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RADIO NEWS

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FCC modifies political advertising rules

Political candidates for US Presidency or Congress should have more flexibility when purchasing advertising spots and greater access to the media, the FCC ruled last week. Previously, under a 1994 Declaratory Ruling, broadcasters were permitted to turn down political advertisements if they did not fall under the standard :30 or :60 spot length.

The FCC, acting on a petition filed by the Media Access Project and the People for the American Way, says this does not mean that broadcasters "will be required to provide five minutes or other non-standard lengths of program time to candidates in every particular instance." Rather, stations must now consider

every request for time by a federal candidate on an individualized basis, weighing these factors: 1.) how much time was previously sold to the candidate; 2.) disruptive impact on the station's regular programming; 3.) the likelihood of equal opportunities requested by opposing candidates; and 4.) the timing of the request.

The Commission says it will leave discretion to each station and will only overturn a decision if "the licensee has acted unreasonably pursuant to the established guidelines."

FCC Chairman **Bill Kennard** praised the ruling as a way for candidates "to better inform voters and get a more complete message out."—TS

LPFM receiver study—it's all in the definition of "inexpensive"

"Our study used a wide range of inexpensive radios." Those were the words that FCC Chairman **Bill Kennard** used in Orlando to gather support for his low-power FM proposal (*RBR* 9/6, p. 3). And it seems as though many officials at the Commission are using the same "inexpensive" phrase: **Susan Fox**, Deputy Chief of Policy for the Mass Media Bureau (*RBR* 7/12, p. 4); **Bruce Franca**, spokesperson for the Office of Engineering and Technology (*RBR* 7/19, p. 2); and now **William Inglis**, the Electronics Engineer who conducted the FCC's LPFM receiver study.

"We have tested inexpensive receivers," Inglis told *RBR*. "None are over \$200. In fact, most are below \$150." He also said his interference

study covered a mix of receivers, both new and old. "The oldest was from the 1980s. We even used some that staff members were ready to throw away."

The FCC's definition of "inexpensive" appears to cover size—home stereos, boomboxes and car radios. While Inglis claims that his staff did test a wide range of receivers, they did not tackle cheaper walkmans, clock radios or smaller, hand-held radios.

"We did not exclude them because we thought they were not important," commented Inglis. "We left them out on purpose because of the difficulty in being sure of what signals are reaching the receivers' tuners. Clock radios are not used as much as car radios, so we felt it was more important to concentrate on those that are used more often."

Fall heating up

Demand is already strong for November, with 61% of inventory sold. "It's not as much of a jump as it appears," notes Miller, Kaplan, Arase & Co.'s **George Nadel Rivin**, since November 1999 is a four-week month, compared to five last year. But the reverse is true for October and this year's five-week month is pacing well ahead of last year's four-week month.—JM

RBR/Miller Kaplan Market sell-out percentage report

	1999	1998
Sept. 1	84.2%	82.0%
Oct.	68.3%	59.9%
Nov.	61.0%	53.5%

In his report, Inglis and fellow engineer **David Means** write that "it may be possible to generate meaningful data on undesired-to-desired signal ratios for Category I receivers (walkmans, etc.) by radiating a composite signal for reception by the device through its integral antenna, but such tests were prohibited by time constraints."

Apparently the NAB did not agree that there was not enough time to perform adequate tests: it did test clock radios and walkmans and filed those results with the FCC on 8/2.—TS

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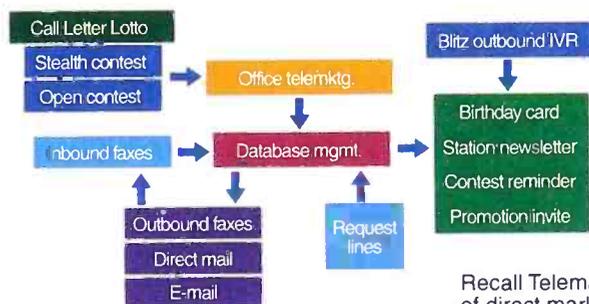
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FCC is ready for 9/28 CP auctions

Of the 338 applications the Commission has received in previous weeks for its first-ever broadcast auctions 9/28, only 202 have been accepted for filing—99 have been deemed incomplete and 37 applicants have been rejected.

In order to become a qualified bidder, all applicants—individuals and groups—must play by the rules: upfront payments and Form 159 (FCC Remittance Advice) must be received by Mellon Bank in Pittsburgh, PA, no later than 6 pm ET today (9/13). The FCC says it will only accept wire transfers that include the bidder's Taxpayer Identification Numbers (TIN).

Applicants who have incomplete forms now have until 5:30 pm ET tomorrow (9/14) to correct the forms via the FCC's electronic filing system. Late resubmissions will not be accepted, and those forms left uncorrected will be rejected, reports the Commission.

The Commission also warns that bidders for the same CP should not use the same individual authorized bidder, as a violation of the anti-collusion rule could occur. Also, if the authorized bidders are different individuals employed by the same organization, a violation could similarly occur, says the FCC. A mock auction is scheduled for next Friday (9/24).—TS

LPFM extension not enough

The FCC has granted a 16-day extension for reply comments (now due 9/17), but the NAB says it still needs more time to complete analyses.

The association claims it "should not be forced to resort to providing an inadequate review and analysis of the studies—or other comments—merely to make a deadline." Nonetheless, if the Commission does not grant a 60-day extension, the NAB says it will try to submit its analyses "in due time to provide a complete record."—TS

NAB appealing court decision

Last month the US Court of Appeals stopped short of calling the FCC's personal attack and political rules unconstitutional, but did demand an explanation as to "why the public would benefit...from rules that raise policy and constitutional doubts" (RBR 8/9, p. 3). Now the NAB, along with the Radio and Television News Directors Association, are asking the three-judge panel to rehear the case and consider an all-out elimination of the outdated rules or impose a deadline on the FCC.

"When NAB filed its first petition in this case, **Jimmy Carter** was still President and Americans were being held captive in Iran," said NAB Pres./CEO **Eddie Fritts**. "The Ayatollah eventually freed the hostages, but broadcasters are still restricted by the same political editorial rules that didn't work in 1980."

The NAB and RTNDA are challenging the validity of these rules (adopted in 1967), saying they interfere with the editorial judgment of journalists by forcing them to give equal airtime to opposing viewpoints.—TS

Richland Towers building Orlando

Tampa-based Richland Towers (RBR 5/24, p. 6) has added Orlando to its portfolio of tall-tower sites. The site, estimated at \$8-10M, will begin construction in October and be completed within a year. The 1,682-ft. (1,749 ft. above mean sea level) candleabra-top tower will be located at the Bithlo tower farm. Included in the the project is a transmitter equipment building that, with the tower, will house up to nine separate analog and digital TV signals, multiple FM, ENG, LPTV and auxiliary TV signals, along with a myriad of wireless and government systems. The project is currently waiting for bids from competing steel fabricators. Richland is pressing ahead with other sites, to be announced soon.—CM

Premiere to buy MJI?

Show prep provider and radio Web site developer MJI Broadcasting may be bought by Premiere Radio Networks, and soon. Premiere President/COO **Kraig Kitchin** tells RBR, "There is definitely some interest there," and "I think MJI Broadcasting is a fine company, and we are in conversations with them—but that's as far as we are."

However, on questioning rumors that the deal has already been done for \$70M, beating out WinStar's \$60M bid: "Unfortunately, it is totally erroneous," added Kitchin.

While MJI CEO **Josh Feigenbaum** was unavailable for comment, WinStar's SportsFan GM **Jay Clark** supported that no deal was yet signed: "I honestly don't know if anything has been signed yet. As far as I know, nothing's been finalized."—CM

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

Radio

AdBiz™

From the Publishers of Radio Business Report Inc., 16 Years
Volume 3, Issue 9 September 1999

Scatter's gain is everybody's gain—especially the networks

by Karen Maxcy



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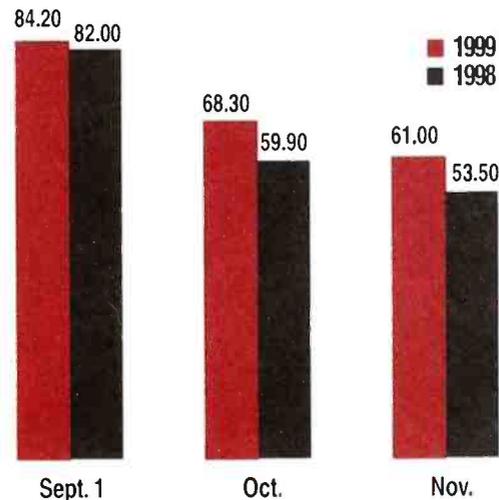
Ad Stats

Counting clutter;
yes it's growing
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RBR/Miller Kaplan Market Sell Out percentage report

Fall heating up

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On all accounts, this year appears to be shaping up to be the best upfront season for the radio networks. Not only has it started earlier this year, but the intensity of the season is unprecedented.

Matt Feinberg, VP/Manager, Radio National Broadcast for Zenith Media Services, says that in previous years there never really was an official start to the upfront season the way TV had. Upfronts occurred whenever an advertiser had a huge budget for 52 weeks. But bigger advertisers such as Sears or JC Penney may have done it in the Fall after they were done with their TV budgets. "I always felt that radio pretended that there was an upfront. But it was never as all-encompassing as TV, until this year," he says.

Not anymore. At AMFM Radio Networks, the strong scatter marketplace prompted a very early call to advertisers in July to jump in the upfronts as soon as possible. President of AMFM, **David Kantor**, tells *AdBiz* that the traditional upfront season was 11/1 through 12/31. But the network anticipated a much stronger demand this year for inventory and wanted old faithfuls to be in on the game before they accepted new advertisers. To date, AMFM has already sold 33% of the inventory available for upfronts. They are planning to sell 50% of inventory this season.

Scatter matters

Kantor explains, "This year in the scatter marketplace, pricing went through the roof. Not only did pricing go through the roof, but secondarily, there is just no inventory. For instance, we're essentially already sold out in October. And it's August now. What that means is that there is an advertiser out there who wants to be on and can't be on till the end of the year. So everyone is planning ahead so they don't get boxed out."

In fact, there are some, like The Media Edge's **Natalie Swed Stone**, VP/Manager Network Radio, who believes that the upfront marketplace is merely hitching on to the success and momentum created in the scatter marketplace. "In my opinion, the upfront marketplace is not any stronger this year than it has been in past years. The story continues to be scatter. The networks have said this is the case. What's going on is that advertisers are placing upfront business sooner because they are aware of the scatter marketplace. This is really a result of what's happening in scatter."

But Swed Stone also believes that the upfront season didn't happen too early this year. In fact, the upfronts have occurred too late in the

past. "It's a correction of where it should be," she states.

Jim Higgins, Senior VP, Sales & Partner, United Stations Radio Networks agrees with Swed Stone that the scatter marketplace has really jumpstarted the upfront season. He exclaims, "Twenty years I've been doing this and I've never seen the network radio marketplace hotter than it is right now. That doesn't look like it's going to let up through the fourth quarter." He predicts that the momentum will continue well into the year 2000. These reasons have prompted people to "get their pencils sharpened, to get their clients to respond, to get them to release specs, to get to brand managers to allocate dollars sooner than they've done before."

Beyond the scatter factor

Even though the scatter marketplace has created a rush for inventory, other factors are causing a very healthy upfront season. MediaAmerica Inc.'s **Michelle Jennings**, VP/GSM, tells *AdBiz* that buying upfront is a way the buying community hedges against anticipated shortages, and hence, higher rates the following year. "By and large, people that bought in the upfront for 1999 were able to procure better schedules and lower cost per point; a significantly lower cost per point in some cases than people who bought in the scatter marketplace."

Swed Stone agrees that buying upfront gives you a better chance of getting quality



David Kantor

continued on AB 4



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inventory. The scatter market may be strong this year, but the networks are not going to be as sure about next year's Q4 as they are with this year's Q4. Swed Stone elaborates, "Then the trick is to buy upfront, buy early. More choices, more people out there, more people willing to make a deal."

The dot-coms' coming of age

"They're just spending like crazy," gushes Feinberg. "The dot-com companies have changed the face of radio because they have so much money to spend." **Mitchell Scholar**, Director of National Radio, Horizon Media Inc., concurs that the dot-coms have a lot to do with putting pressure on inventory. "The thing about the dot-coms is that they're coming in to the marketplace with a lot of capital. And they need to get on as quickly as possible because they want to get their message out to the public. Network radio or radio in general is a very quick way of getting their message out there."

Higgins has also witnessed this phenomenon at United Stations. "You can't see a day go by when there's not four, five or six dot-com companies that are going to agencies for developing creative, planning and executing their marketing and media schedules." He notes that the dot-com companies are aware of the great crossover between radio users and computer users. They are anxious to use radio because it drives traffic to their websites and they can feel the impact immediately.

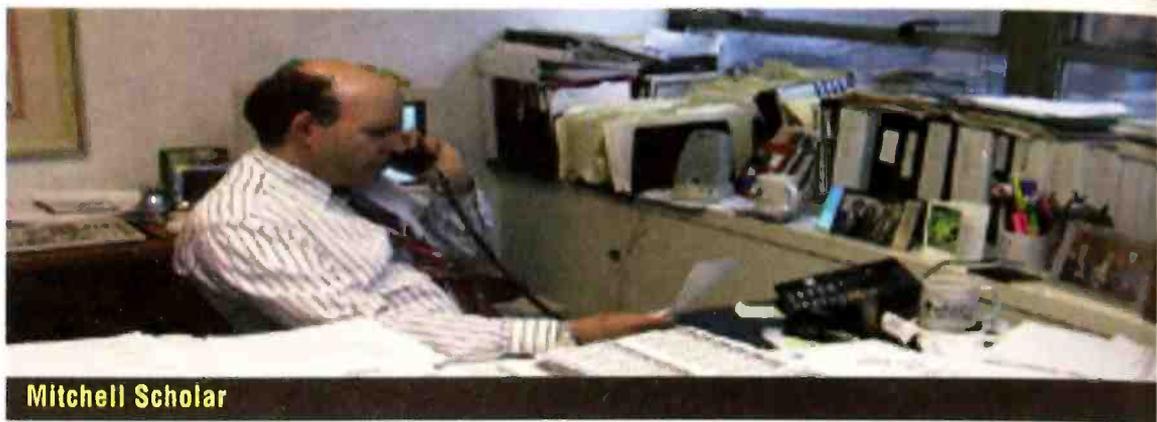
Bullish economy; bullish on radio

"Everybody's buoyed by the stock market," says **Jay Williams**, President, American Urban Radio Networks. "And clients are looking at good times, and therefore, they want to be aggressive in the coming Olympics year. The presidential campaigns that will take place next year also will certainly have an impact on inventory."

Everybody's more willing and able to spend in good times, but the growth and evolution of network radio is also fueling the buying frenzy. **Kraig Kitchin**, President/COO, Premiere Radio Networks, attributes the strong season to the increasing value of the medium. He tells *AdBiz*, "Eight new networks in RADAR in the last 12 months alone, in addition to improvements amongst



Kraig Kitchin



Mitchell Scholar

existing RADAR networks is one reason. Stronger clearances as a result of more company-owned network entities that can rely on good clearances from their sister radio stations under the same corporate umbrella is another." He adds that the people who evaluate the effectiveness of network radio "see better results and return with larger budgets."

In addition, Kitchin says that further fragmentation in other media makes radio appear fairly stable. MediaAmerica's Jennings agrees with his point that network radio "is being recognized as not having the kind of audience erosion that network TV has had."

Who's buying?

Both new and old advertisers are in the upfront scene. AURN's Williams says that there is a broadening of client base this year and are glad to see both "the depth and broad range of clients that have come on board."

At AMFM, increases are seen in all the traditional advertisers such as retail and tune-in advertising. Kantor says, "We've seen a lot of traditional advertisers whose budgets have been relatively flat the last few years are going up as well as several new upfront advertisers coming in. Not only will we see tune-in and retail category sell out—which sold out last year for us, but we expect consumer products and dot-coms to probably sell out for us too."

Scholar also notes that there are traditional advertisers who have come back to radio. "Every few years, a group of advertisers who have gone away from the medium rediscovers it. And it just seems that a whole bunch of major packaged goods advertisers have rediscovered it all at once. Companies such as Procter & Gamble, Nabisco, GE, General Motors, the list goes on and on." Scholar adds that tune-in advertising and insurance have been growth sectors for Horizon Media this year.

Rates—through the roof?

"I am going to say that 2000 is still highly negotiable," declares Swed Stone. Contemporary Scholar adds, "Everything in life is nego-

tiabile." But Scholar does concede that this will be a tougher year to negotiate as a buyer. "It's not a slam dunk. This year the upfronts were tough negotiations but I quickly led my sales people to a win-win situation," he recounts. "I firmly believe that that's the best way to negotiate. Each party should be able to walk away with something."

The networks are in consensus that this year's upfront rates will on average see an increase of between 10 to 15%. But Higgins believes that even though there has never been a stronger rate structure than now, "sellers are getting better value for inventory that's probably been priced too low or undervalued." Even though pricing has been higher in recent years, Higgins says that network radio is still a great buy compared to other media's pricing and cost per point.

Despite the hot pricing right now, Higgins is not releasing any more than 40 to 50% of the inventory available for the upfronts. He expects pricing to be strong next year and wants to reserve some inventory for advertisers who support the medium but who may not be able to buy in an upfront situation.

What's hot?

The 25-54 demo remains strong but there is a shift to the youth market. Kantor says that 18-34 is looking stronger than it has in recent years. MediaAmerica's Jennings also sees a shift away from the 25-54 demo. "We're seeing as baby boomers get older, we're seeing a move away from 25-54 because there are more requests for 18-49." Jennings sees a shift to 35-64 and 18-49 as the bulk of the population moves out of the 25-54 demo.



Natalie Swed Stone

Caller ID: the all-American appliance

Forget the proliferation of Internet use; in this age of the information superhighway, the relatively low-tech caller ID service is king. The latest Pathfinder Study released from Arbitron NewMedia found that caller ID is the fastest growing information appliance in America with its use quadrupled in the past four years.

"Caller ID and other single-purpose, inexpensive information appliances have gained and will continue to gain broad acceptance," says Dr. **Roberta McConochie**, Director of Research at Arbitron NewMedia. She adds, "These simple, 'always on,' instant gratification appliances offer a model to developers, service providers, marketers and manufacturers—especially in the PC/Web industry—for creating more compelling, consumer-friendly products that entice people to the more complex information devices."

In 1995, consumer penetration was 9% of persons age 16-74. In 1999, the percentage for the same group is 40%. The study also indicates that caller ID usage occurs across all income levels. 40% of households with

annual incomes of \$75K or more have caller ID. Households with annual incomes of \$25K or less have a similar level of penetration—39%.—KM

Breakdown of Media Appliance/Services by Household Income

	% of all persons 16-74	% of persons 16-74 in households < \$25,000	% of persons 16-74 in households > \$75,000
Caller ID	40	39	40
Cell Phones	49	24	77
Home PCs	54	26	83
Internet Use	39	18	64
Pagers	33	21	45

Source: Arbitron NewMedia Pathfinder Study 1999

Radio grows, but at the expense of commercial clutter

Major markets in the US are falling prey to increasing radio advertising clutter as radio continues to strengthen. Empower MediaMarketing, using Nielsen Monitor-Plus' measurement of 16 markets, showed that the commercial units increased 13% compared to the same period last year. A commercial unit is a paid advertisement 30 seconds or longer.

Julie Pahutski, Senior Vice President of Empower MediaMarketing's Knowledge, Information and Invention Group says that this trend shows that stations are adding more commercial units to deal with

strong demand for inventory. "Radio has benefited from the strong economy and the infusion of dot-com advertising dollars. In addition, consolidation in the radio industry has led to increases in rates in some particularly hot markets, meaning that advertisers, in many cases, are now paying more for a more cluttered environment," she elaborates. Pahutski says that the shrinking impact as a result of increased clutter is becoming an increasingly greater consideration among planners and buyers of radio.—KM

Radio Advertising Clutter Index

Q2 1997 - Q1 1999

Market	Q1 (99 vs 98)	Q2 (98 vs 97)	Q3 (98 vs 97)	Q4 (98 vs 97)	AVG INDEX
Atlanta	116	121	120	112	117
Boston	132	119	122	121	123
Chicago	116	104	103	100	105
Cincinnati	101	103	102	96	100
Dallas-Fort Worth	101	115	102	99	104
Detroit	118	117	123	108	117
Houston	92	106	102	102	101
Indianapolis*	96	102	101	99	100
Los Angeles**	99	103	102	104	102
Miami-Ft. Lauderdale	138	131	134	128	133
Nashville	106	98	103	100	102
New York**	101	105	106	103	104
Philadelphia	142	123	261	36	132
San Antonio	99	97	93	98	
SF-Oak.-San Jose	205	174	231	210	204
Washington, DC	134	134	141	145	38
Overall	107	117	105	114	113

*Monitored 6a-12a **Monitored 6a-11p All Others monitored 6a-7p

Source: Nielsen Monitor Plus

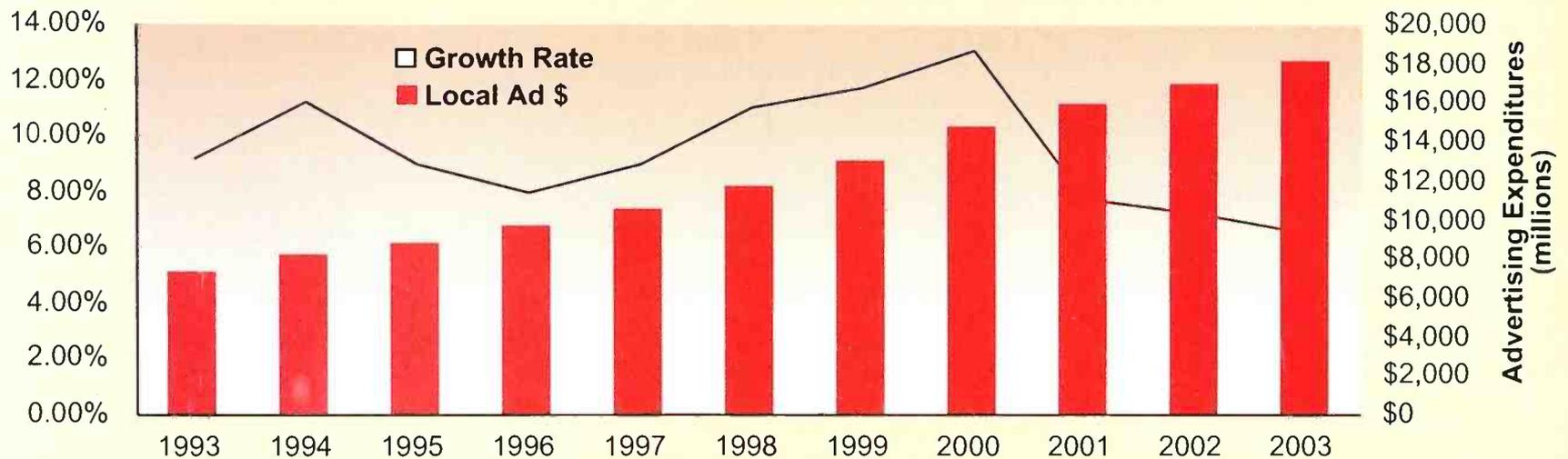
What about the next millennium?

Next year is expected to be a big year for advertising in all media. Forecasters may differ on just how big 2000 will be, but everyone agrees that the election/millennium year will be one for the ad revenue record books.

What then? How do you follow up on a growth rate that may come only once every thousand years?

Veronis, Suhler & Associates is forecasting a 13.1% gain in local radio ad sales next year. As the chart (below) shows, VS&A expects that growth rate to drop to 7.8% in 2001. The good news, though, is that local ad sales are expected to grow by more than \$1B in 2001, continuing the steady march toward \$18B+ in 2003. That will result in an impressive annual compound growth rate of 9.3% for the five-year period from 1999-2003.—JM

**Growth of Local Radio Advertising Expenditures
1993-2003**



Ad News

Networks join forces to sell medium to advertisers

The five RADAR-networks—AMFM Radio Networks, ABC Radio Networks, American Urban Radio Networks, Premiere Radio Networks and Westwood One—know exactly how effective their medium is. But to ensure that everyone, especially the advertisers, know the five have come together to sponsor a day at the Association of National Advertisers' Annual Conference in Amelia Island, FL 10/11.

According to **David Kantor**, President, AMFM, the network had been in constant conversation with the ANA when the idea to present the day came up. Then AMFM decided that the case for network radio would be better made collectively as a group. So Premiere was next approached and they immediately agreed. And then the other networks also joined in.

Andy Cooper, Communications Director, ANA tells *AdBiz* that the organization has been reaching out to media companies to help plan their general sessions for the past few years. "What's interesting about radio as a medium is that you have a 100 year old medium that is re-emerging in some exciting ways. As more media fragmentation occurs in the marketplace, radio really has a strong brand building story to tell in terms of its ability to reach very targeted audiences," Cooper says. He adds that radio also has the added advantage of being able to drive consumers to websites effectively. Cooper concludes, "Here you have a 100 year old medium that in many respects is very much in tune with some of the most compelling trends that are affecting marketers today. So for all those reasons, we concurred that a general session focused on radio as a brand building tool would be very important to our members."

Kantor thinks that now is the right time to inform or remind advertisers of how much network radio has evolved. "The industry has gone through so much in the past few years in terms of different owners and new networks, the quality of the products you are getting and

higher standards in the networks. So it was really a good time to take that story out to the advertisers."

Elaborating, Kantor explains that network radio currently enjoys unprecedented reach. He adds, "Network radio really covers most radio stations in the US including the highly rated ones which weren't really from network radio a few years ago. And now, the fact that the top four networks are also the four largest station owners really makes it a much stronger medium."

The other network presidents share his enthusiasm and sentiments. Premiere's **Kraig Kitchin** considers this alliance to be a first. "Never before have four companies worked so well (AURN joined later) to put the best face possible on our industry to potential advertisers. ABC, AMFM, Westwood One and Premiere have put aside any competitive practices, agreed on a set of 10 principles of doing business and built a compelling story on how to sell products and services using our medium."

AURN's President **Jay Williams** agrees. Williams rejoined AURN in June and within a few days was called on by AMFM's **Marty Raab** to join the group. Williams says, "I was delighted and it harkens back to the days when we had a radio network association where we did go out collectively to sell the medium to national advertisers. And we would go to a group of presidents, to various agencies and advertisers to sell the values of network radio to them."

Kantor is hopeful that the group's presentation will open the eyes of the national advertisers and convince them that radio is "a revived, new medium." He believes that there is still more room for growth in network radio and is excited that the group is taking the first step in that direction.

Williams is also hopeful that the group will have more opportunities to work together to increase the popularity of network radio. "I think the larger story of network radio needs to be continually expressed and shared with every advertiser and I would look forward to participating in any effort in the selling of network radio, the medium to advertisers."

The group will present the value of network radio for brand building to 257 member companies of the ANA representing more than 5,300 advertising entities.—KM

AdBiz News Briefs

MediaAmerica moving programming to Jones Radio Network

On 8/30, all of MediaAmerica's daypart, long-form and short-form programming moved under the Jones Radio Network umbrella. "This is a natural next step in the growth of our companies. Consolidating our programming under JRN allows MediaAmerica to focus on its original mission: radio network and syndication advertising sales," said MediaAmerica/JRN CEO **Ron Hartenbaum**.—CM

KLOS-FM faces anti-discrimination suit

Disney/ABC's (N:DIS) Active Rock KLOS-FM LA has been slapped with an anti-discrimination and harassment lawsuit and racial discrimination and sexual harassment complaint from two African American women (8/6) employed at the station. The 8/98 "Black Hoe" on-air promotion/gag on the syndicated "Mark and Brian Show" is the cause of the suit, forcing the women to participate in the event—packing and shipping the racially offensive and demeaning plastic hoe gag gifts to advertisers and listeners nationwide from the KLOS flagship.—CM

Interop posts gains

Q2 revenues increased 6.3% to \$25.5M for Interop National Radio Sales (public bonds) and the report is even better if you exclude the rep company's revenues from contract terminations—commission revenues rose 9.6M to \$24.2M. Cash flow (EBITDA) declined 3.3% to \$6.9M, but excluding the termination cash operating cash flow gained 7.3% to \$5.6M.

CEO **Ralph Guild** applauded the gains for the radio rep's ongoing business and expressed confidence in the future: "Our strong position in the radio business provides us with an excellent foundation for our expansion into the Internet."—JM

NBG sets sights on Nasdaq

NBG President **John Holmes** tells *RBR* he is in the process of moving his company over to Nasdaq: "Our investor relations side has kicked in an aggressive awareness campaign with brokers, investors and newspapers. We need to get our stock up to \$4 and get our Nasdaq application in. We realize we have to do that before we begin acquisitions within the industry and great expansion internally."

NBG's other three Nasdaq requirements have already been met: Net tangible assets, shareholders and cash in the bank requirements.—CM

Media Index

Steady As She Goes; Radio Holds 19% of May Ad Bucks

By Jack Messmer

In virtually a repeat of its performance of May 1998, radio claimed 19.01% of local ad spending in May 1999, off a fraction of a point from the previous year. The most noticeable changes were a decline in radio's share of TV promotional spending—69.1%, down from 84%—and radio's dominance of a category which didn't even exist a year ago—a 45.51% share of Internet/E-Commerce ad spending. Look for dot-com business to be an increasingly important segment of this monthly tally.

RBR/Miller Kaplan Total Media Index

May 1999 (Expenditures in 000)

Category	Newspaper	TV	Radio	Total Media	Radio % of Total
Automotive	42,385	163,870	214,009	420,264	10.09%
Restaurants	14,136	45,548	3,870	63,554	22.24%
Department Stores	11,543	19,891	85,928	117,362	9.84%
Foods	10,637	33,539	3,038	47,214	22.53%
Communications/Cellular	18,262	27,826	40,319	86,407	21.13%
Furniture	8,485	16,625	33,250	58,360	14.54%
Financial Services	16,407	18,662	40,741	75,810	21.64%
Movies/Theater/Concerts	6,646	11,965	20,105	38,716	17.17%
Grocery Stores	10,003	12,516	17,449	39,968	25.03%
Appliances & Electronics	3,485	11,492	35,112	50,089	6.96%
Hotel/Resorts/Tours	4,811	13,661	37,148	55,620	8.65%
Drug Stores/Products	5,802	14,457	10,216	30,475	19.04%
Computers/Office Equipment	3,169	5,138	21,210	29,517	10.74%
Specialty Retail	16,793	19,954	30,002	66,749	25.16%
Health Care	8,746	14,842	11,989	35,577	24.58%
Auto Parts/Service	5,457	10,738	7,208	23,403	23.32%
Music Stores/CDs/Videos	4,262	6,171	3,365	13,798	30.89%
Transportation	5,428	5,942	14,634	26,004	20.87%
Entertainment-Other/Lottery	7,752	6,271	4,191	18,214	42.56%
Home Improvement	5,668	14,883	12,404	32,955	17.20%
Professional Services	8,878	9,723	11,137	29,738	29.85%
Beverages	17,632	19,924	2,510	40,066	44.01%
Television	37,669	5,521	11,322	54,512	69.10%
Personal Fitness&Weight Ctrs.	1,133	3,922	1,238	6,293	18.00%
Publications	3,764	3,567	31,538	38,869	9.68%
Internet/E-Commerce	10,503	7,703	4,872	23,078	45.51%
TOTAL	289,456	524,351	708,805	1,522,612	19.01%

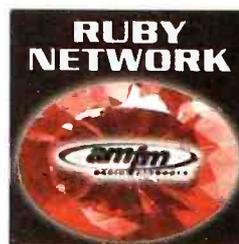
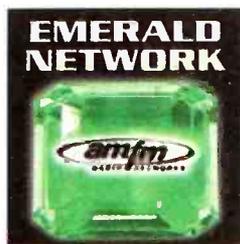
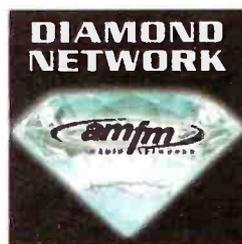
*Based on Media Market X-Ray composite data for 15 markets (Atlanta, Charlotte, Cleveland, Dallas, Houston, Minneapolis-St. Paul, New York, Philadelphia, Pittsburgh, Portland, OR, Providence, Sacramento, San Diego, San Francisco, Seattle). Newspaper and television data compiled by Competitive Media Reporting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



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BROADCAST INVESTMENTS™

Septmeber 8—RBR Stock Index 1999

Company	Mkt:Symbol	9/1/99 Close	9/8/99 Close	Net Chg	Pct Chg	9/8/99 Vol	Company	Mkt:Symbol	9/1/99 Close	9/8/99 Close	Net Chg	Pct Chg	9/8/99 Vol
Ackerley	N:AK	15.375	15.313	-0.062	-0.40%	30800	Hearst-Argyle	N:HTV	25.063	26.500	1.437	5.73%	216700
Alliance Bcg.	O:RADO	0.406	0.531	0.125	30.79%	46500	Hispanic Bcg.	O:HBCCA	74.750	85.250	10.500	14.05%	265700
Am. Tower	N:AMT	23.438	23.375	-0.063	-0.27%	207700	Infinity	N:INF	26.688	28.563	1.875	7.03%	1412300
AMFM Inc.	N:AFM	49.188	52.375	3.187	6.48%	870200	Jeff-Pilot	N:JP	67.063	67.813	0.750	1.12%	204900
AMSC	O:SKYC	18.625	18.625	0.000	0.00%	156200	Metro Networks	O:MTNT	56.750	69.625	12.875	22.69%	123400
Belo Corp.	N:BLC	18.875	19.688	0.813	4.31%	243200	NBG Radio Nets	O:NSBD	3.000	2.688	-0.312	-10.40%	18600
Big City Radio	A:YFM	3.875	4.250	0.375	9.68%	300	New York Times	N:NYT	38.938	39.250	0.312	0.80%	456400
CBS Corp.	N:CBS	47.625	50.188	2.563	5.38%	5412200	Otter Tail Power	O:OTTR	40.875	41.625	0.750	1.83%	10600
CD Radio	O:CDRD	32.688	34.688	2.000	6.12%	210600	Pacific R&E	A:PXE	2.250	2.313	0.063	2.80%	0
Ceridian	N:CEN	27.000	26.000	-1.000	-3.70%	696300	Pinnacle Hldgs.	O:BIGT	25.250	26.063	0.813	3.22%	410300
Citadel	O:CITC	36.469	39.125	2.656	7.28%	618800	Radio One	O:ROIA	41.688	41.875	0.187	0.45%	10900
Clear Channel	N:CCU	68.938	75.000	6.062	8.79%	1648800	RealNetworks	O:RNWK	77.375	83.750	6.375	8.24%	451600
Cox Radio	N:CXR	53.000	55.313	2.313	4.36%	6800	Regent Pfd.	O:RGCIIP	7.000	7.375	0.375	5.36%	200
Crown Castle	O:TWRS	15.500	19.125	3.625	23.39%	698100	Saga Commun.	A:SGA	22.875	22.938	0.063	0.28%	4300
Cumulus	O:CMLS	27.750	28.938	1.188	4.28%	58100	Salem Comm.	O:SALM	28.375	28.000	-0.375	-1.32%	43900
DG Systems	O:DGIT	4.250	3.500	-0.750	-17.65%	184200	Sinclair	O:SBGI	16.063	18.563	2.500	15.56%	1934700
Disney	N:DIS	28.063	29.063	1.000	3.56%	6162400	SportsLine USA	O:SPLN	23.375	26.000	2.625	11.23%	372900
Emmis	O:EMMS	57.375	59.250	1.875	3.27%	100600	TM Century	O:TMCI	0.875	0.750	-0.125	-14.29%	0
Entercom	N:ETM	37.313	37.938	0.625	1.68%	18800	Triangle	O:GAAY	0.175	0.135	-0.040	-22.86%	1883200
Fisher	O:FSCI	60.000	59.875	-0.125	-0.21%	0	Tribune	N:TRB	95.250	97.938	2.688	2.82%	229300
FTM Media	O:TFTMM	8.625	8.375	-0.250	-2.90%	0	WesTower	A:WTW	24.250	24.813	0.563	2.32%	0
Gaylord	N:GET	30.688	30.563	-0.125	-0.41%	5300	Westwood One	N:WON	38.250	47.063	8.813	23.04%	373800
Harris Corp.	N:HRS	26.625	26.375	-0.250	-0.94%	248800	WinStar Comm.	O:WCII	50.938	56.625	5.687	11.16%	1744400

Notice

All of the calculations in last week's *RBR* Stock Index (*RBR* 9/6, p. 14) were incorrect. The chart above is correct.

WinStar revenues more than double

Wiring businesses for high-speed Internet and telephone services is a hot business, so it's not too surprising that WinStar Communications (O:WCII) booked a 72% increase in Q2 revenues to \$97M. For its information services sector, which includes WinStar's radio programming and ad sales units, revenues were relatively flat—\$12.6M, compared to \$12.5M.

Harris dips, reorganizes

Strong demand for radio and digital TV products helped spark a 10% gain in fiscal Q4 for Harris Corporation's (N:HRS) commercial communications division. Overall, though, sales were down and income from continuing operations

fell by nearly half to \$3.1M. CEO **Phillip Farmer** said the first half of the fiscal year which began 7/3 will continue to trail year-ago levels, but that the benefits of the company's recent reorganization should be felt after that.

Monster is hungry

FTM Media (O:FTMM) had zero in the revenue column for its fiscal Q1 which ended 6/30, but \$1.27M in expenses. Not to worry. CEO **Ron Conquest** said the company was just getting started after the former Redwood Broadcasting changed owners, its basic business and pretty much everything else. FTM—"Feed the Monster"—is out to create a network of 175 radio Internet sites in the top 25 markets. It's biggest (and to date only) client is also a major shareholder, Infinity Broadcasting (N:INF). FTM has now launched Web sites for two Infinity stations, KROQ-FM Los Angeles and KITS-FM San Francisco.

Radio Deal News

Lucky in Laughlin?

Bruce Buzil's Mag Mile Media is buying H&R Broadcasting's KLUK-FM Laughlin, NV for \$9.5M. Is a Las Vegas move-in in the offing? Mag Mile is the company Buzil and associates use to buy properties with potential to be upgraded and flipped, as opposed to Marathon's buy and hold philosophy. Broker: Norman Fischer Associates

Signal upgrade in KC

Union Broadcasting is getting a significant signal upgrade for its Sports Talk format in Kansas City, paying Kanza Inc. \$8M for 50kw WHB-AM on 810 kHz. Union has not yet announced what it will do with its current signal, KCTE-AM, a 10kw daytimer at 1510 kHz.

Gross goes bi-coastal

Chalk up a West Coast outpost for **John Gross'** Gross Communications, which currently owns a single FM in Orlando, FL. Gross is paying \$3.05M for **Sande Stewart's** KXUX-AM, KXIX-FM & KSJJ-FM Bend-Redmond, OR. Broker: **Andrew McClure**, The Exline Co.

by Jack Messmer

Viacom back into radio as Mel's empire expands (again)

Now we know why Mel Karmazin was too busy to come to the NAB Radio Show in Orlando. He was busy putting together a deal to merge CBS (N:CBS) with Viacom (N:VIA).

Under terms of the deal announced 9/7, Viacom will acquire CBS for \$34.45B in Viacom's non-voting Class B stock (N:VIA.B). Viacom's **Sumner Redstone** will be Chairman and CEO of the combined company—which will be called Viacom Inc.—and Karmazin will become President and COO.

The merger was hailed on Wall Street as synergistic genius and both companies saw their stock prices rise, along with CBS-related Infinity (N:INF) and Westwood One (N:WON). Excitement over the largest media merger ever also helped other media stocks, including most radio groups.

In addition to bringing Viacom back

to radio, three years after selling off all of its stations, the deal is the first major TV group merger under the FCC's new TV duopoly rule (RBR 8/9, p. 3). The merger will create TV duopolies in Philadelphia, Boston, Dallas, Detroit, Miami and Pittsburgh. Some other markets will have to be divested to get the combined TV group under the 35% national audience coverage cap. According to BIA Research, CBS and Viacom combined have a total of 40.48% (after deducting the 50% allowance for UHF's in several markets). That means that Viacom/CBS will have to swap or sell at least five stations to get into compliance (see chart, page 7).

Redstone and Karmazin will have plenty of options for swapping, rather than selling, stations in the TV markets they need to exit. Look first to

possibilities for Viacom to swap with its 50% partner in UPN, Chris-Craft (N:CCN), to give it a UPN O&O in markets where CBS already has an O&O TV. Beyond that, there are some obvious swap possibilities with TV group owners such as Belo (N:BLC) and Tribune (N:TRB) which would result in both Viacom/CBS and the other group having TV duopolies.

Infinity's radio group will be little affected by the merger. The only radio divestitures required will be one station in Chicago and two in Dallas, due to the new TV-radio crossownership limits.

Although the 1996 Telcom Act extended the Dual Network rule to bar ABC, CBS, NBC and Fox from acquiring UPN or WB, Viacom/CBS is expected to seek a waiver based on UPN's precarious status. Such a divestiture would be illogical in view of the recent TV duopoly change and could prove to be the final nail in the coffin for struggling UPN—leaving FCC Chairman **Bill Kennard** with the blame for killing a fledgling competitor in the network TV marketplace.

RBR observation: The synergy in this merger is terrific, but there's one part of this deal that we really hate—the non-voting Viacom stock being foisted upon CBS shareholders, leaving Sumner Redstone with dictatorial control. That means that if the two titans ever have a falling out, the unpredictable Redstone can fire Mel Karmazin without regard for the repercussions such a move would have on Wall Street. CBS shareholders should insist that the deal be reworked to give them Viacom's Class A voting stock. Otherwise, they should receive a premium for relinquishing all control.

Douglass debuts own group

Another minority-owned radio group is launching, with Clark Broadcasting President **Michael Douglass** buying out three of his employer's stations to create Douglass Communications LLC. Douglass will pay \$744.5K for WINF-AM, WKDW-AM & WSVO-FM Staunton-Waynesboro, VA.

Orange Broadcasting Corporation

has closed on its purchase of the assets of radio station

KMSL-AM

Ontario, California

from

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Viacom-CBS market overlaps by market

Viacom TV O&O	CBS-TV O&O	CBS/Infinity radio O&Os # AM/# FM	Spinoffs likely	
<i>New York, Nielsen #1, Arbitron #1</i>	—	WCBS/Ch. 2	3 AM/3 FM	none
<i>Los Angeles, Nielsen #2, Arbitron #2</i>	—	KCBS/Ch. 2	3 AM/5 FM	none
<i>Chicago, Nielsen #3, Arbitron #3</i>	—	WBBM/Ch. 2	3 AM/5 FM	one radio
<i>Philadelphia, Nielsen #4, Arbitron #5</i>	WPSG/Ch. 57	KYW/Ch. 3	3 AM/2 FM	none
<i>San Francisco, Nielsen #5, Arbitron #4</i>	—	KPIX/Ch. 5	3 AM/4 FM	none
<i>Boston, Nielsen #6, Arbitron #8</i>	WSBK/Ch. 38	WBZ/Ch. 4	1 AM/4 FM	none
<i>Dallas, Nielsen #7, Arbitron #7</i>	KTXA/Ch. 21	KTVT/Ch. 4	3 AM*/5 FM	two radio
<i>Washington, DC, Nielsen #8, Arbitron #9</i>	WDCA/Ch. 20	—	1 AM/4 FM	one TV possible
<i>Detroit, Nielsen #9, Arbitron #6</i>	WKBD/Ch. 50	WWJ/Ch. 62	2 AM/4 FM	none
<i>Atlanta, Nielsen #10, Arbitron #12</i>	WUPA/Ch. 69	—	1 AM/2 FM	one TV possible
<i>Houston, Nielsen #11, Arbitron #10</i>	KTXH/Ch. 20	—	2 AM/2 FM	one TV possible
<i>Seattle, Nielsen #12, Arbitron #14</i>	KSTW/Ch. 11	—	1 AM/4 FM	one TV possible
<i>Tampa, Nielsen #14, Arbitron #22</i>	WTOG/Ch. 44	—	1 AM/5 FM	one TV possible
<i>Minneapolis, Nielsen #15, Arbitron #18</i>	—	WCCO/Ch. 4 2 satellites	2 AM/2 FM	none
<i>Miami, Nielsen #16, Arbitron #11</i>	WBFS/Ch. 33	WFOR/Ch. 4	—	none
<i>Denver, Nielsen #18, Arbitron #23</i>	—	KCNC/Ch. 4	—	one TV possible
<i>Pittsburgh, Nielsen #19, Arbitron #21</i>	WNPA/Ch. 19	KDKA/Ch. 2	1 AM/3 FM	none
<i>Sacramento, Nielsen #20, Arbitron #28</i>	KMAX/Ch. 31	—	2 AM/5 FM	one TV possible
<i>Baltimore, Nielsen #24, Arbitron #20</i>	—	WJZ/Ch. 13	3 AM/4 FM	one TV possible
<i>Indianapolis, Nielsen #25, Arbitron #38</i>	WNDY/Ch. 23	—	—	one TV possible
<i>Columbus, OH, #34, Arbitron #34</i>	WWHO/Ch. 53	—	3 FM	one TV possible
<i>Salt Lake City, Nielsen #35, Arbitron #35</i>	—	KUTV/Ch. 2 1 satellite	—	one TV possible
<i>Norfolk, VA, Nielsen #40, Arbitron #36</i>	WGNT/Ch. 27	—	—	one TV possible
<i>New Orleans, Nielsen #41, Arbitron #41</i>	WUPL/Ch. 54	—	—	one TV possible
<i>West Palm Beach, Nielsen #44, Arbitron #51</i>	WTVX/Ch. 34	—	2 FM	one TV possible
<i>Oklahoma City, Nielsen #45, Arbitron #54</i>	KAUT/Ch. 43	—	—	one TV possible
<i>Austin, TX, Nielsen #60, Arbitron #49</i>	—	KEYE/Ch. 42	1 AM/3 FM	one TV possible
<i>Green Bay, WI, Nielsen #69, Arbitron #182</i>	—	WFRV/Ch. 5 1 satellite	—	one TV possible

* CBS also has an expanded band AM CP in the Dallas market
Source: BIA Research, RBR Source Guide database

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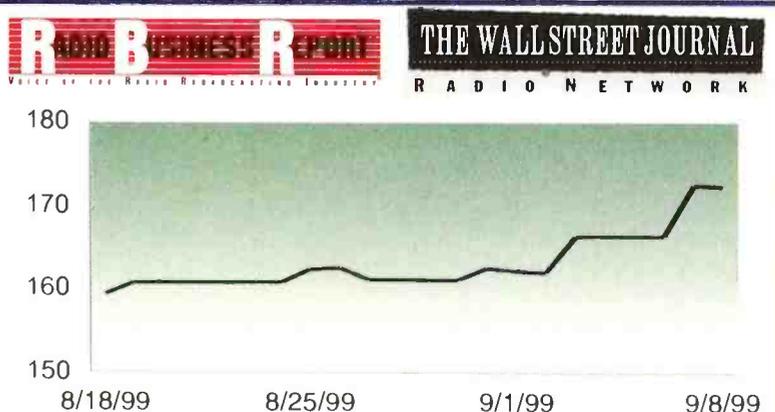


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*Subject to F.C.C. approval.

The Radio Index™

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TRANSACTION DIGEST™

by Jack Messmer & Dave Seyler

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

\$55,000,000 KZRR-FM, KPEK-FM, KTEG-FM, KSYU-FM & KLSK-FM

Albuquerque (Albuquerque-Corrales-Santa FE NM) from various subsidiaries of Trumper Communications II LP (Jeff Trumper) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$2.775M escrow, balance in cash at closing. Existing **superduopoly**.

\$15,000,000 WROL-AM Boston, WRIB-AM Providence, WACE-AM

Springfield MA (Chicopee MA), **WLOB-AM** Portland ME and **WLLB-AM & WLOB-FM** Augusta ME (Rumford ME) from Carter Broadcasting Corp. (Kenneth Carter) to CRN of Boston LLC, a subsidiary of Catholic Radio Network LLC (John Lynch, Frank DeFrancesco, Guadalupe Associates Inc., Franciscan University of Steubenville, Thomas Monaghan & others). \$1M letter of credit as escrow, \$11M in cash at closing, additional \$3M (plus interest) due 1/31/2000.

\$2,075,000 KAST-AM & FM Astoria

OR from Youngs Bay Broadcasting (Earle Baker, Darrell Rutter, James Servino, Bruce Workman, Lynn Thorsen) to New Northwest Broadcasters II Inc. (Michael O'Shea, Ivan Braiker, Key Equity Capital, North-

west Capital Appreciation, First Media Ventures). \$90K escrow, balance in cash at closing. **Superduopoly** with KVAS-AM Astoria OR, KSWB-AM & KULU-FM Seaside OR and KKEE-FM Long Beach OR. Note: This proposed combination would exceed local market limits, so New Northwest will amend its pending purchase of the Seaside combo to drop KSWB-AM. This Astoria transaction also includes a CP for expanded band AM on 1700 kHz.

\$1,750,000 WKKJ-FM Chillicothe OH,

90% equity transfer of Secret Communications II LLC from Lane Media Partnership (45% before) and Booth American Company (45% before) to Frank Wood (100% thereafter). \$1.75M cash for LLC interests and releases from debt liability.

\$220,000 WYIS-AM & WYSC-FM

McRae GA from IMJ Broadcasting Inc. (Ed Jenson) to Cinecom Broadcasting Systems Inc. (Steve Sellers, Rebecca Carter). \$220K cash.

\$188,000 WCSS-AM Amsterdam NY

from Weber Communications of Amsterdam Inc. (Kevin Cox, VP) to IZ Communications Corp. (Samuel Zurlo, Joseph Isabel, Ernest Scialabba, Harold Ewen, Florence Kiuber & others). \$10K escrow, balance in cash at closing. Broker: Kozacko Media Services

\$150,000 KRJT-AM Bowie TX

from Billy J. Etter to Robert Garcia-Buckalew. \$7.5K downpayment, additional \$67.5K in cash at closing, \$75K note. Broker: Media Services Group

\$145,000 WLLN-AM Lillington NC

from Christian Purities Fellowship Inc. (O. Talmadge Spence) to Estuardo Valdemar Rodriguez. \$14.5K escrow, balance in cash at closing.

\$130,000 WMCH-AM Johnson City

Kingsport TN (Church Hill TN) from Wallace Broadcasting Inc. (Bettye Russell) to Trent Broadcasting LLC (Dean Trent). \$45K escrow, \$33.9K debt assumption, \$51.1K note.

\$80,000 KNHD-AM Camden AR

from New Horizon Ventures Inc. (Joe Willis, Jeff & Stacey Lott) to Dominion Media Corp. (Duane Miller, T. Burt Perrault, Robert Driver, John Swain, Tracy Lawrence, D.L. Poe, Robert Lee). \$25K escrow, balance in cash at closing. LMA since 7/1.

THE EXLINE COMPANY

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