FCC takes the standards out of political advertising

In the past, broadcasters could require that the political ads they ran were either standard 30 or 60 long. Not any more—see summary of the new rules in this issue.

Spot pacing still racing ahead of last year

FCC defines inexpensive in LPFM interference study

Make sure you’ve seeded the Mellon patch for 9/28 CP auction

LPFM comment extension not long enough for NAB

NAB/RTNDA petition for an end to personal attack rules

Supertower coming to Orlando

Is MJI about to become a Premiere property?

Net execs explain what’s all the clatter about scatter

Caller ID gains popularity; Radio gains clutter

2000 ad spending looking good; Radio nets in national JSA

Radio hangs onto 19% of the media pie

WinStar goes down to the wire with doubled earnings

Harris hopes to benefit from internal reorganization

Despite having a piece of the ‘ROO, Monster is hungry

Mag Mile is laughin’ in Laughlin about possible Vegas move-in

50 kw KC buy improves state of the Union

Gross will Bend and stretch to go bi-coastal

Viacom buys CBS-Infinity for $34.45B

Once again, Mel Karmazin will have a new boss. On the other hand, once again a new boss recognizes the value of Karmazin. This is more a TV than radio deal.

New owner: Douglass is startin’ in Staunton

Spin cycle: What may shake loose from Viacom/CBS
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.”

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
Now to et

hi harrail

TV is getting wildly expensive. Billboards are a reminder medium. Direct mail gets thrown away.

More and more radio stations across America are realizing that the most cost-effective way to get significant ratings increases is through **telemarketing**.

And now you can get your telemarketing from an expert: Recall Telemarketing. We're radio's first pure **specialist** in telemarketing.

We make our calls from radio's largest and most technologically advanced telephone center. We make sure that your station stays top-of-mind with **multiple exposures** of your message. And we use the latest techniques in database marketing to maximize the effectiveness of your program.

If you're thinking about commissioning a Fall '99 telemarketing project, call Joe Heslet, Brent Lightfoot, Hans Bengard, or Kurt Hanson, toll-free, at 1-877-4-NEW-TSL.

We're not a direct-mail house that does some telemarketing work on the side. We're the specialist you'll want on your side -- because we'll get you results!

Recall Telemarketing utilizes the full range of direct marketing techniques, but our specialty is the toughest and most important portion of the project: the telemarketing portion.

**Recall Telemarketing**

Radio's first and only **specialist** in telemarketing

1-877-4-NEW-TSL
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

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

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) candela-top tower will be located at the Bithlo tower farm. Included in 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

9/13/99 RBR
Scatter's gain is everybody's gain—especially the networks

by Karen Maxcy

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RBR/Miller Kaplan Market
Sell Out percentage report

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
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 onto 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
Who are we as Americans?
Where are we going as a country?
What should we as citizens care about?

Hosted by former Speaker of the House
Newt Gingrich, The Age of Possibilities
is a daily 90-second commentary about
the people who make America succeed
and how they, as citizens, are changing
the world around them.

From his travels across the country,
Newt believes technology and
education are transforming society.
And the knowledge, ideas, solutions
and opportunities are empowering
individuals to continue to make
this country great.

Draw listeners and sponsors to an
exciting daily feature that will introduce
them to the people that make
America strong.

Consider the possibilities.

PREMIERE
RADIO NETWORKS

For more information contact your Premiere Radio Networks representative at 212-445-3919
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 where 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 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 rediscover 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 negotiable." 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.
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

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<th>% of all persons 16-74</th>
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*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

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*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

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
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

Interrep posts gains

Q2 revenues increased 6.3% to $25.5M for Interrep 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

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.
AMFM's New Advertising Jewels: Ruby and Sapphire Networks

Debuting September 27

Our new Ruby and Sapphire Networks are cut, polished and ready for your advertising. Each of our networks offers the top stations, top markets and key demo targets that you've come to expect from AMFM Radio Networks.

Diamond Network
917-206-8900

Chicago
312-202-8850

Los Angeles
323-852-3002

San Francisco
415-281-2420

Detroit
248-614-7064

Atlanta
404-365-3054

Dallas
972-239-6220
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

Bruce Buzil's Mag Mile Media is buying H&R Broadcasting's KLK-FM Laughlin, NV for $9.5M. Is a Las Vegas move 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 recently owns a single FM in Orlando, FL. Gross is paying $3.05M for Sande Stewart's KKUX-AM, KXIX-FM & KJSU-FM Bend-Redmond, OR. Broker: Andrew McClure, The Exline Co.
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 stations 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 WNF-AM, WKDW-AM & WSVO-FM Staunton-Waynesboro, VA.
The Radio Index™

The Viacom-CBS merger helped push The Radio Index to a record close of 172.34 on 9/7. The index gained 10.16 from a week earlier to close 9/8 at 172.23.

9/13/99 RBR

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

SOLD!

KIOK(FM), KEGX(FM), KALE(AM) and KTCR(AM)
Tri-Cities, Washington from Triathlon Broadcasting Company to New Northwest Broadcasters II, Inc. for $4,000,000.

Elliot B. Evers represented the Seller.

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Viacom-CBS market overlaps by market

<table>
<thead>
<tr>
<th>Viacom TV O&amp;O</th>
<th>CBS-TV O&amp;O</th>
<th>CBS/Infinity radio O&amp;Os # AM/# FM</th>
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<td>Green Bay, WI, Nielsen #69, Arbitron #182</td>
<td>WFRV/Ch. 5</td>
<td>—</td>
<td>one TV possible</td>
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</tbody>
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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 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. Existing superduopoly.

$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 Israel, 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 Purity 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.