believe there is going to be continued buildout of both the cellular side, as well as the PCS side, LMDS side and other new technologies which will be deployed in Canada," ATS Chief Development officer **Jim Eisenstein** tells *RBR*. "We also view the opportunity up there on the broadcast side—both acquiring and developing."

American Tower and Richland Towers (*RBR* 11/1/99, p.6) announced (3/2) a joint supertower construction and operations project that will serve both the Pensacola, FL and Mobile Alabama markets. The 1,902-ft. cloud-scraper will be designed by Kline Iron and Steel. Construction is slated to begin 4/1 and end by November of this year.

Richland and ATS were competing for tower tenants, and it turned out there were not enough of them to fill two new towers. "The decision to come together with Richland was based upon the fact that the market needs only one broadcast tower," said ATS VP/GM Broadcast Tower Group **Bob Morgan**, who estimates five or six TV tenants and as many as six radio tenants will sign.—CM

FIMC and RPC join forces

A provider of station websites, First Internet Media Corporation (FIMC), has acquired Radio Profits Corporation (RPC) based in Newport News, VA. Commenting on the acquisition, FIMC CEO **Chad Meisinger**, says, "The synergy between our two companies is absolutely tremendous. Now stations can confidently move forward in the direction of the Internet. FIMC currently manages websites for over 200 stations, many of them in large markets, whereas RPC currently provides a telemarketing program that helps mid-sized radio stations generate revenues on their websites.

Scott Wolf, Director of Client Services, RPC,says that there are few success stories with selling website ads. It is a new medium and advertisers are reluctant to put a large part of the budget in a somewhat unproven medium. From the account executive's point of view too, they would much rather recommend a buy on the station than on the website.

But with RPC's program, a telemarketer can devote all his or her time to selling the website ads alone. If a telemarketer sells an average of three ads a day, that is 60 ads a month. Many stations do not have the capacity to convert these to ads on the website. Explains Wolf, "What we were impressed with FIMC is that they have a series of tools that clients get where they can literally update ads that are sold by the telemarketer, within five to 10 minutes. There's a technical capability there to develop campaigns and to fulfill the campaigns at the station."—KM

Poll finds most Americans satisfied with election coverage

Better too much than too little. As such, a study conducted by Wirthlin Worldwide, commissioned by the National Association of Broadcasters (NAB) and the Radio and Television News Directors Association (RTNDA), found that most Americans were getting enough, or in some cases, more than enough information to be part of the political process of electing a president.

When asked about the amount of time broadcast TV and radio stations spend reporting on political campaigns, 39% of respondents said it was about the right amount of time, 46% said it was too much time and only 7% said it was too little time. When it came to deciding who to vote at the primaries, respondents overwhelmingly say that broadcast outlets helped their decision the most. 43% attributed their decision to broadcast, 17% said print was most helpful and 9% said the candidate's information was the deciding factor.

The high cost of running broadcast ads was little incentive for 54% of respondents who say that they oppose free time mandates. Only 34% supported free time mandates while 12% were unsure.

The respondents were polled from the five states involved in the "Super Tuesday" primaries; a total of 827 voters were picked equally from California, Georgia, Missouri, New York and Ohio. The margin of error was plus or minus 3.4%.—KM

RBR News Briefs

Radio explodes into new millennium

Month one of the new century is in the books, and the radio industry can celebrate major gains. The month came in 20% ahead of January 1999, with an 18% gain in local business coupled with a 25% jump in national. The coasts were particularly busy, with gains of 20% local/34% national in the East, while the West came in with gains of 21%/25%.—DS

FCC blocks sale of unauthorized FM transmitter

The FCC has fined **Leslie Brewer** and his "Leslie Brewer's 2-Way Radio" company $10,000 after an undercover agent caught him selling 3/3 an unauthorized FM transmitter.

According to the Commission, the fully assembled, 20-watt transmitter was not authorized by the agency and had no FCC identifier number attached to it when the company tried to sell it.

This is not Brewer's first brush with the FCC—his equipment was seized back in 1997 for illegally operating "Tampa's Party Pirate" at 102.1 MHz. The US District Court for the Middle District of Florida recently upheld the validity of that seizure.—TS

Judy Jarvis passes on

Judy Jarvis, the self-syndicated radio Talk show host (with her son **Jason** as the Executive Producer and co-host) passed away yesterday at the age of 54. Formerly a reporter for *Time* magazine and *The Boston Globe*, she aired her show to 50 odd affiliates since '93. She also appeared as a guest on CNN, CSPAN and NBC. She had been doing her show while battling lung cancer for the last 18 months. She did NOT smoke.—CM

Emmis acquires LA Magazine

Indianapolis-based Emmis Communications has bought Los Angeles Magazine from The Walt Disney Company (N:DIS), increasing the group's presence in the LA market, announced Chairman/CEO **Jeff Smulyan** last week. The radio/TV/magazine group already owns LA's KPWR-FM.

The magazine, with a monthly circulation of more than 183,000 and monthly readership of 550,000, covers a range of topics, including politics, films, restaurants and nightlife.—TS

Radio advertising news, trends, strategies & stats for stations, networks, syndicators, advertisers and agencies.

Radio AdBiz™

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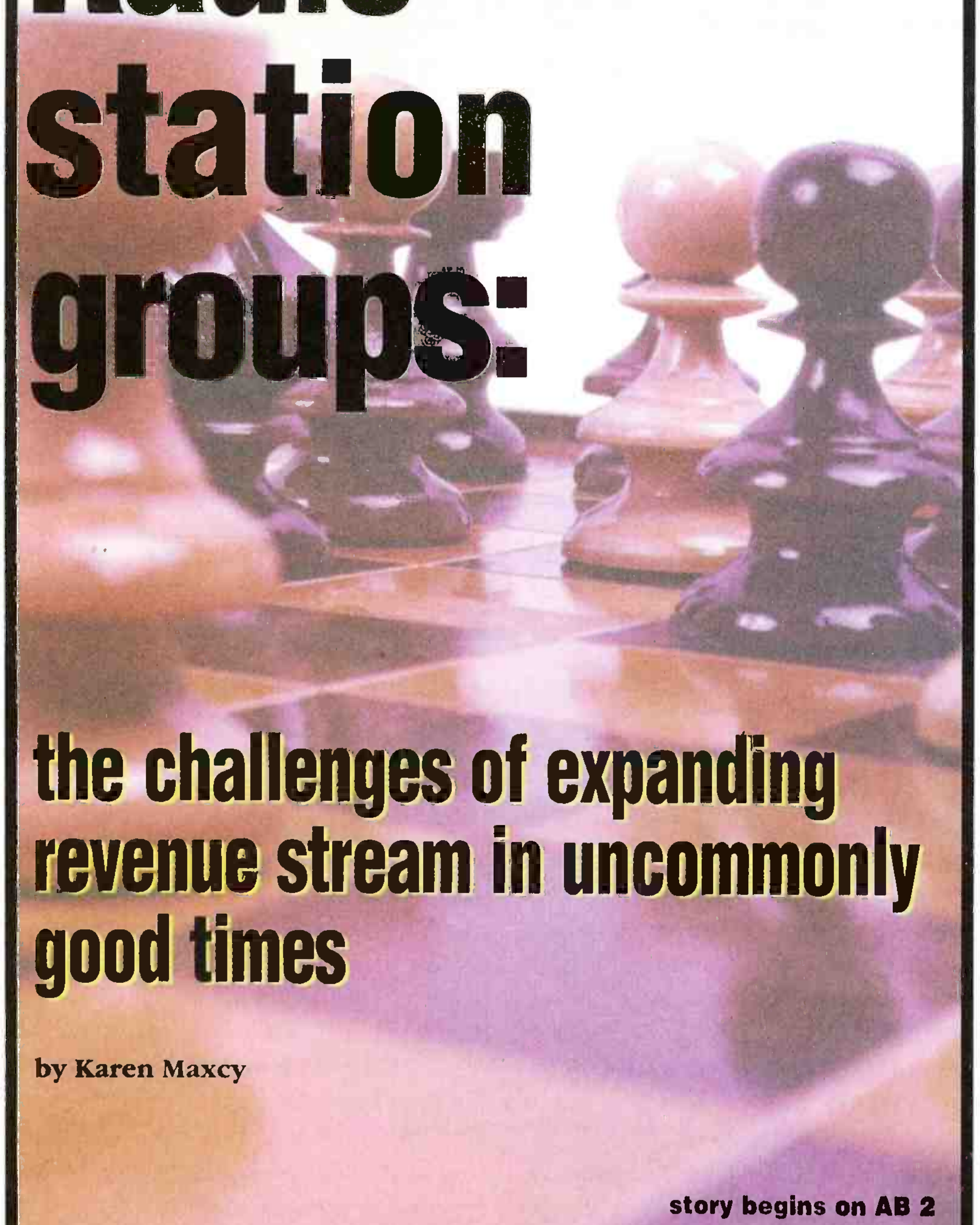
Radio station groups:



the challenges of expanding revenue stream in uncommonly good times

by Karen Maxcy

story begins on AB 2

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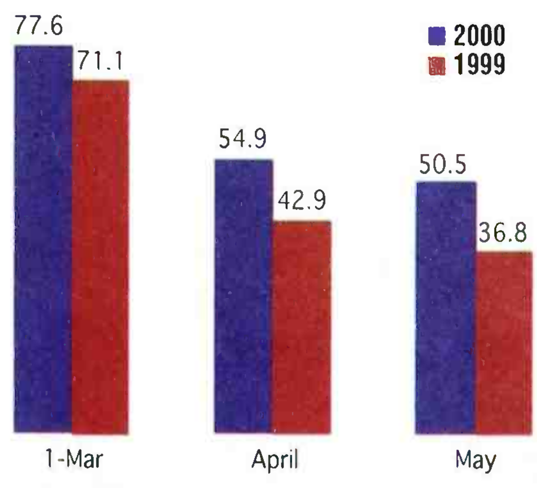

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Would you respect a radio station group more if they raised rates instead of adding inventory load? In a supply and demand business, and the marketplace is certainly frenzied right now, can you really blame them for doing both? **Matt Feinberg**, VP/ Manager National Broadcast, Zenith Media Services, believes that raising rates first is certainly a more respectable and more importantly, a sound choice. "If you increase your commercial inventory, you risk losing your audience. And what are you if not for your audience?" But for a long time user of radio like Feinberg, he has some concerns about paying the higher rates of recent times. He explains, "If you come to me and say 'we've raised our rates 25% over half a year ago, but our audience has not increased 25%.' So I say 'what grounds do you have to raise your rates?'" But if buyers balk at the rates, then the vendors may say, "We'll have to add commercial load."

Jim Boyle, SVP/Director, First Union Securities, says that there is substantial head room in rates still "given the historical cheapness of the typical radio rate." Another advocate of push rates first before adding units, Boyle says that stations who add units dramatically will see adverse results in Arbitron books. How many commercials is too many commercials? No one really knows, according to **J.T. Anderton**, VP, Duncan's American Radio, Inc., but "there is a growing sense that in some places, it may be approaching the limits."

It may appear as if radio is enjoying the boost in revenues due to great demand without an appreciable change in the product. After all, Duncan's research shows that time spent listening (TSL) has declined slightly and continues to decline. However, Anderton says there are a few factors that make radio a better medium and industry than before. He explains, "Despite the slight decline in APRs, an extraordinarily high percentage of the population still finds a lot to like on radio." Over 90% of the population still listens to radio each week and APR decline has been about 1% per year recently.

Additionally, consolidation has made it easier for media buyers to place their buys. Fewer owners in a market means that the buyer deals with fewer sales reps and can buy more stations on one order. Anderton explains, "Nobody is forcing the buyers to buy all the stations. But one point is that they're being presented by one sales person in one sales call. The advertiser has the option of buying or not buying the whole group of stations, instead of having to deal with, for example, four sales reps and four orders taken by four stations."

The executives at radio station groups are acutely aware of all these issues surrounding radio's awesome climb. They'll be the first to say that it is by no means an overnight surprise success. With times this prosperous, how do these groups balance product integrity and improvement with revenue growth demands? *AdBiz* posed this question and more to the executives and below are the highlights from **Geoff Armstrong**, CFO, AMFM Inc.; **Glen Larkin**, CFO, Bonneville International Corp.; **Lew Dickey**, Vice Chairman, Cumulus Media; **Doyle Rose**, President/Radio Division, Emmis Broadcasting; **David Field**, President/COO, Entercom; and **David Kennedy**, President/COO, Susquehanna Radio Corp.

What kind of strategy do you employ to increase your group's revenue? Do you raise rates, increase spot load or do a combination of both?

Armstrong: Radio is shifting from a commodity buy. The misconception that we are selling an advertiser the same spot for 15% more is ridiculous. We are providing more services, more promotional opportunities and better production. Spot rate for same listener is growing 7-8% while our revenue grew 14%. For the first time, radio groups including AMFM could attack the network pool of inventory which we couldn't before. A large part of our growth was there. Then the second component was Chancellor Marketing Group which has achieved a substantial amount of non-traditional, non-spot promotional revenue. So you use your promotional vehicles in your local markets to brand and distribute products and help clients meet their marketing needs. And those are your drivers of growth.

Larkin: There's been a combination of both—probably two-thirds of it is as a result of rate increase. But tied really closely to that is hiring more qualified people to push the sales and management process. Obviously we need better people to sell higher rates. But part of our revenue growth has also been industry driven—heavy demand coming not just from dot-coms but all different aspects of the dot-com businesses. Automotive has been a very powerful and stimulating group too. We've had a lot of advertising coming from the auto industry.

Our strategy has always been, across a lot of our stations, to manage inventory so carefully that we can have excess inventory available for those final willing to pay clients who walk in the door two weeks ahead of air time and say, "I really do want to buy a big schedule."

I attribute two-thirds of the increase in revenue to rates. A majority of the third is a

continued on AB 4

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Percentage increase - Radar 60 vs. Radar 63 Sum of Premiere's average audience

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Source: RADAR 60/RADAR 63, Volume 2, Audiences to All Commercials, Sum of Average Audience for Individual Premiere Programs Qualifications Available Upon Request

continued from AB 2

function of being able to press inventory. I wouldn't believe it necessarily represents a higher level of sellout. What I understand is it's better management. But there has been some slight uptick (in units) of some of the new stations we acquired in '97 and '98. I've had some dramatic improvement in their programming and ratings, and as a result, we've been able to push some improvement in sellout levels.

Dickey: We engage in a combination of both. In our mature stations where the inventory utilization is high, we rely on pricing power to increase our yield. In our developing stations, utilization is much lower so the challenge is to introduce more accounts to the station. In other words, we can increase revenue by selling more of our available inventory.

Rose: We are in the price raising mode. We don't add any inventory anymore. We increased some inventory at the beginning of last year. And we held it all the way through the year. We believe that demand is so strong that now is not the time to add spots.

Field: Depends on the stations and the markets. There are differences between morning drive and the rest of the day. Our AM stations are going to run different spot loads than our FM stations. But we have maintained highly conservative spot loads across the country. We don't "overmilk" the stations so to speak. Having said that, we have achieved dramatic increases by increasing rates, and to a lesser extent, better utilizing our existing fixed inventory capacity. Historically, radio has sold at a far lower CPM than TV, print and other media. And what consolidation has enabled us to do is to begin to narrow that gap. Interestingly, as TV viewership has declined, and as newspaper subscribership has declined, we are actually still more efficient than those media despite the fact that we are raising our rates.

Kennedy: Our sales strategy is to stress quality and lower commercial inventory. It works for us and it's still working. I'm well aware that companies have in essence issued ultimatums/dictates. I have never done that. But having said that, what I'll say is that unit loads may increase over time, just as they have long before this was an issue. But our managers know that such a strategy is unacceptable to us as an answer to meeting revenue demand. Talk to us about off-air or non-spot revenue generators—events, database initiatives and print—those kinds of things. Don't come to us and suggest that the way to meet demand is by

David Field, President/COO, Entercom

saying, "I have to add two units."

We as a company believe in the value of our product and the need to maximize our unit rates. It's in my mind a bit incongruous to be a strong supporter of the RAB (Radio Advertising Bureau), the organization that promotes the value of radio advertising on the one hand, and then meet your revenue goals by adding units on the other hand. And we are a strong supporter of the RAB. Where we have been able to establish the value appropriately with our clients, we have been successful in increasing our unit rates.

For all I know my competitors that have been adding three, four or five units an hour may be finding that they are getting away with it and finding some success in it. It's a simple strategy that we've chosen not to take. Our time horizon may be somewhat longer than others and we don't have any desire to jeopardize our product.

In the larger markets, especially the hi-tech ones, how do you balance the hot demand with limited inventory?

Armstrong: In the 4th quarter in San Francisco, we could have gone all commercial and sold everything at whatever we asked for. We researched heavily and consistently. If we ever sense that there is a fatigue issue, we will pull back the units. I think we've been very successful at maintaining and increasing listenership for our clusters.

continued on AB 13

Larkin: Same formula as in the other markets. I think as you increase rates, and with better management of inventory, you do have some customers that drop by the wayside. You free up those kinds of avails for other customers. That's all part of the process.

Dickey: Our markets (51-275) have not yet been the beneficiary of dot-com spending. If the froth created by the dot-com spending goes away, we will not be affected. Our business is built on local retail and by taking share away from the newspaper and local TV. I'm not knocking the easy dot-com money, but our revenue base and growth rates are real and sustainable. If and when the dot-com money makes its way into the mid-sized markets, it will be a nice surprise, rather than a built-in component of our revenue budgets.

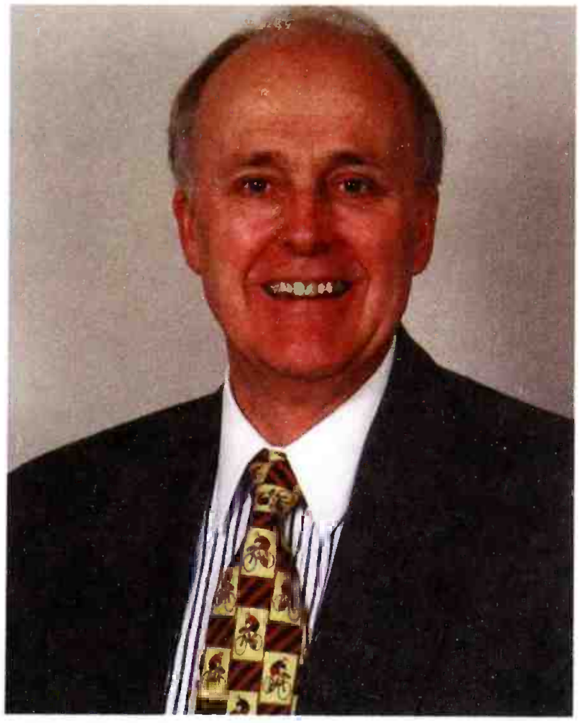
Rose: It is the same as the abovementioned strategy. This is the model that we all wished we could have followed the last 20 years. It is the perfect model of more demand and more rate. Two things have happened with the hi-tech business. One, it's an additional new category business which maybe accounts for 7-8% of our business now. What it's done is attract more advertisers from the general brick and mortar businesses. As a result, it's pushed demand and demand has pushed rates up for all categories.

Kennedy: Honestly, it's no different than what I just told you—meaning if you're asking if we've added units to accommodate the demand brought on by the dot-coms, the answer to your question is no, we have not. The demand is there and we feel that it's the wrong time to add units when you have strong demand.

Is your group actively developing NTR outlets to supplement the bottom line?

Armstrong: The Clear Channel acquisition of SFX is the desire to continue to branch out. We've spent millions of dollars setting up significant amounts of satellite offices external from the radio stations to specifically meet marketing demands of our major clients in a non-traditional way—whether it's through product distribution, event marketing or radio station promotions external from the normal advertising buy.

Larkin: We have found that there is so much pressure on the basic spot program that we're spending more time managing the traditional kinds of revenue sources. The first line of attack is to maximize that area. NTR sources have received some increased emphasis but not dramatically over what we did a couple of years ago. However, I have to exclude out of that comment the Internet component of revenues. We have for the last year and a half been looking at the Internet for purposes of bonusing spots and we just recently changed into a pattern of charging for Internet placement. We are now looking at this as a separate profit center. We are on the cusp of starting to track it with its own expenses and revenues.



Glen Larkin, CFO, Bonneville

Dickey: We have been big proponents of NTR since our inception. We don't view it, however, as a static category of business. Rather, as a transition whereby we introduce "non-traditional" advertisers to radio and convert them to "traditional" users of the medium. My biggest fear with NTR is that too many people view it as a panacea for increasing revenue budgets and start thinking and acting tactically as opposed to working a sound strategic plan to sell higher priced spots to more advertisers. We don't want to lose sight of the core fundamentals of our business model as radio broadcasters.

Rose: I think we've been a leader in this. We started our own training company RDS, Radio Development Systems, six to seven years ago, so I think we have been well ahead of the curve on that. We are generating revenue in several different ways. For instance, we are now selling a lot more sponsorships of various features on air that do not require any commercials but rather just product mentions. We are selling a lot more sponsorships to events and concerts. We are selling merchandise—we've sold compilation CDs of our music and cross promoted them with sponsors.

What additional comments do you have regarding this issue?

Armstrong: We always believe radio is undervalued. I can only say that as a part of the measured media pie, we have grown in the last five years as consolidation has taken on and eliminated some of the cannibalization of rates. But on a CPM basis, I think it has grown equal to the media pie. I think we have not grown as much as the other measured media as we should have given our increase in listener base and our increase in delivery versus over-the-air TV and newspaper. And they have been able to pass rate increases with declining viewership and subscribership.

Larkin: Much like any other broadcaster, our major concern is—what does our future hold? Can we count on this kind of demand in radio for the next two to three year time period? Can we reach the next threshold of 9% of the advertising revenue. The industry is at 8%. I think diversification is the key to it. We're going to have to be on the cutting edge of broadcast technology. We're going to have to embrace the radio features of the Internet. We're going to make sure that we take that territory that is rightfully ours. We as traditional broadcasters need to be there to take our fair share.

Lew Dickey, Vice Chairman, Cumulus Media

Dickey: The key to sustainable revenue growth in our medium is to recognize and communicate the compelling advantages of clustered radio. We now have two to three times the reach of the daily newspaper and we can offer it to our advertisers at a much more attractive price. Deregulation has enabled radio to expand its addressable market for advertising dollars. If we are persistent and creative in the way we communicate this to our advertisers, we will succeed in changing behavior and shifting share away from newspaper and into radio. We truly have an exciting opportunity ahead of us to dramatically alter the split of media dollars.

Rose: I think one of the things we've all learned is that there are just so many different ways for us to make money and we are stuck in this paradigm of just selling spots. We clearly are filling that business but we're making a lot more money using the power of our stations to sell a lot of different things. Our company has become a sales driven organization like most radio companies are. It's all about sales. But we have to watch our product. I think now people have stopped adding inventory and more clutter to their stations. The dropping of TSL really has more to do with the choices that people have. More time with CDs, Internet and the cellular phone. It's a natural phenomenon that happens as technology expands. I don't think it's as much we're driving them away as they just have more choices. I think radio stations are better serving their listeners now that they ever have because the competition is keen between much more professional organizations. We're a much better business than we used to be. In the last 20 years, we've been an industry of C students. Now, we've had to become A and B students if we want to compete.

Field: Basically, the story of radio is this—the CPM gap and the fact that we now have the ability to narrow that is because radio is now far more respected on Main Street than it's ever been. We are now able to get a more fair rate. It's not that we are getting high rates. It's that we've been selling so cheap for so long. Considering the value and results we achieve for advertisers, we've sold ourselves incredibly cheap. And now, for the first time, we are beginning to get a more fair rate. But we're still no where near getting a fair rate when you compare us to the CPMs for TV and print. The test is going to be if we maintain the vigilance on getting fair compensation on our inventory or do we get lazy and add units because we don't have the courage to stand up and get what we deserve?

Kennedy: My managers tell me all the time that others in the market are doing this (adding units). The last thing I want to do is to sour our advertisers on our business. Look at what's coming. We've got Internet stations that are siphoning off a little bit of listening as we can see in research. We've got satellite, digital audio radio stations coming in the not too distant future. We've got additional demands on the time of the people that are important to us, to our business. Now is not the time to solve your short term problems by jeopardizing your product.

Media Index

November: Radio dollars up but share down

by Dave Seyler

Radio revenues in the 15 markets which are part of this survey rose from $265.7M in September to $304M in November. However, radio's share of the total media pie dropped from 17.19% to 16.30%,

The ravenous dot.com companies were largely responsible for this. Although they increased their use of radio from $24M to $34.5M, they almost doubled their presence in newpapers, going from $10.2M to $20.1M. And they seem to have suddenly discovered TV. Money spent there tripled and then some, going from $16.9M to $58.1M and ousting radio from the top of the dot.com heap.

Ironically, it was television that helped keep radio on an even keel. It upped its spending in radio from $19.8M to $40.6M

RBR/Miller Kaplan Total Media Index

November 1999 (Expenditures in 000)

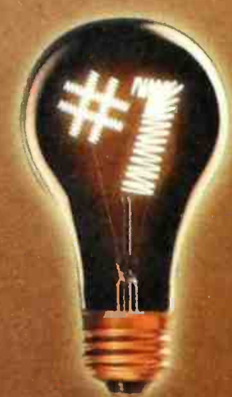
Category	Radio	TV	Newspaper	Total Media	Radio % of Total
Automotive	35,857	201,053	191,725	428,635	8.37%
Restaurants	11,028	55,248	5,210	71,486	15.43%
Department Stores	14,209	41,823	119,193	175,225	8.11%
Foods	9,075	35,419	1,921	46,415	19.55%
Communications/Cellular	18,034	35,916	64,477	118,427	15.23%
Furniture	7,427	24,242	34,333	66,002	11.25%
Financial Services	15,239	22,629	45,899	83,767	18.19%
Movies/Theater/Concerts	8,028	21,892	28,135	58,055	13.83%
Grocery Stores	8,548	16,476	18,210	43,234	19.77%
Appliances & Elctronics	5,316	24,224	44,655	74,195	7.16%
Hotel/Resorts/Tours	3,089	10,175	34,527	47,791	6.46%
Drug Stores/Products	4,982	20,941	11,390	37,313	13.35%
Computers/Office Equipment	7,971	8,599	23,545	40,115	19.87%
Specialty Retail	19,204	45,395	47,429	112,028	17.14%
Health Care	10,589	21,362	17,258	49,209	21.52%
Auto Parts/Service	6,532	19,220	13,739	39,491	16.54%
Music Stores/CDs/Videos	5,025	10,503	4,673	20,201	24.88%
Transportation	3,608	4,331	11,443	19,382	18.62%
Entertainment-Other/Lottery	8,156	8,899	5,092	22,147	36.83%
Home Improvement	3,135	9,597	9,701	22,433	13.97%
Professional Services	8,785	13,952	12,042	34,779	25.26%
Beverages	11,348	13,460	3,868	28,676	39.57%
Television	40,568	10,854	13,604	65,026	62.39%
Personal Fitness&Weight Ctrs.	697	3,075	1,220	4,992	13.96%
Publications	3,117	5,638	34,909	43,664	7.14%
Internet/E-Commerce	34,477	58,102	20,108	112,687	30.60%
TOTAL	**304,044**	**743,025**	**818,306**	**1,865,375**	**16.30%**

*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.

A Bright Idea For Advertising: AMFM Radio Networks!

Exclusive Reach

AMFM's strong FM affiliate base delivers many stations unaffiliated with any other network – over 38% exclusive audience.



Top Stations

AMFM's affiliates include major market metro stations that generally lead their market in ratings and formats.

Top Demo Targets

AMFM's advertising networks are #1 in many key demographic groups including females and young adults — providing minimum out-of-demo waste.

New York	Chicago	Los Angeles	San Francisco	Detroit	Atlanta	Dallas
917-206-8900	312-202-8850	323-966-5087	415-281-2420	248-614-7064	404-365-3054	972-239-6220

The Radio Network For The New Millennium

A Division of AMFM, Inc.

Broadcast Investments™

March 8—RBR Stock Index 2000

Company	Mkt:Symbol	3/1/00 Close	3/8/00 Close	Net Chg	Pct Chg	3/8/00 Vol
Ackerley	N:AK	13.313	13.813	0.500	3.76%	71600
Alliance Bcg.	O:RADO	0.375	0.375	0.000	0.00%	0
Am. Comm. Ent.	O:ACEN	2.000	2.000	0.000	0.00%	13200
Am. Tower	N:AMT	48.688	54.625	5.937	12.19%	2176400
AMFM Inc.	N:AFM	63.250	55.500	-7.750	-12.25%	1573500
Beasley	O:BBGI	12.063	12.500	0.437	3.62%	110900
Belo Corp.	N:BLC	13.188	12.813	-0.375	-2.84%	209500
Big City Radio	A:YFM	7.250	7.625	0.375	5.17%	26500
CBS Corp.	N:CBS	60.250	57.125	-3.125	-5.19%	1399100
Ceridian	N:CEN	20.375	19.250	-1.125	-5.52%	378400
Cir.Rsch.Labs	O:CRLI	3.500	3.500	0.000	0.00%	0
Citadel	O:CITC	36.125	37.625	1.500	4.15%	147600
Clear Channel	N:CCU	68.875	60.500	-8.375	-12.16%	4251600
Cox Radio	N:CXR	79.000	69.188	-9.812	-12.42%	23400
Crown Castle	O:TWRS	33.375	39.875	6.500	19.48%	2358300
Cumulus	O:CMLS	32.875	34.063	1.188	3.61%	111200
DG Systems	O:DGIT	7.625	7.625	0.000	0.00%	213200
Disney	N:DIS	34.688	35.063	0.375	1.08%	5598300
Emmis	O:EMMS	35.375	30.375	-5.000	-14.13%	1883500
Entercom	N:ETM	41.500	44.438	2.938	7.08%	177800
First Entertain.	O:FTET	1.010	1.094	0.084	8.32%	49000
Fisher	O:FSCI	55.500	51.500	-4.000	-7.21%	1600
FTM Media	O:FTMM	11.250	10.125	-1.125	-10.00%	13200
Gaylord	N:GET	27.250	26.625	-0.625	-2.29%	17000
Gentner	O:GTNR	21.750	21.438	-0.312	-1.43%	89000
Global Media	O:GLMC	7.531	7.219	-0.312	-4.14%	122300
Harman Intl.	N:HAR	61.438	58.813	-2.625	-4.27%	46100
Harris Corp.	N:HRS	30.938	33.375	2.437	7.88%	350500
Hearst-Argyle	N:HTV	21.438	21.188	-0.250	-1.17%	18300
Hispanic Bcg.	O:HBCCA	94.250	99.875	5.625	5.97%	151300
Infinity	N:INF	34.500	32.563	-1.937	-5.61%	1636500
Interep	O:IREP	10.375	10.000	-0.375	-3.61%	6800
Jeff-Pilot	N:JP	53.125	52.000	-1.125	-2.12%	222900
Launch Media	O:LAUN	18.000	19.313	1.313	7.29%	98900
NBG Radio Nets	O:NSBD	1.938	2.000	0.062	3.20%	3300
New York Times	N:NYT	43.000	41.563	-1.437	-3.34%	614100
Pinnacle Hldgs.	O:BIGT	61.375	69.125	7.750	12.63%	676700
PopMail.com	O:POPM	4.656	5.563	0.907	19.48%	1983500
Radio One	O:ROIA	68.875	57.000	-11.875	-17.24%	444000
Radio Unica	O:UNCA	12.813	10.500	-2.313	-18.05%	117300
RealNetworks	O:RNWK	69.750	70.500	0.750	1.08%	1687000
Regent	O:RGCI	11.000	11.438	0.438	3.98%	239600
Saga Commun.	A:SGA	21.938	17.750	-4.188	-19.09%	11100
Salem Comm.	O:SALM	15.500	13.813	-1.687	-10.88%	235500
Sirius Sat. Radio	O:SIRI	64.875	59.813	-5.062	-7.80%	405300
Spanish Bcg.	O:SBSA	19.000	18.375	-0.625	-3.29%	611100
SpectraSite	O:SITE	24.750	26.125	1.375	5.56%	724900
SportsLine USA	O:SPLN	43.438	50.375	6.937	15.97%	287100
TM Century	O:TMCI	0.938	0.781	-0.157	-16.74%	200
Triangle	O:GAAY	0.055	0.060	0.005	9.09%	1156700
Tribune	N:TRB	38.000	38.750	0.750	1.97%	987700
WarpRadio.com	O:WRPR	4.875	4.000	-0.875	-17.95%	0
Westwood One	N:WON	66.125	64.188	-1.937	-2.93%	128900
WinStar Comm.	O:WCII	77.813	52.938	-24.875	-31.97%	1590400
XM Satellite	O:XMSR	45.000	45.938	0.938	2.08%	392400

Record revenues for DG Systems

DG Systems, Inc. (O:DGIT), announced revenue gains for the fiscal year and Q4. For the full year, DG's consolidated revenues rose 18% from \$41.3M to \$48.7M. EBITDA for 1999 made it to positive territory—it was \$1.8M compared to negative \$204K in 1998. The company also improved its net loss and reduced it by 71%. Net loss, for the full year, was \$8.8M compared to \$30.2M a year ago.

For the fourth quarter, consolidated revenues was \$12.9M compared to \$12.3M in Q4 1998. EBITDA was up 44% to \$1.1M from \$749K. This represents the fifth consecutive quarter of positive EBITDA.—KM

American Tower Corporation posts revenue gain

Strong fourth quarter results and full year results were reported by American Tower Corporation (N:AMT)—for the three months ended 12/31/99, revenue was up from \$32.1M to \$89M. EBITDA for the same period registered an increase from \$10.9M to \$28.3M. For the full year, American Tower's revenue increased from \$103.5M to \$258.1M. EBITDA (exclusive of tower separation expense totaling \$12.8M) was up from \$36.7M to \$91.5M.

Commenting on the company's results, **Steve Dodge**, Chairman/CEO, said, "Leasing activity is robust, as we increased annualized revenues on our existing tower base by more than 20% in the 4th quarter. We believe this activity represents only a beginning in the ramp up that is occurring in tower demand."—KM

Preferred Stock

Sirius Satellite Radio (O:SIRI) announced that it will redeem all outstanding shares of its Series C Convertible Preferred Stock by 4/12/2000. All outstanding warrants to purchase these stocks will also be redeemed. Each stock will be redeemed for \$100 (plus accrued and unpaid dividends) and each outstanding warrant to purchase a Series C Preferred Stock will be redeemed for \$35.34. The right to convert Series C Preferred Stock to the company's common stock (at approximately 5.56 common shares per preferred share) will expire at 5 p.m. EST, 4/11/00.—KM

The Radio Index™

Radio Business Report — Voice of the Radio Broadcasting Industry
The Wall Street Journal Radio Network

The Radio Index continues its drop since mid February, although not as sharp this past week. The Index lost 11.21 for the week to close 3/8 at 172.00.

MEDIA MARKETS & MONEY™

by Dave Seyler

Clear Channel/AMFM spin-off derby under way

Making room for its acquisition of AMFM, Clear Channel and a host of other radio companies have put ink to paper and begun the process of spinning off stations which fail to fit into the ownership guidelines of both the 1996 Telecom Act and the DOJ. In all, 88 stations in 32 markets have been designated to a specific owner in two rounds of announcements. So far, 17 companies are pulling in from one to 18 stations.

The eighteen-station buyer is Infinity, which will add stations to existing properties in Cleveland and Cincinnati, while gaining entry into Denver, Greensboro, Orlando, Phoenix and San Diego.

Other first wave buyers included Cox, Cumulus, El Dorado, Entravision, HBC, Salem, Chase Radio Partners, Nassau, URBan Radio Broadcasting, Blue Chip, Mega Communications and Pecan Partners. Added in the second wave were Barnstable, Inner City, Rodriguez and Saga. As expected, many of these companies are minority owned, including Chase, which is a group newly formed with these acquisitions. A complete listing of purchased stations and final ownership totals for each buyer by market is provided on page 7.

It would appear that the DOJ left some fingerprints on the dealing process. Several stations which were not on the original divestiture list (*RBR* 10/18/99, p. 13) were sold, including WPOC-FM Baltimore (which may have run afoul of AMFM's big superduopoly in nearby Washington) and KGGI-FM Riverside (likewise, near a major superduop in a nearby market, in this case Los Angeles). A seemingly innocent AM-FM combo in Reading, PA was broken up and an FM in Waco also fell into this category.

Radio One was expected to be a big buyer, but announcements as to what it is getting were on hold due to the minority-owned group's recent activity on Wall Street (they have just submitted an offering of 5M shares of Class A Common Stock at $70/share). It has been rumored for weeks that it will be getting the crown jewel of the spin-off package, KKBT-FM Los Angeles.

We expect at least another 20-25 stations to be sold, give or take. Stay tuned.

Digging a burrow in Jonesboro

Bill Pollack is yanking $2.5M out of his wallet for a ready-made superduopoly in the brand-spanking-new Jonesboro AR market. The stations are KOCY-FM Hoxie, KJBR-FM Marked Tree, KKEY-FM Harrisburg and KNEA-AM Jonesboro. This will expand Pollack Broadcasting, which also has holdings around Memphis as well as in Missouri and California.

The seller is Studio Four Radio LLP, owned by **David** & **Mindy Worlow** and **Johnny Shields**, who will pocket a nice profit. They cobbled this superduop together last year before the market received its Arbitron sanctioning in three deals for a total of $1.16M by our count. Broker: **Bill Cate**, Sunbelt Media Inc.

Gibson gets a couple of Nags

Elizabeth City-Nags Head NC will be entering the ranks of the Arbitron-rated this Spring, and **Wayne Gibson**'s OBX Broadcasting LLC will be waiting with a pair of FMs. WNHW-FM Nags Head and WYND-FM Hatteras are coming from Coastal Broadcasting for $1.3M. Gibson has already put $100K in escrow, and will deliver $900K cash at closing along with a note for the remaining $300K.

For those who may be wondering where in NC this is, Elizabeth City is just inland and Nags Head is just down the shore from the site of the Wright Brothers' first flight in Kitty

Clear Channel/AMFM spin-offs

Market	Owner	Buying	Will AM	have FM
Allentown	Nassau	WEEX/WODE-FM	1	1
Austin	HBC	KEYI-FM	0	1
Austin	Pecan	KFON	1	0
Baltimore	Chase	WPOC-FM	0	1
Biloxi	Chase	WKNN-FM/WMJY-FM	0	2
Cedar Rapids	Cumulus	KDAT-FM/KHAK-FM/KRNA-FM	0	3
Cincinnati	Blue Chip	WUBE	1	1
Cincinnati	Infinity	WUBE-FM	0	4
Cincinnati	Salem	WYGY-FM/WBOB	2	1
Cleveland	Infinity	WDOK-FM/WQAL-FM/WZJM-FM	0	4
Cleveland	Salem	WKNR/WRMR	4	0
Columbia SC	Inner City	WARQ-FM/WMFX-FM/WOIC/WWDM-FM	1	3
Dallas	Salem	KDGE-FM	1	2
Daytona Bch	Mega	WGNE-FM	0	1
Denver	HBC	KXPK-FM	0	1
Denver	Infinity	KDJM-FM/KIMN-FM/KXKL-FM	0	3
Denver	Salem	KALC-FM	3	2
Des Moines	Barnstable	KGGO-FM/KHKI-FM	1	4
Greensboro	Infinity	WMFR/WSJS/WSML	3	0
Harrisburg	Cumulus	WNCE-FM/WNNK-FM/WTCY/WTPA-FM	1	3
Houston	Cox	KKBQ-FM/KKTL-FM/KLDE-FM	0	3
Houston	El Dorado	KJOJ AM-FM/KQYE/KSEV/KTJM	5	3
Jackson MS	Inner City	WJMI-FM/WKXI AF/WOAD/WYJS-FM	2	3
Los Angeles	Entravision	KACD-FM/KBCD-FM	0	3
Los Angeles	Salem	KEZY/KXMX-FM	4	2
Melbourne	Cumulus	WHKR-FM	0	1
Orlando	Infinity	WJHM-FM/WOCL-FM/WOMX-FM	0	3
Pensacola	URBan Radio	WMEZ-FM/WXBM-FM	0	2
Phoenix	HBC	KKFR-FM	0	3
Phoenix	Infinity	KMLE-FM/KOOL-FM/KZON-FM	0	3
Reading	Chase	WRFY-FM	0	1
Richmond	Cox	WKHK-FM/WKLR-FM/WMXB-FM/WTVR	1	3
Riverside	Chase	KGGI-FM	0	1
San Diego	Chase	KSDO	1	0
San Diego	Infinity	KPLN-FM/KYXY-FM	0	2
San Francisco	Chase	KFJO-FM/KCNL-FM	0	2
San Francisco	Rodriguez	KXJO-FM	0	1
San Jose	Chase	KSJO-FM/KUFX-FM	0	2
Shreveport	Cumulus	KMJJ-FM/KRMD AM-FM	1	2
Springfield MA	Saga	WHMP AM-FM	2	2
Waco	Chase	KRBQ-FM	0	1

Hawk (actually Kill Devil Hills). The buyer's name is taken from the local abbreviation for Outer Banks, which is the more common named used for this peaceful resort area. Broker: **Gary Whittle**, The Whittle Agency

Ackerley's Horizon gets a little higher

New group Horizon Broadcasting, owned by, among others, **Bill Ackerley**, will expand its holdings in small-market Oregon with the stations of Grande Radio Inc. KLBM/KUBQ La Grande OR and KBKB/KKBC Baker OR will be coming for an undisclosed price. This will bring Horizon's total Oregon station portfolio up to 10 stations. The group's earlier activity was primarily in the Bend-Redmond-Prineville area. Broker: **Andrew McClure**, **Dean LeGras**, The Exline Company

Debco maintains an even KELE

Barbara E. Jones is entering the ranks of radio ownership via a $220K deal for KELE AM-FM in Mountain Grove MO. By the act of selling, **Lou Wehmer**'s Communications Works Inc. exits those same ranks. Broker: **Ralph E. Meador**, R.E. Meador & Associates

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.

$18,200,000 WRRQ-FM CP Nashville (Goddlettsville TN). Five-part deal resulting in sale of 100% of the stock of Mid-TN Broadcasters LLC to DDBC LLC (Lewis W., David W., John W. & Michael W. Dickey, Richard W. Weening). 12.5% from John Heidelburg, who receives WVOL-AM Berry Hill TN (valued at $500K), $1M cash and two notes totalling $10.75M; 12.5% from Katherine A. Stone, who receives $1M cash; 25% from William E. Benns III, who receives $1.4M cash and $250K note; 25% from Ronald T. Bledsoe, Charles W. Bone and C. Michael Norton, who receive total of $1.4M cash and $250K note; and 25% from Eleanor T. Mead and D. Whit Adamson, who receive total of $1.4M cash and $250K note. **Superduopoly** with WNPL-FM, WQQK-FM. LMA until closing.

$8,000,000 KNRQ-FM, KNRQ-AM, KZEL-FM Eugene-Springfield OR (Cresswell, Springfield, Eugene) from McDonald Media Group Inc. (William W. McDonald) to Cumulus Media Inc. (O:CMLS) (Richard Weening, Lew Dickey Jr.). Cash. Existing **duopoly**.

$7,500,000 WRSC-AM, WBLF-AM, WQWK-FM, WNCL-FM State College PA (State College, Bellefonte, University Park, Port Matilda) and **WQKK-FM, WGLU-FM** Johnstown PA (Ebensburg, Johnstown) from Marathon/Pennsylvania LLC (Bruce Buzil et al) to Dame Broadcasting LLC (J. Albert Dame). $500K escrow, balance in cash at closing. Existing **duopolies** in both markets. LMA since 1/27

$5,000,000 KSAH-AM San Antonio (Universal City TX) from Ganadores Corp. (Miguel A. Villareal Jr.) to Rodriguez Communications LLC (Marcos A. Rodriguez). $500K deposit, total of $4,722,223 cash at closing, $277,777 into holdback escrow account. Broker: Gammon Media Brokers (buyer)

$4,025,000 WVOM-FM, WBYA-FM Bangor ME (Howland, Searsport) from Moon Song Communications Inc. (Jerry Evans) to Communications Capital Managers LLC (Michael H. Oesterle, G. Woodward Stover II et al). Cash. Existing **duopoly**. Broker: George Silverman & Assocs. (seller)

$3,600,000 WBRQ-FM Puerto Rico (Cidra PR) from American National Broadcasting Corp. (Fernando Vigil Jr.) to Arso Radio Corp. (Jesus M., Luis A. & Anthony Soto). Cash. **Superduopoly** with WFID-FM, WPRM-FM, WZAR-FM, WLEY-AM, WNEL-AM, WUNO-AM.

$3,450,000 KQAK-FM Bend OR from JJP Broadcasting Inc. (Juan E. Rodriguez-Diaz) to Horizon Broadcasting Group LLC (William Ackerley, Keith Shipman, Dan Walker et al). $350 escrow, balance in cash at closing. **Superduopoly** with KIJK-FM & KRCO-AM Prineville OR and KWEG-FM Warm Springs OR. LMA since 1/31. Broker: The Exline Company (seller)

$3,000,000 KLNT-AM, KNEX-FM Laredo from Rio Grande Media Inc. (Miguel A. Villareal Jr.) to Rodriguez Communications LLC (Marcos A. Rodriguez). $400K deposit, total of $2,777,777 cash at closing, $222,223 into holdback escrow account. Broker: Gammon Media Brokers (buyer)