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- Debt & Equity Placement
- Fair Market & Asset Appraisals

(410) 740-0250 www.patcomm.com
Radio set to break 8% mark

The radio industry is on track to claim 8% of total US ad spending this year, Emmis Communications (O:EMMS) CEO Jeff Smulyan told last week's PaineWebber Media Conference in New York. "That is a landmark development," said Smulyan, who is also chairman of the RAB board, noting that it will be the highest ad share for radio since TV became a significant force in the 1950s.

Most investors at the PaineWebber confab were anxious to hear about bidding on the spin-offs from the pending merger of AMFM (N:AFM) into Clear Channel (N:CCU), but neither Smulyan or other radio executives were able to offer much insight. Smulyan did clarify that Emmis did not team up with (or even communicate with) BET on bidding, although both now have financial backing from Liberty Media (N:LMG).

Radio's Q4 comes in with a bang

In October the radio industry extended its streak of revenue-gaining months to 86 in a big way, picking up 17% more business than in October 1998. Local business was up 14%, and national surged 27%. Local business gains were across the board for the five regions, all of which were between 13-16% in the black. On the national side, the Southeast and Midwest gained 17% and 18% respectively, which would normally be great. But this time the two regions should hang their heads in shame—the other three regions were up 30% or better! The excellent October results bring YTD revenue gains to 14%—DS

In his own presentation, Liberty Media CEO Bob Bennett said "there seemed to be virtually no downside" to the Emmis investment (RBR 11/1, p. 12), calling Emmis' broadcasting operations a high-growth and free cash flow business.

Afterward, RBR asked Bennett if the Clear Channel-AMFM sale was BET's last chance to launch a radio group. "This is the easiest chance," he replied, but added that he wouldn't rule out other opportunities for the cable network operator to expand into radio even if it isn't a winning bidder.

With Clear Channel as a 28% owner (albeit non-voting stock), there have been rumors that Hispanic Broadcasting Corp. (O:HBCCA) had an inside track to some of the choicest spinoffs—rumors that HBC CFO Jeffrey Hinson found laughable. "We have been abused like everyone else in this process," he told the New York gathering.

With his audience salivating at the prospect of hearing details of the spinoff process, Clear Channel CFO Randall Mays gave them nada, zilch, the big zero—even complaining that "it's somewhat distressing to me" that some participants who are under confidentiality agreements have been talking about the bidding at all. Mays said the merger with AMFM will take some time to clear regulatory review. For now, the company's view is unchanged that the transaction should close in the second half of 2000 and that the spin-offs should bring around 18 times their cash flow of $250M.

Even with the pool of potential acquisitions now limited, particularly in US radio, Mays insisted that Clear Channel can continue to grow after-tax cash flow by 20% or more annually from internal growth for as far out as anyone can project.

One development which may help ensure such growth is a new software package now being tested by Clear Channel. While virtually all stations now have yield-management software to maximize spot pricing, Clear Channel's new software will take the concept a level higher, optimizing yields nationally across all 830 stations.—JM (more on RBR.com)
Three tower workers die in Greensboro-Winston Salem

Daniel Foster Zortman (40), Ronald Dean Brooks (16) and Charles Shively (19) of Quality Power Painting, Red Oak, VA all plunged 1,000 feet to their deaths while painting AMFM's WFMX-FM tower in Statesville, NC 12/3. The three were being hoisted on a rope in harnesses by a winch up the side of a 1,500-foot tower. As the rope pulled them upward, one of the three or a temporary platform got hung up at the 1,000 ft. point and created slack in the rope at the winch. Reportedly the rope jumped off the winch at the base of the tower and they fell. Zortman's wife, Wanda, tried to grab the rope to break their fall, but was unsuccessful, badly injuring her hands. Officials said she watched in horror as her husband, son and Shively fell.

The incident is currently under investigation and is taking up much of AMFM regional Engineering Chief Ben Brinitzer's time. When asked who built the tower [probably Kline or Stainless] and other details he could only tell us, "The only thing I am at liberty to tell you is it is owned by AMFM Inc. and is used by WFMX."

RBR observation: This has been a bad year for deaths related to broadcast towers—about 12 so far. Sources say you don't use a rope to haul three men up and down on tall towers—they should have climbed it. The source adds that AMFM should have no liability here because the stations do not tell crews how to rig. "16-year olds don't belong up there—there are way too many inexperienced crews working today."—CM

Radio Intercast and Scott Studios targeting Internet users

Not content to just audio stream a station's program on the station's website, Radio Intercast and Scott Studios have come up with a system that inserts Internet-only ads for the audio stream in lieu of the broadcast ads, and also inserts demographically specific ads on radio station websites. Radio Intercast's ad insertion software, ADd-ins™, allows the insertion of Internet-only ads and Scott Studios' broadcast computers allow stations to program, schedule and input advertising over the Internet.—KM

Coen upbeat on radio

McCann-Erickson guru Bob Coen predicts that radio will continue to outgrow most other media in 2000. The forecaster told the PaineWebber Media Conference in New York (12/6) that national radio (network and spot) should gain 8% next year. Local radio should do even better, rising 9%.

"The Internet/new media is lifting all boats," Coen said of the explosion of dot-com advertising. "It's helping all advertising."

With dot-com and millennium advertising adding fuel to what would have traditionally been a strong year for advertising, with a presidential election and the Summer Olympics, Coen is expecting 2000 to be an exceptional year for all advertising-supporting media—even TV, which has suffered through a weak 1999.

The closely watched forecaster is expecting major national media ad revenues to rise 8% in 2000. The big four TV networks are expected to rebound from '99 with a 9% gain, beaten only by cable with 15%. Most other national media, including radio, are forecast to grow 8%.—JM

The Coen Forecast

<table>
<thead>
<tr>
<th>National ad spending</th>
<th>1999</th>
<th>2000 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big 4 TV networks</td>
<td>7.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Spot TV</td>
<td>2.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Cable TV</td>
<td>20.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Syndication TV</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Radio (net &amp; spot)</td>
<td>10.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Magazines</td>
<td>5.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Newspapers</td>
<td>10.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Major media subtotal</td>
<td>7.8%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Direct mail</td>
<td>5.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Yellow pages</td>
<td>7.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Internet</td>
<td>75.0%</td>
<td>75.0%</td>
</tr>
<tr>
<td>Other national media</td>
<td>6.7%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Total National</td>
<td>7.2%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local</th>
<th>1999</th>
<th>2000 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>4.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>TV</td>
<td>3.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Radio</td>
<td>13.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Yellow pages</td>
<td>5.4%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Other local media</td>
<td>8.2%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Total Local</td>
<td>6.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>6.8%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>


COX RADIO, INC. has acquired
KGMZ-AM/FM
KRTR-FM  KXME-FM
Honolulu, Hawaii

from
NEW PLANET RADIO
for
$16,375,000

The undersigned acted as exclusive broker in this transaction and assisted in the negotiations.

Kalil & Co., Inc.
3444 North Country Club Tucson, Arizona 85716 (520) 795-1050

12/13/99 RBR
RBR News Briefs

BroadcastAMERICA.com strikes deal with United Stations
BroadcastAMERICA.com, formerly BroadcastMusic.com (RBR 11/29, p.8, 10/25, p.6), an online entertainment site and streaming provider in the process of diversifying with specialty channels leveraged from partnerships such as SuperRadio, Talk Radio Network and OneOnOne Sports, has formed an exclusive partnership with Dick Clark and United Stations Radio Network to stream its programming. The announcement was made 12/8 at the Jupiter Entertainment Forum in LA.

BroadcastAMERICA.com also announced its 1M visitor milestone last month, up slightly from the site's 13 visitors at launch in April.—CM

ESPN's deal with MLB includes radio
As part of the new six year agreement between ESPN and Major League Baseball, ABC Radio Networks' ESPN Radio gets extended rights to regular and post season game coverage, including the World Series through 2005. Digital satellite distribution rights and an additional six wildcard games per year are included.—CM

AMFM Radio Nets to rep The Weather Channel
AMFM Radio Networks will begin national sales for The Weather Channel Radio Network, already on 230 affiliates, 1/3. The radio net officially debuted in '93 with MediaAmerica, but TWC had been supplying services to radio since '87.—CM

SuperRadio picks up "Pillow Talk" for syndie
Alan Almond, the top-ranked, districtively deep-voiced 7P-Midnight AC host on Detroit's WNIC-FM since '77, has been picked up for nationwide syndication by SuperRadio. Almond's show is based on love songs and dedications and has a 4-book average of 8.2 25-54.—CM

Limbough poo-poos "Cash" box
Rush Limbaugh has convinced the powers that be at flagship WABC-AM NY to unplug the much-praised "Cash" time compression box from Prime Image (RBR 5/31, p.3). In a lengthy monologue, he complained about angry e-mails from listeners citing too many commercials. "I am not going to sit here and take the heat for this," he said.

Cash allows more spots to be squeezed in by removing small pieces of audio, typically one minute more inventory for every 10 minutes.—CM

Listeners tuning into the web
Trying to decide whether or not streaming your station's audio on the Internet is a viable option for your station? According to a report released last week by Arbitron, small market radio stations are actually getting a boost from the Internet while larger markets are winning the battle for online listeners' time.

During the month of October (1999), Arbitron's Infostream™ report found more than 900,000 listeners tuned into 240 audio channels streamed by ABC Radio Networks, BroadcastMusic.com, La Musica and Magnitude Network. Internet listeners spent over 1.3M hours listening to Web audio streamed by those companies: 36,000 hours on La Musica channels; 41,000 hours on BroadcastMusic.com; 440,000 hours on Magnitude; and ABC took top honors with listeners spending 816,000 hours on its channels.

This was the first time that Arbitron released a webcast ratings report. The next report, compiling total audience estimates and average time spent at sites for the month of November, will be released early next month and will measure two additional streaming providers: OnRadio and NetRadio.—TS

Top cumulative audience Web sites

<table>
<thead>
<tr>
<th>Monthly Audience</th>
<th>URL</th>
<th>City/State</th>
<th>Affiliate</th>
</tr>
</thead>
<tbody>
<tr>
<td>83,900</td>
<td>texasrebeleradio.com</td>
<td>Johnston, TX</td>
<td>Magnitude</td>
</tr>
<tr>
<td>70,100</td>
<td>kpgi.com</td>
<td>Monterey, CA</td>
<td>Magnitude</td>
</tr>
<tr>
<td>66,400</td>
<td>cd93.com</td>
<td>Monterey, CA</td>
<td>Magnitude</td>
</tr>
<tr>
<td>56,700</td>
<td>khyi.com</td>
<td>Dallas, TX</td>
<td>Magnitude</td>
</tr>
<tr>
<td>55,600</td>
<td>klaq.com</td>
<td>El Paso, TX</td>
<td>Magnitude</td>
</tr>
</tbody>
</table>

Web sites with highest log-on hours

<table>
<thead>
<tr>
<th>Average time</th>
<th>URL</th>
<th>City/State</th>
<th>Affiliate</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 hr. 27 min.</td>
<td>smoothjazz10.com</td>
<td>Washington, DC</td>
<td>Real Broadcast</td>
</tr>
<tr>
<td>6 hr. 32 min.</td>
<td>kplacom</td>
<td>Columbia, MO</td>
<td>Magnitude</td>
</tr>
<tr>
<td>5 hr. 25 min.</td>
<td>wkdd.com/wk</td>
<td>Akron, OH</td>
<td>Magnitude</td>
</tr>
<tr>
<td>5 hr. 24 min.</td>
<td>mix1073FM.com</td>
<td>Washington, DC</td>
<td>Real Broadcast</td>
</tr>
<tr>
<td>4 hr. 35 min.</td>
<td>kool.com</td>
<td>Columbia, MO</td>
<td>Magnitude</td>
</tr>
</tbody>
</table>

LDR to submit Phase I data to NRSC late; licenses PAC to XM

In the wake of recent disagreements (RBR 10/18, p.10; 11/8, p.4) on the NRSC IBOC testing process, Lucent Digital Radio (LDR) SVP Ben Benjamin sent a letter (12/8) to NRSC Chairman Charlie Morgan informing him that LDR will not be submitting Phase I test data as promised on the December 15 deadline. However, it would be submitted "in all likelihood before filing our reply to the FCC on 1/24. When committing to a December date, I don’t believe any of us foresaw the potential impact that the FCC’s recent [NPRM] would have on the scope of information we now feel necessary to provide to both the NRSC and the Commission," the letter read.

It remains to be determined whether or not the NRSC will wait for LDR’s test submissions before moving ahead on its standard-setting process. Morgan said that will be discussed at a 1/8 NRSC meeting.

USADR CEO Bob Struble questions the delay: "We're not surprised. We have said consistently that we believe we're well ahead of the other proponents technically, and this appears to confirm that. We will meet our commitments are firmly committed to meeting the deadlines that we agreed to."

On a brighter note for LDR, XM Satellite Radio (O: XMSR) has chosen its specific version of Lucent Technologies' Perceptual Audio Coder (PAC) compression technology for use in its upcoming satellite radio service. Sirius Satellite Radio (O:CDRD, formerly CD Radio) will also use PAC, based upon its chip set design agreement with Lucent Microelectronics (RBR 5/11/98 p.4). PAC will provide the 100-channel systems high quality sound delivery while using minimal bandwidth. This may help put Lueent in the driver's seat with manufacturers for integrating satellite and IBOC technology into one chip set (RBR 6/21, p.4), and therefore one receiver—its audio coder is now the standard for satellite radio in the US.—CM
E-commerce: why not radio?

by Karen Maxcy

We use it to buy everything from Mother’s Day flowers to exotic vacations, so why shouldn’t buyers use the Internet to purchase media? Whether it is using the Internet to purchase directly, or using the Internet as a time-saving tool, these three fairly new Internet companies are banking on media professionals to embrace the e-business solution.

All three are counting on work weary and time-pressed buyers to realize that the Internet is more than just e-mail. Instead of the Internet being an accessory at their workplace, the Internet can become the focal point of their activities. After all, the Internet has been one of the most impacting inventions of this century, and from the looks of these three featured companies, the Internet is set to change the way media is bought and sold.

Agency Perspective

Larson NW’s Mary Young discusses buying Hispanic

Page AB5

Radio News

Coen upbeat on Radio

Page AB8

Personality Profile

Tom Joyner talks shop

Page AB10

Ad News

ABC adds three to RADAR

Page AB12

RBR/Miller Kaplan Market

Sell Out percentage report

Pacing toward happy holidays

No need to wait for Santa. A very Merry Christmas is already in the bag for radio stations—and it’s looking like a pretty good start for the New Year as well.

71.0

76.6

24.0

30.9

13.7

19.1

Dec

Jan

Feb

2000

1999

1998
BuyMedia.com: creating an industry standard

Based in Burlingame, CA and four and a half years in the making, BuyMedia.com finally launched early this year. It was an idea thought of by founder and President/CEO, Mike Jackson, but that idea has developed into a service very much demanded and designed by the buyers and sellers themselves.

Increasing the universe of potential advertisers for stations

Jackson tells AdBiz that BuyMedia.com is designed for buyers and sellers who want to have one single communication platform. It is also for those who want an alternative to using a national rep firm outside of their local market. But BuyMedia.com is not trying to make dinosaurs out of rep firms because the company believes that the $60B advertising market is big enough for a few giants to participate in.

“We never encourage anyone to switch. We feel that the more sales channels that are available to a station, the better for both buyer and seller. We provide a service for the advertising agencies that want to deal directly with the stations,” Jackson explains. Rep firms were a necessity for advertising agencies that want to deal directly with buyers and sellers. We provide a service for the advertising agencies that want to deal directly with the stations,” Jackson explains. Rep firms were a necessity for advertising agencies that want to deal directly with the stations, “within a matter of minutes, every station that they (buyers) have selected have the buyer where the buyer will enter all pertinent information into their media processing software,” Jackson says.

Instead of typing up an avail request and faxing it to every station, the buyer wants to bid from, he can now enter the request online, pick all the markets he is interested in, select the stations, and BuyMedia.com will automatically send those avail requests to the stations. “Within a matter of minutes, every station that they (buyers) have selected have received that information. And then those stations begin putting together what kinds of schedule would be pertinent to that advertiser. Thereafter, they send it back directly to the buyer where the buyer will enter all pertinent information into their media processing software,” Jackson says.

In other words, Jackson summarizes that BuyMedia.com allows buyers to send avail requests to unlimited number of stations within a matter of minutes, free of charge. Although BuyMedia.com will provide both the buyer and seller contact information, phone conversations and negotiations need not be the order of the day. Jackson estimates that it is an efficiency-driven buy, less than 20% of these deals require a telephone conversation. If the deal is more complicated, for example, if a promotion is requested, Jackson estimates that telephone interaction would occur in about 70% of those deals.

You can't buy on the web, but you can reach a whole lot of stations in top rated markets

You can't click on a “Buy” command in BuyMedia.com and purchase a spot per se. The buyer merely initiates an extremely cumbersome process which allows him to ultimately choose and buy from a very large pool of radio stations.

Jackson says that buyers and sellers are really not keen on having the price listed online for all to see. “We find that the stations never like to price their inventory and their buyers don't want them to price it until the buyer has said who they are, how much advertising they typically might buy from the station, when they want to run it, who their client is and what the demographic of that advertiser is.” When all of that is known, that is when the station can go “configure their inventory, rates and availability accordingly.” The process introduces automation, and not the possibility of acquiring choice inventory at bargain prices. Cyberspace still has to reflect the real world fact that radio is hot.

BuyMedia.com has many fans judging from its three thousand media buyers thus far. Radio stations are also BuyMedia.com converts. Jackson says the company works with every commercial radio station in the top 250 Arbitron rated markets. He adds, “Every single one is in our system so the buyer can buy advertising on any radio station in the market. That's approximately under 7,000 radio stations.” Jackson says that BuyMedia.com's goal is to become an industry standard. Agencies who use the service, typically within a three month period, use the website for all of its broadcast advertising purchases. According to Jackson, the website has been processing between $2M-$3M a week in orders and are on track to process over $500M next year.

BuyMedia.com's key management includes Jackie Walters, VP, Director of Marketing; Jerry Sacchetti, VP, Director of Sales; Anne Morris, VP, Director of Client Services; and Bob Winters, VP, Director of Product Development.
The Phil Hendrie Show is:

#1 Men 25-54

#2 Adults 25-54

on KFI, Los Angeles

Now nationally syndicated and ready to build brands and deliver results for advertisers.

For more information call, Jack Nail, VP Talk Sales 212-445-3952
Broadcastspots.com: Why allow spoilage to spoil your bottomline?

The creation of broadcastspots.com has a very different purpose than BuyMedia.com. Where the latter is trying to simplify the media buying process, the former is indignant that spoilage is experienced by stations as a result of lengthy turnaround times.

Founder/President/CEO Jeff Trumper, has run many radio stations, both successful ones and unsuccessful stations. One thing was certain in both kinds of stations and that is inventory is perishable and spoilage does occur. Trumper explains, “I knew when I was running stations that inventory was going to spoil on Monday. Whatever that didn’t sell on Friday, Saturday or Sunday was going to spoil. The Internet provides a way for people to access this inventory, evaluate and buy it on the spot.”

Buying is as easy as point and click

Launching January 2000, the service shows promise of being a hassle free and efficient way to buy last-minute unsold inventory. Linda Waldman, VP/Director of Marketing, explains that a buyer pressed for time, can go into broadcastspots.com and select by market, demo and station and the site will show all the affiliates with the matching requirements of the buyers. He will get a listing of the available inventory and the price of that inventory. If all is suitable, the buyer clicks on the item and buys it then and there.

Waldman says that theoretically, buyer and seller may not even have to get on the phone because confirmation of the purchase is done via email or fax. The two parties may get on the phone to discuss creative but there is no negotiation needed since the price is already listed on the site and bidding is not part of the buying process.

Another sales channel

Like Jackson, Trumper makes it clear that the Internet is merely another sales channel and it is not his intent to upstage the traditional process. He says, “I think it is too soon to say if this will displace the traditional sources of media buying. When you think of e-trade, e-trade didn’t put Merrill Lynch out of business.” He believes that people, being social animals, still want to visit about certain issues. Negotiation, as rough as it can get sometimes, is still something that people want to do and still enjoy. Broadcastspots.com is for those educated and experienced advertisers who just want to access, evaluate and buy inventory quickly.

Backed by expertise and experience

The management team of broadcastspots.com already have many years of broadcast experience behind them but the company has formed an advertising agency advisory council to provide more input into the final product. Trumper tells AdBiz, “We have an advisory board of seven media buyers and directors of large agencies around the country and who are helping us to design the system. So we’re not the architects of it but they are. We’re building a system for them and they’ve designed it. They really do want this service available to them.”

Trumper adds that the service will launch in radio since that is where the management team’s expertise lay mainly. But he hopes to move to television and cable middle of next year. Following the agency advisory council, broadcastspots.com is looking to form similar councils for radio, TV and cable executives.

Key management at broadcastspots.com include Todd Plunkett, EVP/CFO, John Cavanaugh, SVP, Judy Carbaugh, VP, Affiliate/Agency Relations, Linda Waldman, VP/Director of Marketing and Bruce Ward, VP/Director of Technology.

AdOutlet.com: e-commerce solution for all media

AdOutlet.com was born from irony. Alan Masarek, Chairman/CEO, tells AdBiz that the company started out with selling Internet advertising on the web. He explains, “It was sort of an irony that we realized that we were spending $2B on the web, but nobody was using the web to get to it. So that was the initial genesis of thought that we should really create an e-commerce service for all media.”

Masarek says the company started 6/14 primarily to tackle the lack of an Internet-solution for Internet advertising but has since branched out to traditional media. In fact, traditional media has overtaken their original Internet focus as the former has a much greater percentage of the company’s revenue base today.

Currently, AdOutlet.com’s involvement in radio is 10% of its total operations but it is a fast expanding segment. The site offers both first choice and unsold inventory, with unsold inventory rarely exceeding one third of the total inventory posted.

continued on AB 14
Psst... are you listening?

Here's an announcement you won't want to miss! BroadcastAmerica.com is now playing at a computer near you. Click on direct links to outstanding sites such as BroadcastMusic.com, BroadcastSports.com, NewscastNow.com, and BroadcastTalk.com, and you'll see why BroadcastAmerica.com is fast becoming the largest Web-based broadcasting company in the world.

Phone: 207-773-9447
Fax: 207-773-9828
Email: broadcast@broadcastamerica.com
Continued from AB4

It’s evolution not revolution

Like BuyMedia.com, Masarek considers AdOutlet.com to be a communications platform that simplifies the buying process. He also believes that the service is “less revolutionary and more evolutionary and it is simply an acceleration of what’s been happening anyway.” Using the Internet to sell inventory gives stations broader distribution breadth. Rather than be limited by the extent of their sales force and rep firm, Masarek says that using the Internet as an additional sales channel makes perfect sense. “Portions of media are appropriately served through a direct sales force. But there’s also very large proportions of media that can be more efficiently served through electronic channels.”

AdOutlet.com also hopes to address the challenges associated with the proliferation of media and the accompanying fragmentation of media. “You have a situation where media is more difficult to buy because there are more places to buy it, but with fragmentation, you can’t buy as much reach in one property.”

Confidentiality of the sale retained

Stations can choose to post their inventory together with the price, or they can have it coded into the system but hidden from the buyers’ view. But regardless of whether or not the buyers can see the price, AdOutlet.com knows what the stipulated price is.

For example, a station could give its published rate of $20 or not give a rate, but in actuality, its threshold price is $10. The $10 is then coded into the site. If 10 different buyers are logged on at the same time and are viewing the same inventory, and one buyer makes an offer of $11, the system automatically awards that spot to that buyer. The system accepts the first higher than threshold price offer and does not make allowances for the very real possibility that one of the other nine buyers may offer a better price.

Masarek says that by using this method, the website has overcome the unique challenge of retaining the confidentiality of a sale in the “context of public distribution.” He adds, “We think this is very powerful because this is a way we can encourage a radio station who is always very concerned about selling privately.”

AdOutlet has 4,500 registered media buyers using their service and that number is climbing. Masarek says the company has grown rapidly thanks to a “substantial cadre of very senior people on the management side-seven officers each averaging over 20 years of experience.” In addition to Masarek, the Columbus, OH-based company is led by founders John Detwiler, President, and Eric Place, EVP. AdOutlet also has an advisory council of industry experts guiding its course.

Radio regains share in August

by Carl Marcucci

While down almost two points in July, Radio’s share of the media pie was a bigger bite in August, up to 18.56% from 17.09%. Some of the biggest gainers were Automotive, Communications/Cellular, Internet/e-commerce, Television and Music Stores/CDs/Videos.
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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.
Launch adds EMI videos

Dow Jones—In the latest deal using its back catalogue as collateral, EMI Recorded Music, a unit of London-based EMI Group PLC, said it signed an agreement with Launch Media (O:LAUN) to offer music videos from EMI's video library over the Internet.

EMI is taking a small equity stake in Launch as part of the deal. Launch is a California-based digital media company.

Launch will have the right to broadcast online music video selections from EMI labels, including Virgin, EMI, Capital Records, Astralwerks, Priority, Angel and Blue Note on the Launch.com Web site.

Artists under the EMI umbrella range from Robbie Williams, the Spice Girls, Beastie Boys and Smashing Pumpkins to the Beatles and Rolling Stones.

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Saga splitting stock

Salem Communications (O:SALM) has acquired, for an undisclosed price, ICRN.com—doubling the number of religious ministries streaming on Salem's OnePlace.com to 120. ICRN.com had been owned by The Domain Group, a direct-response ad agency based in Seattle.

Interup IPO priced at $12

Interup National Radio Sales (O:IREP) sold $65M in stock as its IPO was priced 12/8 at $12 per share. The offering of slightly more than 5.4M shares was priced right in the middle of the projected range of $11-13 (RBR 11/15, p. 12). Some of the shares were being sold by Interup's Employee Stock Ownership Plan, but the company expects to net $48.7M from the newly minted shares it sold, with the ESPO netting $11M.

Interup CEO Ralph Guild completed his road show and took the company public just a few days after clearing up one of the lingering questions about his company: What would happen to its second largest client, Clear Channel (N:CCU)? To no one's surprise, Clear Channel decided to move its 225 stations which are currently repped by Interup's Clear Channel Radio Sales to Katz Radio Group—a company Clear Channel will own once it's pending acquisition of AMFM (N:AFM) closes in late 2000. Katz currently reps the former Jacor stations which are now part of Clear Channel, as well as all of the AMFM stations.


Emmis invests in BuyItNow.com

Emmis (O:EMMS) CEO Jeff Smulyan may have taken things a bit too literally when he pointed his Internet browser to BuyItNow.com. BuyItNow he did—$5M worth of the web site's stock. The Emmis investment is viewed as a step toward the creation of a radio industry Internet portal—an effort that Emmis has been spearheading with other groups. BuyItNow.com already has some big name investors, including Clear Channel (N:CCU), GE's (N:GE) NBCi and Steve Lehman's e4L Inc. (N:ETV).

Saga Communications streaming web content

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Citadel fortifies in Michigan, Northeast

Larry Wilson's Citadel Broadcasting Co. has cut a pair of deals which will bring it 11 stations in four markets, although two of them will have to be resold.

The larger of the two deals is the purchase of Liggett Broadcast Inc. in a stock/cash deal expected to be worth about $120.5M. It will also result in the addition of seller Robert G. Liggett, Jr. to the Citadel board of directors.

Coming from Liggett are stations in three Michigan markets. The lynchpin of the deal is a 1AM/5FM superduopoly in the Michigan capital of Lansing which is by far the dominant cluster in the market. Additionally, Citadel will receive a competitive FM standalone in Flint, MI and a pair of FMs in Saginaw. The latter two stations will be going right back on the block, however, since Citadel has no room for any extra FMs in that market.

The second deal will put $24.5M in the pocket of Montachesett Broadcasting's Robin Martin in exchange for an FM duopoly in Worcester MA. In addition to covering even more territory in New England, Citadel will be in second place to AMFM/Clear Channel's standard combo in a market which as yet has been untainted by the superduopoly revolution. Broker: (Worcester) Peter Handy, Star Media Group

RBR observation: The three markets in which Citadel will be able to keep stations have much in common. For starters, size. In Arbitron's just-released Fall 12+ population rankings, Worcester is #110, Lansing #115 and Flint #119. Secondly, all three surrender a significant amount of measured listening to below-the-line stations from bordering markets, and as such have an artificially low number of stations available which are considered home to the market.

Citadel has nothing to worry about in Lansing, but it will take some doing to consolidate its new holdings in the other two. This is particularly true in Flint, where Connoisseur (pending to Cumulus) and Regent have already stuck umbrellas in most of the prime beachfront property.

Radio One goes for FM number two in Philadelphia

With standalone, locally-owned major market radio stations becoming rare as hen's teeth, Philadelphia was unique for having the nation's #1 and #2 billing stations in that category. No more. Long-time owner Daniel Lerner is selling WPLY-FM to Radio One (O:ROIA) for $80M.

That leaves Jerry Lee and partner David Kurtz with WBEB-FM—far and away the top-billing standalone, non-group station anywhere (they make the top 50 group owners list without having a group). Lee told RBR he might be interested in selling...in about 30 years, when he's into his 90s and thinking about retirement. "I intend to be the last man standing," he said.

What Radio One gets from Lerner's Greater Media Radio Company is an Alternative station that's been on the rebound since the "other" Greater Media abandoned a format fight and flipped WXXM-FM to R&B Oldies a few months ago. The buyer is projecting that WPLY will have revenues of $10.8M in 2000 and cash flow of $4.8M.

"If you look at the cash flow that this is going to do next year, it's a better deal than anything coming out of Clear Channel," Radio One CEO Al Liggins told analysts and reporters 12/3. Liggins said he'll stick with WPLY's Alternative format and noted that it pairs up well in young demos with Radio One's Urban WPHI-FM. Broker: Peter Handy, Star Media Group

RBR observation: 16.66 times next year broadcast cash flow is looking downright reasonable compared
to what "the buzz" is saying about prices for the top prizes in the pending Clear Channel (N:CCU)-AMFM (N:AFM) sale of spin-off stations. KKBT-FM Los Angeles is all but guaranteed to set the price record for a single station sale. A multiple in the very high teens could push it over the $400M mark.

Cumulus deals updated

RBR's sleuths have been pouring over SEC filings and came up with additional details about a couple of recent deals by Cumulus Media (O:CMLS).

Regarding Cumulus' LMA with purchase option for WDUZ-AM & WQLH-FM Green Bay, WI (RBR 9/27, p. 12), the purchase option is effective 3/15/2003 to 9/15/2004. If Cumulus exercises the purchase option, it will pay Ben Laird $7.25M for the combo. If in addition, Laird has a right from 3/15/2002 to 3/14/2003 to require Cumulus to buy the stations for $7M.

As we suspected, Cumulus' deal to acquire Broadcast Software International (RBR 9/6, p. 6) involved little cash, but plenty of stock. BSI principals Ron Burley and Frank Kleckner got $500K in cash and 152,636 shares of Cumulus stock. When the final contract was executed on 9/15 those shares were worth $4.9M, but they're now worth more than $5.7M.

Swapping in Tampa Bay

Clear Channel (N:CCU) and Mark Jorgenson's Concord Media Group are swapping AM signals in the Tampa-St. Petersburg market. Clear Channel will get the 620 kHz slot, licensed to St. Petersburg, which is occupied by WSAA-AM. Concord will get the 570 kHz slot, licensed to Pinellas Park, which is currently occupied by WHNZ-AM. Concord will also get $1M cash.

New Mexico groups unite

Dewey Matthew Runnels and Phillip Runnels are rolling up their holdings into a single company, Runnels Broadcasting System LLC. The Luhan Family LP, which is currently Phillip Runnels' partner, will be cashed out for $180K and the post-merger company will be owned 67.5% by Dewey and 32.5% by Phillip.

The combined company will own KRQY-AM & FM Roswell-Carlsbad, NM, KPSA-AM & FM & KNMZ-FM Alamagordo-La Luz, NM and KNF-T AM & FM & KQTN-FM Silver City-Bayard-Lordsburg, NM.

Memphis seller switches buyer

It's not every day you see a non-profit Religious group outbid Clear Channel (N:CCU), but it's happened in Memphis. Clear Channel's deal to buy WYLT-FM Byhalia, MS for $1.1M (RBR 6/7, p. 14) has fallen apart. Now the station will stick with its Religious format and the seller, the Estate of Albert Crain, is getting a bigger check. Educational Media Foundation, headed by Richard Jenkins, is buying the station for $1.4M. Broker: John W. Saunders

RBR's Deal Digest


The Radio Index™

The Radio Index™ Five back-to-back record highs took the Radio Index™ to a 12/8 close of 230.21. That was a gain of 19.94 from a week earlier and put the index more than 90% ahead of where it began 1999.

12/13/99 RBR
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.

**$44,000,000 WFNC-AM & FM, WQSM-FM & WRCQ-FM** Fayetteville NC (Fayetteville-Lumberton-Dunn NC) and WQNI-FM & WMNX-FM Wilmington NC from Cape Fear Broadcasting Company (Hannah Gage) to Cumulus Licensing Corp. (Richard Weening, Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). $2.2M letter of credit as escrow, $44M in cash at closing. Transfers existing superduopoly in Fayetteville and creates superduopoly with WAAV-AM & FM, WQSL-AM, WWQQ-FM & WXQR-FM in Wilmington. LMA since 9/23.

**$15,500,000 WCMS-AM & FM** Norfolk VA from WCMS Radio Norfolk Inc. (Marjorie Crump) to Chesapeake Bay Broadcasting LLC (Arthur Kaneb, family members), part of the Barnstable Broadcasting Group. $1M escrow, balance in cash at closing. Broker: Superduopoly

**$5,550,000 KTUX-FM** Shreveport LA (Carthage TX) from KTUX Inc. (Ken Stephens) to Jacob Licensee of Louisville Inc. (Lowry Mays, Randy Michaels), a subsidiary of Clear Channel Communications (N:CCU). $1.11M downpayment, balance in cash at closing. However, if closing has not occurred by 3/30/2000, an additional $3.33M is due on that date and monthly interest payments at an annual rate of 6% will be due monthly on the remaining balance of $1.11M from 4/1/2000 until closing. Broker: Superduopoly

**$1,975,000 KXCA-AM, KCEN-AM & FM & KRPT-FM** Lawton-Duncan-Anadarko OK from Monroe-Stephens Broadcasting Inc. (Stanton Nelson) to Friends Communications Inc. (Bob Elliot). $100K escrow, additional $975K in cash at closing, $900K note. Existing double duopoly Broker: The Connelly Company

**$1,200,000 KJAM-AM & FM** Madison SD from Madison Broadcasting Company Inc. (John Goeman) to Three Eagles of Brookings Inc., a subsidiary of Three Eagles Communications Inc. (Rolland Johnson, Brian Frank, Michael Solomon, Ruki Renov, Rivki Rosenwald, Etti Stahler). $100K escrow, balance in cash at closing. No contour overlap with KBRK-AM & FM Brookings SD. Broker: Johnson Communications Properties

**$790,000 WMCW-AM** Harvard IL from State Line Radio Inc. (Marjorie Nelson) to WPW Broadcasting Inc. (Whalen, David Madison). $400K in cash at closing. 390K note

**$550,000 KEZ-AM** Kaisiell MT, 100% stock sale of Skyline Broadcasters Inc from Ambrose Measure, Dallas Herron, Stephen Breeze, Loraine Meadure, Estate of Charles Lee to Z-600 Inc. (John Stokes) $20K escrow, balance in cash at closing.

**$350,000 WTHI-AM** Terre Haute IN from Emmis 1480 AM Radio License Corporation of Terre Haute (Jeff Smulyan) to Word Power Inc. (Paul, Mark & Eleanor Ford). Donation valued at $350K. Note: Word Power has agreed to simulcast for one year after closing the audio portion of the daily 6:00-6:30 pm newscast from Emmis' WTHI-TV (Ch. 10, CBS) Terre Haute. Emmis will retain the right to sell the commercial inventory within that half hour.

**$300,000 WNEG-AM** Toccoa GA from Lee Street Properties LLP (R.L. White, R. Elliott Caudell) to Chase Broadcasting Inc. (Gordon Van Mol), $300K note

**$250,000 WOOO-AM** Shelbyville IL from APS Broadcasting Corp. (Alan Schrier) to RSE Broadcasting LLC (Ron Lieuermann, Chairman), a subsidiary of RushShelby Energy Rural Electric Cooperative Inc. (13K+ member/owners). $25K escrow, balance in cash at closing. Broker: Roehling Broadcasting Services

**$215,815 WJCI-AM** Champaign-Urbana IL (Rantoul IL) from East Central Illinois Broadcasting Inc. (John Byers) to Vanguard Broadcasting Inc. (Keith Ayers). $100 cash, assumption of $50K bank debt and approx. $165,715 in other liabilities. LMA since 7/27.

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SuperDuopoly has hit! Are you ready? If so call...