



Radio at the Half Mirrors 2014 Comps

Off-Air Shows Significant Growth as Digital Also Continues Upward Pace

New York, New York – August 28, 2015 – Recent reports by Nielsen and several radio broadcast companies have garnered a wave of positive press, reminding the ad community that radio is America’s premiere reach medium and packs a powerful sales impact – positioning the medium to capitalize on this increased awareness among advertisers.

While radio revenue remains steady, it continues to make inroads with advertisers. In contrast, other traditional media revenues have been impacted by the rise of online, mobile and social platforms. For the First Half radio’s grand total of \$8.2B held steady with FH 2014 performance (-1%).

Off-Air grew an impressive 11% during the period and now represents 11% of total radio volume, up a percentage point from a year ago; in addition, Digital gained 2%.

“Increased volume in Q2 by several of radio’s larger advertisers and key categories helped boost results significantly,” said RAB president and CEO Erica Farber, “This pacing, coupled with a positive outlook for the general U.S. economy, sets the tone for a stronger second half for radio sales.”

| Revenue Comparisons - 2015 vs. 2014 | | |
|--|-----------------|--------------|
| (In Millions) | | |
| Revenue | \$FH '15 | % Chg |
| Spot | 6,301 | -3% |
| Network | 530 | -1% |
| Digital | 457 | +2% |
| Off-Air | 943 | +11% |
| Grand Total | 8,231 | -1% |

Source: Miller Kaplan Arase LLP*

“There have been some shifts in ranking among the radio’s leading revenue categories that reflect changing consumer attitudes and buying habits, as well as other factors impacting their industries,” added Farber.

The top 5 radio revenue categories are below:

| Radio’s Top 5 Categories | |
|--|---------------------|
| First Half 2015 | |
| Category (in rank order) | FH '15 % Chg |
| Auto Dealers/Dealer Groups/Manufacturers | +4% |
| Professional Services | +8% |
| Health Care | +4% |
| Financial Services | NC |
| Communications/Cellular/Public Utilities | -20% |

“The usual list of categories make up radio’s “Top 5” for the first half of 2015,” said Farber. “And digging deeper, it’s interesting to note the number of online services in various categories that are making radio a part of their marketing strategy, tapping into radio’s unparalleled ability to reach and connect to consumers in a way no other medium can.”

*Spot Radio, Digital and Off-Air revenues are based on a pool of more than 100 markets as reported by the accounting firm of Miller Kaplan Arase LLP and extrapolated to the entire U.S. Digital Revenue is comprised from activity generated by websites, Internet/web streaming, video/display ads, etc. Network Revenue includes seven major Radio network companies. Revenue data has been randomly verified since 2002.

The lineup of markets/stations may vary from year to year. Percent change is calculated on revenue adjusted to current year reporting.

The Radio Advertising Bureau serves more than 6,000 member Radio stations in the U.S. and over 1,000 member networks, representative firms, broadcast vendors, and international organizations. RAB leads and participates in educational, research, sales, and advocacy programs that promote and advance Radio as a primary advertising medium.

Advertiser Category Analysis

First Half 2015

Auto Dealers/Dealer Groups/Manufacturers

Spot spending in radio’s top category increased 4% in First Half 2015 versus 2014 comps, and revenue once again nearly equals that of the combined second- and third-ranked categories. Automotive advertisers are increasingly tapping into digital platforms, but the ongoing strength of Spot radio indicates that tried and true AM/FM continues to deliver for them – and digital audio resources offered by radio stations increasingly enhance revenue opportunities going forward.

Key nameplates significantly increasing their First Half 2015 spending offset decreases by other category advertisers.

| Auto Dealers/Dealer Groups/Manufacturers 2015 vs. 2014 Spot Radio (% Change) | |
|---|-------------------------|
| Advertiser | FH '15 % Chg |
| Toyota Dealer Association | -21% |
| Honda Dealer Association | +23% |
| Ford Dealer Association | -8% |
| Nissan Dealer Association | +17% |
| Chevrolet Dealer Association | -21% |

Source: Miller Kaplan Arase LLP: X-Ray Markets
(Revenue growth rates based on the 40 market X-Ray pool may not be fully indicative of the industry results as a whole.)

Edmunds.com, the online auto pricing and information service, is ranked #11 in the category for the Half – up from very minimal radio presence for this period a year ago. Truecar.com currently holds the #24 spot, but spending is up nearly five-fold from last year’s. Indications are that these popular research services have tapped into radio’s ability to drive consumers.

Professional Services

Significant increases by a variety of service advertisers propelled this category to the #2 spot – at the end of the first six months, the category was up 8%.

Among the Accounting/Tax Services advertisers, Jackson Hewitt Tax Service increased half year 2015 spending by more than four-fold versus same time 2014. LifeLock, the American identity theft protection company, also contributed strongly to the gain by increasing their six month Spot activity four-fold.

Health Care

Ranked at #3 for the Half, the Health Care category – comprising various medical centers, clinics and hospitals – injected Spot Radio with a 4% increase over First Half 2014.

National optic treatment center LasikPlus, ranked 3 in the category for spending, increased Spot radio activity 65% in First Half 2015 versus same period 2014. Immediately following in rank is NuMale Medical Center, providing radio with a 185% boost over the same six months in '14.

The Hospitals/Clinics subcategory, accounting for 18% of Health Care, had the greatest impact to the category's bottom line, delivering collective First Half growth of 40%.

Financial Services

Financial Spot advertisers posted stable results on radio for First Half, up 0.4% and holding on to 2014's #4 category rank position.

Revenue performance was strongly impacted by a 68% cutback by former category leader JPMorgan Chase. Chase dropped to the #3 rank position this Half, while mortgage lender CashCall vaulted into the top slot with a 141% increase (up from #7 a year ago).

Communications/Cellular

Communications/Cellular Spot spending decreased 21% from its First Half '14 level, dropping the category from the #2 rank to #5. This category remained in flux due to pending mergers and consolidation activity among key players.

T-Mobile charged up an additional 45% in Spot spend in First Half, displacing AT&T (-45%, now #2) for category dominance. Former #2 Verizon Wireless dropped to 4th within the category based on a -40% decline in volume, while Sprint upped its volume 310% to take over the #3 rank (from 6th).

In analyzing Spot spending in this category, it's interesting to note that Investopedia's July 22 analysis of the mobile industry reported heavy Radio advertiser T-Mobile grew its customer base by 24% while reporting a retention rate of 82%, while AT&T and Verizon were flat. Sprint also added significantly more users than AT&T, Verizon, according to the report.

Spot Radio Advertiser Category analysis is based on data from Miller Kaplan Arase LLP X-Ray Market Reports. X-Ray Market Reports are compiled from advertiser expenditure data direct from station billing in 40 markets. X-Ray Markets represent approximately 80% of the dollars from the total pool of over 100 markets.

The lineup of markets/stations may vary from year to year. Percent change is calculated on revenue adjusted to current year reporting.