Radio News

Kagan panel sees rosy future for radio

Despite problems on Wall Street, radio operators at the Kagan panel see continuing revenue growth and consolidation benefits.

Grams bill gets 55th co-sponsor

Civil rights leaders back LPFM

Apparently the cash-starved Monster went unfed

Mega completes DC Hispanic lineup

Contrite Dr. Laura apologizes, takes another hit

Two take a ride with SpotTaxi

RAB releases August numbers; up 10%

As Wall Street continues to bash radio stocks, radio revenues continue to grow. We must say that 2000 has been an odd year. At the end of June, radio’s YTD revenues stood at 21% over the record-breaking year of 1999.

Dot-com business did a lot to build those revenues, and as it has dried up (and spoiled the herd on The Street) revenue growth has not been quite so dramatic. But still, it has yet to fall below a double-digit gain.

Combined local and national sales gained 10% in August. Compared to 8/99, local revenue was up 11%, while national increased 6%. August was also the 96th consecutive positive month for radio. Hear that, Wall Street?

YTD, local and national revs were up an impressive 16% and 24% respectively. Incredibly, all five regions took part in the double-digit local gain even though it was on the low side of double digits overall. For complete results, see chart on page 8.—CM, DS
Research Leadership in Broadcasting

1998
FRANK BODENCHAK
RANKED #1
Institutional Investor
All-America Research Team
RADIO & TV

1999
FRANK BODENCHAK
RANKED #1
Institutional Investor
All-America Research Team
RADIO & TV

2000
FRANK BODENCHAK
RANKED #1
Institutional Investor
All-America Research Team
RADIO & TV

Congratulations to Frank Bodenchak...
...for the third consecutive year!

MORGAN STANLEY DEAN WITTER
Kagan hosts optimistic panelists

Despite obvious problems on Wall Street, panelists at Kagan Media's New York conference, "Radio's New Golden Age," see good times ahead. Stock prices are expected to recover eventually, and predicted revenue growth for the year ranged from 8%-12% with 15%-25% gains in cash flow. Cash flow margins are expected to range from 40%-60%.

Consolidation was seen as a major positive. While the growing pains of a newly-assembled cluster can have an immediate negative impact on the corporate bottom line (one need look no farther than the well-documented situation at Cumulus), potential benefits are just starting to be realized. The industry is still learning to maximize income, and more importantly, to minimize expenses of clustered operations. Said Emmis' Doyle Rose, "Cash flow margins of 60%-70% are very achievable."

While Wall Street may have dried up for now as a source for capital, banks and other lending institutions are more than ready to back radio ventures.—DS

Civil Rights leaders ask Senate to support LPFM

Dr. Dorothy Height, Chairperson of The Leadership Conference on Civil Rights and Rev. Jesse Jackson, President and CEO of the Rainbow/PUSH Coalition, Inc. sent a letter to the leaders of the House and Senate asking them to support LPFM. "We write to you on an issue of utmost importance to the civil rights community: the opportunity to enhance diversity in local radio broadcasting," the letter said. The letter came in response to Sen. Rod Grams' bill, S.3020, which would require third adjacent channel protection for LPFM stations.

On the other hand, an impartial voice has weighed into the LPFM battle. An editorial in the Houston Chronicle entitled "No Static: (Interference-free) small FM stations a wonderful idea" says, "The Chronicle continues to support the creation of low-power FM radio stations, but acknowledges that creating new stations that interfere with current one does little to bring new voices to the community."

The blind want to see FCC test results

The International Association of Audio Information Services has filed a Freedom of Information Act request to make the FCC release the results of testing done to assess the possible interference by LPFM stations to reading services for the blind. The IAAIS said that they had given the FCC special receivers that blind and disabled use in order to do accurate testing. The FCC has not released the results of the testing which took place from March to June.—ED

FTM Media suspends operations, seeks partner or purchaser

Even with CBS/Infinity as an investor, the rumors came true 10/13: "Feed The Monster" Media, or FTM Media has suspended operations due to lack of cash. CBS/Infinity's 17% investment had the company building and maintaining a few Infinity radio station websites (kroq.com and fmtalki.com LA; live105.com, kcbx.com and radioalice.com in SF; wbcm.com Boston, B96.com in Chicago and whfs.com in DC, however, that's about as far as the company got. FTM says it will continue to seek a strategic partner and/or the sale of the company.

Meanwhile, the above Infinity station sites will continue to

---others

3rd adjacency in limbo as Congress remains in session

The fate of LPFM is still unknown. The original adjournment date for Congress was 10/6, delayed to 10/14 and then 10/20. As RBR went to press late Thursday evening, Congress was looking at 10/25, but even that was uncertain. As of 10/19, broadcasters were still waiting to see if Sen. Rod Grams' bill, which would require third adjacent channel protection for all LPFM stations, would be attached to the appropriations bill for the Department of State, Justice and Commerce. Sen. Sam Brownback (R-KS) is the newest co-sponsor of the bill, bringing the count to 55. Just when this appropriations bill will hit the Senate floor is anybody's guess.—ED
operate as is until another host is found. WHFS and KROQ have already pulled the plug on FTM. We doubt CBS/Infinity will cough up more cash to rescue the company.—CM

**Mega 92.7 launches in DC**

Mega Media officially launched “Mega 92.7” 10/16 at noon, completing its five-station cluster in Washington, DC (it actually began operations with a music loop on 10/14). **Alfredo Alonso**, Mega’s CEO, tells RBR all of the bases are now covered: “At this point, we have four different formats servicing the Washington area. We have the Mega station that skews 18-34, the Amor is 25-54; The Radio Unica is more of a first-generation Talk format that deals more with issues and advice for the first-generation immigrant trying to become more legal in the US; 730 AM will become more legal in the operation immigrant trying to get a better signal in the inner city and without the multipath that the stereo gives us.”

Alonso also tells RBR Miami may be the next market for his company to buy in: “That is a market that we might consider in the next six months, but at this point, I feel we have a lot on the plate. We just launched New York (WINY-AM 1380) which is a huge station for us and now here in Washington, we’ve made some dramatic moves in the last couple of months, so it’s nice to give some time to get these operating the right way before you continue to grow.”—CM

**Dr. Laura says she’s sorry**

Premiere Radio Networks’ **Dr. Laura Schlessinger** has formally apologized to gays for words she used to label them on her radio show months ago. After numerous gay rights organizations called boycotts to all of the show’s advertisers, in effect causing some of them to drop the program, she may have had enough.

Her statement appeared as a full-page ad in Variety. Schlessinger called her comments “poorly chosen” and offered some of the following apologies, “I deeply regret the hurt this situation has caused the gay and lesbian community....Many people perceive [the comments] as hate speech. This fact has been personally and professionally devastating to me as well as to many others. Ugly words have been relentlessly repeated and distorted for far too long.”—CM

**NBC’s “West Wing” slams Premiere’s Dr. Laura**

On the 10/18 episode of “West Wing”, the highly-acclaimed series’ star **Martin Sheen**, who plays President Bartlet (a Democrat on the show), was attending a Talk radio social that included (not actually) **Don Imus** and a roomful of others. He arrives and immediately started in on a “Dr. Jordan” who bashes...
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Radio News

FCC fines WKQI and KHKS

The FCC has fined Chancellor Media Corporation's WKQI-FM Detroit, MI and KHKS-FM Denton, TX $4K each for failing to air sponsorship identification announcements. The fines come as a result of a deal between Chancellor and A&M Records. In the deal, the stations agreed to run announcements and promos for the new Bryan Adams song “On a Day Like Today” and in return A&M would purchase commercials on ten Chancellor stations, provide Bryan Adams for live concerts and give CDs and airtime to the contestants. In one case, the song received increased airplay in order to salvage a potentially-cancelled concert date. Regardless, the FCC ruled that the stations would not have played the Adams song if there were not incentive from A&M, calling it an unspoken quid pro quo. Therefore, the song spins amounted to commercials and thus required sponsorship identification.—CM

RBR News Analysis

FCC in a new administration

Even though VP Al Gore has never exactly stated his position on LPFM, a statement from Doug Hattaway, the Gore-Lieberman National Spokesman, said, “Al Gore supports the FCC’s new class of licenses for Low Power stations. Such stations would enable non-profits, schools and churches to reach out into their communities and give voice to the voiceless. Technical interference issues can be handled by the FCC.” From this, we can deduce that if Gore wins the Presidency, LPFM will have a strong and outspoken new proponent. Gov. George W. Bush’s position on LPFM is unknown.

Speaking of positions, the Chairmanship of the FCC is also up in the air when the new administration enters Washington. It is speculated that if Gore is elected, Commissioner Gloria Tristani may take Chairman Bill Kennard’s place, making her the first woman and also the first Hispanic FCC Chairperson. Tristani is known for supporting narrower market definitions. If Bush is elected, then we may see Commissioner Michael Powell as Chairman or even possibly Pat Wood III, Chairman of the Texas Public Utilities Commission. Panelists at the Kagan Seminar in New York, feel that a Bush FCC would seek to end the newspaper-broadcast cross-ownership rules.—ED
Charting the waters where women dwell

Those who want to move product would do well to state their case before the female 51% of the US population, according to a study just released by Interep and MediaMark Research. And one of the best ways to target this pocketbook-controlling segment of society is via the radio waves. Radio is also a particularly good way to gain access to working women, who have the most direct control of the paper presidents coming into their households.

As a group, women 18 years and older gravitate to the various permutations of Adult Contemporary. However, when targeting one of the big three age groupings, very high concentrations of women are available, which translates into highly efficient, cost-effective ad campaigns. Women 18-34 are particularly easy to find in bulk. CHR and Hot AC concentrations are twice the national average, with Urban and Modern Rock not far behind. Compare this to the delivery of top network TV shows—the very best is “Ally McBeal,” but it delivers only a 120 index, and other show indices go down rapidly from there.

A slightly higher percentage of working women get in front of a TV set on a weekly basis than fire up their radio (91% to 85%), but TV’s edge is based entirely on evening use. Radio rules TV throughout the rest of the day, especially during PM drive when imminent food purchases are often being considered just prior to point-of-purchase.

The following charts tell the story. The index column used on some of the charts compares the demo concentration to the overall average, with an index of 100 meaning that female use is equal to the average. The higher the index, the higher the concentration of the demo.—DS

### Female format preferences

<table>
<thead>
<tr>
<th>Women 18+</th>
<th>Index</th>
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<tbody>
<tr>
<td>Soft AC</td>
<td>113</td>
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<tr>
<td>Hot AC</td>
<td>113</td>
</tr>
<tr>
<td>AC</td>
<td>110</td>
</tr>
<tr>
<td>CHR</td>
<td>107</td>
</tr>
<tr>
<td>Country</td>
<td>101</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Women 18-34</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHR</td>
<td>208</td>
</tr>
<tr>
<td>Hot AC</td>
<td>201</td>
</tr>
<tr>
<td>Urban</td>
<td>185</td>
</tr>
<tr>
<td>Modern Rock</td>
<td>176</td>
</tr>
<tr>
<td>AC</td>
<td>148</td>
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<table>
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<th>Women 25-54</th>
<th>Index</th>
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<tr>
<td>AC</td>
<td>135</td>
</tr>
<tr>
<td>Hot AC</td>
<td>133</td>
</tr>
<tr>
<td>Soft AC</td>
<td>133</td>
</tr>
<tr>
<td>Oldies</td>
<td>123</td>
</tr>
<tr>
<td>CHR</td>
<td>121</td>
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<table>
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<th>Women 35-64</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy</td>
<td>132</td>
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<tr>
<td>Soft AC</td>
<td>129</td>
</tr>
<tr>
<td>Classical</td>
<td>127</td>
</tr>
<tr>
<td>Oldies</td>
<td>127</td>
</tr>
<tr>
<td>Smooth Jazz</td>
<td>123</td>
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</table>

### Controlling the purse strings

<table>
<thead>
<tr>
<th>Women Consumers</th>
<th>Pct.</th>
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<tbody>
<tr>
<td>Principle hh shopper</td>
<td>87%</td>
</tr>
<tr>
<td>Head of household helped choose:</td>
<td></td>
</tr>
<tr>
<td>Most recent vehicle</td>
<td>81%</td>
</tr>
<tr>
<td>Any vehicle</td>
<td>91%</td>
</tr>
<tr>
<td>TV set</td>
<td>79%</td>
</tr>
<tr>
<td>Household appliances</td>
<td>85%</td>
</tr>
<tr>
<td>Furnishings</td>
<td>70%</td>
</tr>
<tr>
<td>Electrical appliances</td>
<td>74%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Recent shopping</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dept. store (4Xmo.)</td>
<td>42%</td>
<td>34%</td>
</tr>
<tr>
<td>Catalog store (1Xmo.)</td>
<td>44%</td>
<td>36%</td>
</tr>
<tr>
<td>Shoe store (3Xmo.)</td>
<td>19%</td>
<td>10%</td>
</tr>
<tr>
<td>Drug store (3Xmo.)</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>Food store ($150+ wk)</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>Clothing store ($1K/yr.)</td>
<td>10%</td>
<td>6%</td>
</tr>
</tbody>
</table>

### Working women

<table>
<thead>
<tr>
<th>Media preferences</th>
<th>Medium</th>
<th>Index</th>
</tr>
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<tbody>
<tr>
<td>Radio</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>Magazine</td>
<td>117</td>
<td></td>
</tr>
<tr>
<td>Newspaper</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>Television</td>
<td>55</td>
<td></td>
</tr>
</tbody>
</table>

### Reach by daypart

<table>
<thead>
<tr>
<th>Daypart</th>
<th>Radio</th>
<th>TV</th>
</tr>
</thead>
<tbody>
<tr>
<td>AM drive</td>
<td>65%</td>
<td>18%</td>
</tr>
<tr>
<td>Midday</td>
<td>37%</td>
<td>17%</td>
</tr>
<tr>
<td>PM drive</td>
<td>55%</td>
<td>30%</td>
</tr>
<tr>
<td>Evening</td>
<td>17%</td>
<td>69%</td>
</tr>
<tr>
<td>Total weekdays</td>
<td>85%</td>
<td>91%</td>
</tr>
</tbody>
</table>

Source: Interep, MediaMark Research
NYC up 5% in September
The economic slowdown was obvious in September as radio ad revenue growth slowed to 5% for the New York City market. According to NYMRAD, using data from Miller, Kaplan, Arase & Co., local sales rose 5.2% to $54.5M and national spot gained 4% to $15M. That total of $69.5M, while only 5% ahead of red-hot, dot-com turbocharged September 1999, was 21.6% ahead of September 1998. NYMRAD noted. For the first three-quarters of 2000, New York radio revenues were up 24.9% overall to $603M ($23M more than all of 1998). Local sales for the nine months rose 22.7% to $483.1M and national sales were up 24.9% overall to $603M ($23M more than all of 1998). Non-traditional Revenue Track
The Leisure category took off in the traditional vacation month of August in terms of new business. Also on the upswing was the Clothing category (back to school), and Health & BC did well. Everything else was down.—DS

% of vendor/new business by category
(August 2000)

<table>
<thead>
<tr>
<th>Category</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>7.72</td>
<td>11.02</td>
<td>15.69</td>
<td>11.37</td>
<td>18.91</td>
<td>12.50</td>
<td>11.63</td>
<td>6.79</td>
</tr>
<tr>
<td>Food/Grocery</td>
<td>25.55</td>
<td>27.69</td>
<td>22.44</td>
<td>26.65</td>
<td>34.59</td>
<td>14.57</td>
<td>23.50</td>
<td>22.78</td>
</tr>
<tr>
<td>Leisure</td>
<td>32.30</td>
<td>31.67</td>
<td>34.61</td>
<td>29.21</td>
<td>13.14</td>
<td>33.73</td>
<td>30.61</td>
<td>38.52</td>
</tr>
<tr>
<td>Health &amp; BC</td>
<td>10.86</td>
<td>9.80</td>
<td>1.57</td>
<td>6.85</td>
<td>0.91</td>
<td>3.59</td>
<td>6.15</td>
<td>10.07</td>
</tr>
<tr>
<td>Home improv.</td>
<td>3.90</td>
<td>5.64</td>
<td>0.86</td>
<td>17.63</td>
<td>19.12</td>
<td>7.64</td>
<td>7.88</td>
<td>3.41</td>
</tr>
<tr>
<td>Office</td>
<td>4.59</td>
<td>0.77</td>
<td>8.19</td>
<td>0.95</td>
<td>1.04</td>
<td>15.89</td>
<td>5.29</td>
<td>4.03</td>
</tr>
<tr>
<td>Clothing</td>
<td>4.87</td>
<td>5.11</td>
<td>5.72</td>
<td>5.24</td>
<td>2.44</td>
<td>8.07</td>
<td>6.39</td>
<td>11.67</td>
</tr>
<tr>
<td>Recruiting</td>
<td>10.21</td>
<td>8.30</td>
<td>10.93</td>
<td>2.11</td>
<td>9.85</td>
<td>4.01</td>
<td>8.55</td>
<td>2.74</td>
</tr>
</tbody>
</table>

Source: Revenue Development Systems, based on revenues from 76 stations in 32 markets

August is yet another double-digit gainer for radio
Per the RAB’s monthly revenue report, radio added another monthly double-digit notch on its belt, although just barely with a 10% overall revenue gain for the month of August 2000 over the same month a year ago. The gain was built on a solid 11% gain in local business, offsetting a hit of a slump in national, which gained only 6%. The local gains were more or less evenly distributed throughout the country—all five regions recorded double-digit gains. which is certainly a statistical oddity given that the overall 11% gain was decidedly on the low end of the double-digit spectrum. National was essentially flat east of and around the Mississippi, but the Southwest scored a 24% gain and the West made it into double-digits.—DS

Top Five New York City Advertiser Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue</th>
<th>% chng</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>$64.7M</td>
<td>23.6</td>
</tr>
<tr>
<td>Internet</td>
<td>$64.1M</td>
<td>183.4</td>
</tr>
<tr>
<td>TV/network</td>
<td>$34.1M</td>
<td>43.4</td>
</tr>
<tr>
<td>Communications</td>
<td>$31.2M</td>
<td>38.8</td>
</tr>
<tr>
<td>Beverages</td>
<td>$26.1M</td>
<td>8.5</td>
</tr>
</tbody>
</table>

NBG and Fisher sign another rep agreement

NCTA Luncheon and Health & BC Panel
The annual National Cable Television Assn. Luncheon and Health & BC Panel was held at the Waldorf Astoria, New York, 10/10, with William O’Brien, President, International Radio & Television Satives Assn. (IRTA), addressing the health luncheon.

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How low can they go?

By Jack Messmer

Analyst after analyst has been downgrading the radio sector in recent weeks. All cite the decline in dot-com advertising, which became obvious in July, and a general softening of the economy due to high energy prices as justification.

Meanwhile, a few contrarians have held firm, maintained their "buy" recommendations and insisted that radio is still a strong growth business.

Which is right?

Both, actually.

In the short-run, the concern over dot-com dollars—however overblown—will keep big money managers wary of radio stocks. And after the phenomenal gains of a year ago, Q3 and Q4 2000 results will appear less impressive. The expectation that radio stocks will remain far below last spring's highs for a while is almost a self-fulfilling prophecy.

For major league money managers, big bucks have to be moved from slowing sectors to those perceived as being on the upswing. Those guys have to swing for the fences every day or risk being sent to the minor leagues (or, more likely, tossed out on the street) if their results are below par for their peers in any quarter.

That herd mentality explains why, at least over the long-haul, it's relatively easy for an individual investor to outperform the Wall Street professionals.

Our charts show the dismal results, as the euphoria experienced in early 2000 gave way to summer pessimism that's carried on into the fall. Among "pure" radio companies, every stock is in negative territory through the first nine months of the year. Only two of the broader-based media companies are positive—Disney, which was recovering from a soft 1999, and Entravision, whose IPO was one of 2000's few bright points.

Three radio companies dipped into penny stock territory in late September. Cumulus Media quickly moved back above the $5 mark. Interep and

radio stock performance by category, Jan.-Sept. 2000

<table>
<thead>
<tr>
<th>Radio Companies</th>
<th>9/29/00</th>
<th>YTD</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infinity</td>
<td>33.000</td>
<td>-3.188</td>
<td>-8.81%</td>
</tr>
<tr>
<td>Big City Radio</td>
<td>4.313</td>
<td>-0.437</td>
<td>-9.20%</td>
</tr>
<tr>
<td>Saga Commun.</td>
<td>16.500</td>
<td>-3.750</td>
<td>-18.52%</td>
</tr>
<tr>
<td>Hispanic Bcg.</td>
<td>27.875</td>
<td>-18.234</td>
<td>-39.55%</td>
</tr>
<tr>
<td>Salem Comm.</td>
<td>12.688</td>
<td>-9.937</td>
<td>-43.92%</td>
</tr>
<tr>
<td>Cox Radio</td>
<td>17.438</td>
<td>-15.812</td>
<td>-47.55%</td>
</tr>
<tr>
<td>Entercom</td>
<td>29.938</td>
<td>-36.312</td>
<td>-54.81%</td>
</tr>
<tr>
<td>Spanish Bcg.</td>
<td>11.750</td>
<td>-27.500</td>
<td>-63.81%</td>
</tr>
<tr>
<td>Radio One, Cl. A</td>
<td>8.313</td>
<td>-22.354</td>
<td>-72.89%</td>
</tr>
<tr>
<td>Citadel</td>
<td>17.000</td>
<td>-47.875</td>
<td>73.80%</td>
</tr>
<tr>
<td>Radio One, Cl. D</td>
<td>7.063</td>
<td>-23.604</td>
<td>76.97%</td>
</tr>
<tr>
<td>Am.Comm.Ent.</td>
<td>0.280</td>
<td>-1.595</td>
<td>-85.07%</td>
</tr>
<tr>
<td>Radio Unica</td>
<td>3.875</td>
<td>-25.000</td>
<td>-86.58%</td>
</tr>
<tr>
<td>Cumulus</td>
<td>6.125</td>
<td>-44.625</td>
<td>-87.95%</td>
</tr>
<tr>
<td>Alliance Bcg.</td>
<td>0.012</td>
<td>-0.238</td>
<td>-95.20%</td>
</tr>
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<table>
<thead>
<tr>
<th>Radio IPOs</th>
<th>9/29/00</th>
<th>YTD</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regent</td>
<td>5.563</td>
<td>-2.937</td>
<td>-34.55%</td>
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<tr>
<td>Beasley</td>
<td>9.688</td>
<td>-5.812</td>
<td>-37.50%</td>
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<th>Radio Rep</th>
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<th>YTD</th>
<th>YTD</th>
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<tr>
<td>Interop</td>
<td>3.125</td>
<td>-10.250</td>
<td>-76.64%</td>
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<th>9/29/00</th>
<th>YTD</th>
<th>YTD</th>
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<tr>
<td>NBG Radio Nets</td>
<td>2.031</td>
<td>-1.063</td>
<td>-34.36%</td>
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<tr>
<td>Westwood One</td>
<td>21.438</td>
<td>-16.562</td>
<td>43.58%</td>
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<tr>
<td>Triangle</td>
<td>0.008</td>
<td>-0.012</td>
<td>-60.00%</td>
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<th>YTD</th>
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<tr>
<td>Disney</td>
<td>38.250</td>
<td>9.000</td>
<td>30.77%</td>
</tr>
<tr>
<td>Viacom, Cl. B</td>
<td>58.625</td>
<td>-1.813</td>
<td>-3.00%</td>
</tr>
<tr>
<td>Viacom, Cl. A</td>
<td>58.500</td>
<td>-1.938</td>
<td>-3.21%</td>
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<td>Belo Corp.</td>
<td>18.438</td>
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<td>-3.28%</td>
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<tr>
<td>Gaylord</td>
<td>23.875</td>
<td>-6.063</td>
<td>-20.25%</td>
</tr>
<tr>
<td>Tribune</td>
<td>43.625</td>
<td>-11.438</td>
<td>-20.77%</td>
</tr>
<tr>
<td>Hearst-Agyle</td>
<td>20.000</td>
<td>-6.625</td>
<td>-24.88%</td>
</tr>
<tr>
<td>Clear Channel</td>
<td>56.625</td>
<td>-32.625</td>
<td>-36.55%</td>
</tr>
<tr>
<td>Ackerley</td>
<td>10.000</td>
<td>-8.125</td>
<td>-44.83%</td>
</tr>
<tr>
<td>Adelphia</td>
<td>27.563</td>
<td>-38.062</td>
<td>-58.00%</td>
</tr>
<tr>
<td>Emmis</td>
<td>24.750</td>
<td>-37.570</td>
<td>-60.29%</td>
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</table>

with material supplied by THE WALL STREET JOURNAL
Radio Unica, however, show no signs of emerging from penny stock status anytime soon. As a result, they have been removed as components of The Radio Index™. Charts for all 18 stocks which were components through Q3 appear on these pages. Among them, only Salem and Entravision had an up quarter.

Warren Buffett, whom many regard as the greatest investor of all time, has frequently said that the only reason he checks stock prices is to see if anyone is doing anything stupid. We wonder if he's taken a look at radio stocks lately.

At current prices, many of the strongest radio groups are being valued at no-growth levels. The most pessimistic forecasts we've seen expect the radio industry to experience ad revenue growth of around 7% in 2001 and most forecasters are looking for something more in the 9-10% area. That should translate into cash flow growth in the mid- to high-teens (before adding in acquisitions) for the established groups. That's hardly a no-growth scenario.

For buy-and-hold investors, radio stocks have certainly been beaten down to attractive levels. What no one can guess is when the big money managers will rediscover a growth sector that, in truth, never stopped growing.

Once again, the top performer among the stocks tracked by RBR is Circuit Research Laboratories. Jay Brentlinger's rejuvenation of this company and acquisition of Orban is paying off for the lucky few who bought the stock when CRL was preparing to sell off its assets and shut down.

Generally speaking, the "radio-related" companies in traditional businesses, such as making broadcast equipment, are doing OK this year. The radio-related dot-coms, however, are doing even more poorly than the broadcasters.

Radio stocks could well outperform the broader market in Q4, primarily due to being so oversold, but don't look for enough of an upturn to erase the negativism of recent months.
NBG Radio Network flies high

Not content to merely spin records, NBG Radio Network Inc. (O:NSBD) is breaking them as well. In the past year, the company’s accountants have made the transition from red to black ink, leading to some impressive gain percentages. Q3 2000 net revenues of $409,610 compare to losses of $425,197 in Q3 1999, amounting to a 197% gain. YTD, NBG has net income of $1,637,922, representing a 301% gain over the first nine months of 1999. Over the same period, EBITDA, totaling $984,397 for YTD 2000, was up 603%.

Gross revenues for Q3 were $3,107,132, bringing the YTD total to $8,494,004. —DS

SFX Entertainment wants its notes back

Clear Channel’s (N:CCU) SFX Entertainment division has offered to buy back its 9 1/8% senior subordinated notes due both February 1, and December 1, 2008. The offer window is from 10/10/00 to 11/7/00 unless extended.

SFX is offering payment at a rate of 109.501% for the February notes and 111.193% for the December notes. Salomon Smith Barney is the exclusive manager of the tender offer. —DS

Brill dips quill in black ink

After completing its second fiscal quarter of the year, newspaper and radio operator Brill Media Company, LLC reported modest gains of 6% for the quarter and 4% for the year-to-date, based on revenues of $11.5M for the quarter and $22.9M over the six-month period. The story was not quite the same for cash flow, which was down 1% and 2% respectively. Its radio holdings were up 2% for the quarter with a 4% gain in cash flow. However, if stations included in the 1999 totals, but since sold, are taken out of the equation, radio was up 10% for the quarter with a 14% increase in cash flow. —DS

Will Q4 bring back the magic?

Dow Jones—The stock market is in dire need of what football fans might call a fourth-quarter comeback.

The market sure showed some late-game magic last year. Precisely one year ago, stocks looked like they had lost their momentum, as fears spread about an unsettled economy, weak corporate earnings, maybe even a recession. Few foresaw what would happen next: The NasdaqComposite Index, with all its technology stocks, shocked optimists and year 2000 doomsayers alike by soaring a record 86% for the year, and continuing to surge through 3/10.

This year, as the bull market prepares to celebrate its 10th birthday (10/11) the optimists are hoping for another rebound. But even they say that a repeat of the 1999 surge seems almost impossible to imagine. Instead, the debate is over whether the bull market is over, or merely pausing before it resumes growth at a more moderate pace. Pessimists think this could be the first down year for stocks since 1990.

"Things may not get a lot worse," cautioned J. Thomas Madden, chief investment officer at Pittsburgh mutual-fund group Federated Investors, in a report to clients. But, he added, "we think it will be a while before they get a lot better." And he is a bull, especially regarding the tech group. The true pessimists sound downright gloomy.

"I have been a long-term bull on this market, but I'm not now," says David Dreman, chairman and chief investment officer at Dreman Value Management in Jersey City, NJ. "I am somewhat cautious or even worse." (c) 2000, Dow Jones & Co.

CLEAR CHANNEL has acquired MAJAC'S BINGHAMTON, N.Y., STATIONS for $20,000,000

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

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Aurora snaps back into action

Just days after radio's group-owned Franks (Osborn and Washington) announced that their Aurora Communications LLC would not be sold to Nassau Broadcasting after all, they instead announced a group acquisition of their own. Robert R. Dyson's nine-station Crystal Radio Group is being sold to Aurora for an $53M cash.

The stations are all in the Poughkeepsie-Newburgh-Middletown area of upstate New York, in between capital city Albany and the Big Apple.

"These stations are a very good fit with our stations in Westchester and Fairfield Counties," Aurora VP Finance Mike Mangan told RBR. "We've increased our footprint in demographically attractive areas north of New York City."


RBR observation: For those of you who may have been stunned by the alacrity with which Aurora went from being a seller to a buyer, no. they are not wand-wielding, deal-making wizards. Negotiations to buy Crystal have been taking place since late summer. and the stations were to have been bought by an entity to be known as Aurora II. Instead of marking Aurora's return to radio ownership, the deal becomes one of the neatest, most efficient geographical jigsaw puzzles we've seen in quite some time.

Clear Channel in a swoon for Boone

Lowry Mays has found a place to spend another $7.65M out of his acquisition war chest. Clear Channel (N:CCU) will be buying a five-station superduopoly centered in Somerset, KY, just west of the Daniel Boone National Forest and east of Lake Cumberland. The cluster was put together by Nolan Kenner's First Radio Inc.

Included in the buy are WSEK-FM, WLLK-AM & WSCF-AM in Somerset, and WWZB-FM & WQE-AM in nearby Burnside.

The cluster will be within driving distance of Clear Channel outposts in Lexington, KY, and Cookeville, TN. Broker: Ed Henson. Henson Media, Inc.

They're doing something in Sumter

Miller Communications Inc. has plunked down a $50K deposit toward the purchase of three South Carolina stations from Reich Communications Inc. The total that partners Harold T. Miller, Jr., Frank H. Avent and William Duncan have agreed to pay will be $2.79M for the stations and up to an additional $60K for the real estate.

The stations are in the unrated Sumter, SC market, situated east of Columbia in the middle of the triangle formed by I-20, I-26 and I-95. They are WDXY-AM, licensed to Sumter, WKHT-AM Bishopville and WBZ-AM Wedgefield.

Although Sumter's biggest station, Clear Channel's 100kw WWDD-FM, is a force in the Columbia market, neither of these Class A FMs has the moxie to cover the distance to the South Carolina capital, nor does the 1kw-U AM.

Eagle creates a haze in Hays

Robert Schmidt, Gary Shorman and company have struck a pair of deals which will bolster its already strong presence in central Kansas, as well as bring a new company into the radio ownership ranks.
First, it is buying KJLS-FM Hays, KS, KKQY-FM Hill City KS, KFIX-FM Plainville, KS and the CP for KBGL-FM Larned KS from Rick Kuehl's Radio Inc. for $2.5M cash. It will then spin off KFIX and KBGL to Rick Hull's Hull Broadcasting Inc. for an undisclosed amount.

KJLS-FM and KKQY-FM have signal overlap with various Eagle properties, including KAYS-AM & KHAZ-FM in Hays, KVGB-AM & FM in Great Bend and KHUT-FM in Hutchinson. Since KHAZ-FM and KHUT-FM do not overlap each other, two separate markets of 2 AMs and 4 FMs apiece are formed.

Broker: Patrick Communications LLC

Competition stiffens in Myrtle Beach

Group owners NextMedia, Cumulus Media and Root Communications already have made the far-flung Myrtle Beach, SC into quite a radio battleground. Each runs a ratings-generating superduopoly. In the Spring Arbitron, NextMedia's 1AM-5FM cluster held the lead, followed by Cumulus' 1AM-5FM cluster and Root's trio of FMs.

A fourth player will be entering the Arbitron double-digit ratings zone. Fidelity Broadcasting Corp. is buying WYEZ-FM (the former WRNN-FM) from the Myrtle Beach Stations Trust, an entity which was formed to spin off excess stations acquired by NextMedia in a pair of deals earlier this year wherein they bought the entire Pinnacle group and its M.B. cluster (RBR 2/21, p.12) and shortly thereafter acquired the Hirsh Broadcasting cluster (RBR 3/6, p.13).

The station will take Fidelity to one AM and four FMs in the market, and will instantly become the ratings leader of the cluster. It will cost Fidelity's 50-50 partners Jerome Bresson and David Hafler a total of $1M cash.

The Trust, operating under the care and feeding of John Ade, is not out of business yet. It still has to spin off WYAK-FM.

Vox gets the upper hand in Hanover

Vox Radio Group has expanded its holdings in the Northeast, in particular in the unrated Hanover-Lexington market, with a $1M purchase of WBLV-FM just across the state line in Haddonfield, VT. The seller is Family Broadcasting Inc.

The Oldies station will be part of a superduopoly which will also include Classic Rock and Imus affiliate WHDQ-FM, Soft AC WWUS-FM and two Sports AMs, WNIV & WTSV.

With this deal, Vox principles Bruce Danziger and Jeffrey Shapiro will up the group's station count to 36. Although the group does draw some ratings in Manchester NH, Albany-Schenectady-Troy and Springfield MA, the stations are mostly located in unrated portions of New Hampshire, Vermont, Massachusetts, New York and Pennsylvania.

They'll K-Love it Redding

When Craig McCarthy sold most of his holdings in the Redding, CA market earlier this year to Jack Fritz's Results Radio for $6.11M (RBR 5/29, p.14), he was left with one station, Classic Rock KEGR-FM. Now it, too, has been sold, and the good news for Fritz is that his salespeople will not be jockeying for elbow room at the local car dealerships with the KEGR staff trying to move spots.

That is because the buyer is the noncommercial Educational Media Foundation, the Sacramento-based organization which operates the rapidly expanding Contemporary Christian-formatted K-Love Radio Network. It will pay $750K to add the station to its portfolio of O&Os, and in the process will add one of the very few smaller California Arbitron markets where it has not already established a presence.

EMF has been expanding its reach. Just last week, we reported on a $16M deal which put the organization into three Colorado markets (RBR 10/16, p.13). It has recently been moving east, putting together a rare non-commercial double duopoly in the Memphis market (RBR 9/4, p.14) and has even established a beachhead on the Atlantic Ocean with its acquisition of WKVC-FM (the former WMFW) in Myrtle Beach, SC (RBR 4/24, p.15).

The Radio Index ™

Admirt huge fluctuations from the Dow and NASDAQ. The Radio Index™ actually climbed last week, but not by much. It closed 10/18 at 119.45, up 1.03.

10/23/00 RBR www.rbr.com
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.

$2,500,000 KEWL-AM, KEWL-FM & KHSP-FM Texarkana AR-TX (Texarkana TX, New Boston TX & Ashdown AR). KCAR-AM & KGAP-FM Clarksville TX from Basso Broadcasting Inc. (L. Michael Basso III) to Petracom of Texarkana LLC (Henry A. Ash). $100K escrow, balance in cash at closing. Existing duopoly in Texarkana market. LMA since 8/1. Broker: Media Services Group (seller)


$1,500,000 WKKW-FM Morgantown-Clarksburg-Fairmont WV (Fairmont) from Fantasia Broadcasting Inc. (Nick L. Fantasia) to Descendants Trust, Lauren M. Kelley, Trustee for the children of John R. Raese and the children of David A. Raese. Buyer is taking over purchase option of West Virginia Radio Corp. for $10 consideration. $60K credit for West Virginia Radio Corp.'s original purchase option payment of 5/10/96, up to $228K credit for LMA payments already and to be made, balance in cash at closing. West Virginia Radio Corp. began LMA with WKKW 5/10/96. LMA will terminate no later than 11/16/00. Seller retains WMMN-AM.

$1,075,000 WGVL-FM Hartford VT. 100% stock sale of Family Broadcasting Inc. from Alexander McEwing and Canaan Foundation (Bill Shaw) to Great Northern Radio LLC, a subsidiary of Vox Radio Group (Bruce Danziger, Jeffrey Shapiro). $50K escrow, balance in cash at closing. Superduopoly with WHV AM & WWSH-FM White River Junction VT and WTSV-AM & WHDQ-FM Claremont NH.
Sold
$45,000,000
Mondosphere Broadcasting
Eleven Stations in California

KHIS-AM   Bakersfield
KKXX-FM   Bakersfield
KDFO-FM   Delano
KKDJ-FM   Delano
KRAB-FM   Greenacres
KSMA-AM   Santa Maria
KURQ-FM   Grover Beach
KSTT-FM   Los Osos
KSLY-FM   San Luis Obispo
KSNI-FM   Santa Maria
KXFM-FM   Santa Maria

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TIME WARNER

$350 Billion
Merger with America Online
Adviser
Priming

am·fm

$56 Billion
Merger with Clear Channel Communications Inc.
Adviser
August 2000

VIACOM

$80 Billion
Merger with CBS Corporation
Adviser

SpectraSite

$1.1 Billion
Acquisition of SRC Tower Portfolio
$412 Million Joint Venture with British Gas
Adviser
Priming, April 2000

Chancellor

$4.1 Billion
Merger with Capstar Broadcasting Corp.
$1.6 Billion
Sale of Chancellor Media Outdoor Corporation to Lamar Advertising
Adviser
July 1999, September 1999

CROWN CASTLE

$357 Million
Follow-On Offering
$350 Million Convertible Preferred Stock
Co-Manager
July 2000

SpectraSite

$231 Million
Follow-On Offering
$436 Million Follow-On Offering
Lead Manager
July 2000, February 2000

RADIO

$310 Million
Convertible Preferred Stock
Senior Co-Manager

$435 Million
Follow-On Offering
Co-Manager
July 2000, March 2000

COX

$255 Million
Follow-On Offering
Joint Book Runner
June 2000

SpectraSite

$560 Million
12.7% Senior Discount Notes
$200 Million
10.3% Senior Notes
Lead Manager
March 18, 2000

AMERICAN TOWER

$400 Million
Convertible Notes
Co-Manager
February 2000

REGENT

$156 Million
Initial Public Offering
Senior Co-Manager
January 2000

Clear Channel Communications Inc.

$900 Million
Convertible Notes
Co-Manager

$1.4 Billion
Secondary Offering
Joint Book Runner
November 1999, May 1999

ENTERCOM

$230 Million
Follow-On Offering
Co-Manager
October 1999

$350 Million
Follow-On Offering
$306 Million Initial Public Offering
Co-Manager
September 1999, January 1999

MORGAN STANLEY DEAN WITTER

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