news Release

Communications, Insurance, Health Care, Home Improvement Are Spot Growth Stars

Strong Digital, Off-Air Gains Help Radio Offset Spot, Network Dip in Q1 2014

New York, New York – May 16, 2014 – Radio's Q1 2014 revenue was on par with Q1 2013 results, the fifth consecutive quarter of flat performance. Digital and Off-Air each increased 16% against last year's comps, while Spot spending was off 2% and Network declined 8%.

"The double-digit gains in the Digital and Off-Air sectors this quarter highlight the growing interest among advertisers in utilizing Radio's multiple facets," stated Erica Farber, RAB's President and CEO. "With Radio broadcasters increasingly dedicating their efforts to improving and supporting their digital channels, local and national advertisers alike will find these platforms increasingly attractive to reach audio consumers."

Revenue Comparisons - 2014 vs. 2013
(In Millions)

Revenue	$Q1 '14	% Chg
Spot	2,947	-2%
Network	248	-8%
Digital	207	+16%
Off-Air	393	+16%
Grand Total	3,795	Flat

Source: Miller Kaplan Arase LLP*

Commenting on Spot returns for the quarter, Farber noted that "a number of category increases offset cutbacks in spending among others whose businesses were adversely impacted by weather conditions and other factors."

"While Radio's traditional top categories remain important to the bottom line, implementation of the Affordable Care Act has brought renewed interest in Radio as a communications channel, evidenced by robust increases by both Insurance and Health Care advertisers," stated Farber.

Advertisers in the highly-competitive Communications/Cellular arena rang up a 33% increase over their Q1 '13 level to rank #2 among all categories in the Spot segment; Automotive, while flat, is again Radio's leading revenue category.

As anticipated, spending in the Insurance Companies category was up substantially (+33%) nearing the March 31 deadline for open enrollment under the Obama administration's Affordable Care Act (ACA). Health Care category advertisers also upped their spending (+16%) in an effort to attract the newly insured to their services.

Home Improvement spending was up 14%, reflecting consumers' need to deal with weather-related issues and growing home sales/remodeling efforts. Also up for the quarter were Professional Services (+7%), Concerts/Theater/Movies (+6%), and Casinos/Lottery (+3%).

Radio's Top 10 in Q1 2014

The leading Radio spenders for Q1 2014 come from six different categories, including four Communications/Cellular advertisers and two representing Television/Networks/Cable Providers:

1) AT&T
2) MetroPCS
3) Verizon Wireless
4) Comcast XFinity Cable Service
5) McDonald's
6) T-Mobile
7) GEICO Insurance Company
8) Toyota Dealer Association
9) Safeway
10) Fox TV Network

*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 and HD Radio including HD2 and HD3 stations. 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.

Political Overview

Activity has already begun with 2014 mid-term elections. Within the Miller Kaplan markets, political spending from candidates, Issues, PACs, etc. totaled $7.5M for the quarter. Among the major spenders, well over half (69%) of these dollars were spent by candidates seeking office while the remainder was spent by various PACs and Issue advertisers.

Political Insights from Leo Kivijarv, Ph.D., VP/Research, PQ Media

What are your projections for political spending? What will Radio's share be?
With new regulations that opened up purse-strings further for private donors, PQ Media would not be surprised if overall advertising & marketing spend during the 2014 elections exceeds $6 billion for the year. This would represent a low single-digit increase compared with 2012, but almost a 30%-40% rise from the last non-presidential election in 2010.

Non-presidential election years are always favorable for Radio as numerous gubernatorial races are added into the mix - 36 in 2014 versus 11 in 2012. However, there are currently only a about a half-dozen toss-ups, although four are in the top 10 most populous states (AR, FL, IL, ME, MI, OH); another dozen that are leaning Democratic or Republican; but with half the seats considered safe. Despite so many safe races, the additional gubernatorial races will help propel Radio's share to the 6%-7% range compared with approximately 5.5% in 2012.

(Please note that PQ Media's figures not only include advertising media, such as TV, Radio, outdoor and the internet, but also marketing expenditures like direct mail, events, and promotional products, and thus our share percentage for Radio might be lower than other political advertising research firms.)

How do you see political advertising on Radio pacing as it pertains to the forecast?
The first quarter pacing for Radio is slightly stronger than expected. This is due to the GOP "civil wars" during the House primaries in states like North Carolina, in which moderate Republicans are aggressively attempting to minimize the Tea Party influence on the November elections, therefore investing more at this stage than during previous primaries.

We originally thought that Radio might generate nearly $425 million for the year up from $335 million in 2012 (approximately a 25% gain). Early indications are pointing to an increase over 30% if the moderates continue to spend during the November election and if (a big if) the more conservative Republicans continue to support the party in its attempt to win both Congressional bodies.

What factors will influence increases in Radio spending and where will that money be spent?
Besides those previously mentioned, this year's national elections are all about the Affordable Healthcare Act and attempts by both parties to keep/gain control of the Senate.

Democrats are seeing a higher share of affluent individual donors, and an increase in donations to Super-PACs in order for the status quo to remain. Meanwhile, Republicans will pull out all stops to gain control of the Senate in an attempt to overturn the Act before the 2016 election as a way of increasing the chances of whomever they choose for their presidential candidate.

How do you think the impact of the new Supreme Court ruling will impact spending?
There is a debate as to whether the recent Supreme Court ruling on the number of individual donations that can be made in a campaign will impact political advertising and marketing spend. Some pundits believe it will raise the total substantially, particularly for hotly contested campaigns in smaller constituencies that will allow both candidates to place more broadcast TV ads than previous elections, as well as increase budgets for other media like Radio. The contrasting view is that monies are shifting from the Super-PACs to individual campaigns, and therefore the projected increase will be in line with expectations before the court ruling.

Although we lean towards the former argument, PQ Media is currently not taking a position until we determine whether the dissatisfied Tea Party supporters will continue to donate during the November elections if their favorite candidates are defeated during the primaries. That won't be determined until late summer when political campaign spending ramps up approximately three months before the election.

With many contentious congressional races, and the potential for majority shift in the senate, do you foresee radio being a major beneficiary of the spending that is sure to pour into these contests? If not, what can Radio do to increase their share?

Good question. Radio will definitely be a major beneficiary of the battle for the Senate. The major races that are still considered toss-ups are primarily in states that rural regions hold significant influence on the final results – AK, AR, LA, NC, MT – and Radio is an important medium when no TV station resides in the county. In another ten races there is a particular candidate currently favored to win, but the margin of victory is close enough that an unforeseen event, like a scandal, and/or an influx of ad dollars, with a theme that resonates with independent voters, could change the outcome.

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Dr. Leo Kivijarv is a respected source of analysis for more than 100 news and trade sources including Bloomberg TV, NPR Radio, MSNBC, Fortune, Kiplinger's, and Broadcasting & Cable.

PQ Media is a leading provider of econometric data and strategic insights to executives in the global media, entertainment and technology industries. PQ Media employs a proprietary econometric methodology to provide clients with actionable market intelligence necessary to achieve their growth objectives in a fast-changing global marketplace. The PQ Medianomics™ research system relies on comprehensive databases, proprietary algorithmic models and exclusive industry leader panels. We track, analyze and forecast media operator revenues, end-user consumption and consumer spending across more than 100 digital, alternative and traditional media platforms and channels in leading markets worldwide, including the PQ Media Global Digital Media & Technology Research Series, a three-report series that provides the first holistic view of the world's media economies. For more information, contact Dr. Kivijarv at lkivijarv@pqmedia.com or 203-921-0368.

Advertiser Category Analysis

Q1 2014

Auto Dealers/Dealer Groups/Manufacturers
Automotive dealers were hard hit by the weather in Q1 as consumers in many areas couldn't get out to shop for vehicles – or didn't want to drive new wheels off the lot onto icy roads. Despite that, Automotive advertisers' Spot spending kept pace with last year's. This category holds a solid #1 rank for the period.

Category leader Toyota Dealer Association was down 3% but spent nearly twice as much as second-ranked Honda Dealer Association, which declined 29%. Nissan Dealer Association's 80% increase landed them in the #3 spot, ahead of Ford Dealer Association (#4, down 3%) and Chevrolet Dealer Association (#5, up 17%). Rounding out the category's Top 10 were Chrysler LLC (#6, down 1%); Toyota Motor Corporation (#7, up 4%); AutoNation USA (#8, up 7%); Nissan Motor Corporation (#9, up 183%); and Dodge Motor Corporation (#10, down 4%).

Beverages
Although this category experienced a double-digit Spot decrease (-29%) for the start of 2014, #2 category spender Anheuser-Busch poured additional dollars into Radio with a 23% increase in Q1 compared to same time last year.

Top category spender PepsiCo cut back Q1 2014 spending 30%, while #3 Coca-Cola was up 1%.

Casinos & Lottery
A 3% Spot increase in Q1 2014 edged this category to the #11 slot – up from #12 in Q1 2013.

Radio was a winner as combined spending by State Lotteries (including Washington, D.C.) increased significantly in the quarter. In addition, there were some notable lifts in spending by regional casino advertisers: Revel Resorts and Casino had the highest percent increase (+236%), making it their second consecutive comp-quarter rise.

Other casino advertisers with upticks (ranked in order of expenditures):

Casinos
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q1 '14
Morongo Casino Resort & Spa	+28%
Caesar's Hotel & Casino	+139%
San Manuel Casino	+152%
Mohegan Sun Casino & Hotel	+68%

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.)

Communications/Cellular
The competitive scenario in this category continued to provide impetus for high-volume spending in Q1. The category is a strong second in Spot spending for the quarter, and the four category leaders all show up in Radio's Top 10.

Carriers increasing their Radio share of voice while vying for consumers' wallets with new technologies and/or new service plans included AT&T (#1, up 31%); MetroPCS (#2, up 179%); Verizon Wireless (#3, up 134%); T-Mobile (#4, up 19%); AIO Wireless (#8, not on the air in Q1 '13). Sprint (#6) and TracFone Wireless (#7) decreased spending 81% and 52% respectively.

Concerts/Theaters/Movies
Ranked 10th in overall Spot spending for this period, Concerts/Theaters/Movies increased First Quarter 2014 spending by 6% over year-ago comps.

Live event and concert promoter Live Nation -- tops within the category -- increased Q1 spending 11% versus same time period one year ago, followed by Universal Pictures (up 98%) and Paramount Pictures (#3, up 40%). Collectively, these top three advertisers added 33% more dollars to Radio in the first three months of 2014.

Increases from other Q1 entertainment advertisers were:

- Sony Pictures +46%
- Warner Brothers Pictures +641%
- Walt Disney Pictures +56%
- Weinstein Company Pictures +66%

Financial Services
Spot activity was erratic as some major financial institutions reduced Radio commitments, resulting in an 11% decrease to the category's Q1 bottom line.

For the quarter, Financial Services was strongly dominated by JPMorgan Chase (#1, up 8%) in a virtual tie with American Express (up nearly nine-fold).

Grocery/Convenience Stores
Spot Radio spending in this category – another affected by bad weather – was down 18% against Q1 '13 comps.

Category topper Safeway remains robust with a sizable lead over all others despite cutting spending by 27%; second-ranked Kroger (-6%) is also solid against the competition. On a more positive note, the others in the category's top five were all up this quarter: Publix Supermarkets (+40%), Albertson's (+33%), and 7-Eleven (+11%).

Health Care
Comprising various health services, medical facilities and hospitals, this category boosted Spot for the first three months of 2014 by 16% and moves into the #3 ranking among all spenders.

Ideal Image, top category spender, upped their over-the-air presence by 3%, knocking Kaiser Permanente to the #2 spot despite more than doubling their spending (+121%) over Q1 2013.

The Health Care category was infused with ad dollars from the Centers for Medicare and Medicaid Services (#3) in the quarter versus no spending same period 2013. Diabetes of America also used Spot Radio to communicate their messaging compared to no activity in Q1 2013.

Additional Health Care advertisers with upticks in Q1 2014 spending:

- Low T Center +129%
- Planned Parenthood +107%
- American Laser Center +25%

Home Furnishings
Despite a 10% Spot spending decline, there are numerous Home Furnishings advertisers that built up their First Quarter 2014 spending.

Top category spender Mattress Firm increased their Spot Radio presence by 13% and spent double the amount of #2 Select Comfort (-56%) and #3 Sleep Train Mattress Center (+18%).

Others that increased Radio spending in the quarter were Sleep Country USA (+18%), Bob's Discount Furniture Store (+5%), and Dump Furniture Store (+179%).

Insurance Companies
Radio was a primary beneficiary of the Affordable Care Act (ACA), with a healthy 33% gain in Spot advertising over Q1 last year. Although the first open enrollment period has now closed, marketers in the category should continue to spend throughout the year to reach Americans eligible to enroll based on lifestyle changes, as well as pre-sell for the next open period at year-end.

GEICO Insurance perennially ranks tops in this category and continues to hold a strong lead in Q1 despite an 11% spending decrease. Blue Cross Blue Shield catapulted into the #2 spot based on a 178% increase (up from 5th last year).

#3 State Farm Insurance and #4 American Family Insurance declined 37% and 29% respectively. Auto Insurance, Property/Casualty Insurance, and Health Insurers at lower spending levels' increased spending helped offset the declines among the majors, as did advertising by a number of the newly-created state Health Insurance Exchanges.

Professional Services
A total increase of 7% for the quarter came from a diverse array of advertisers promoting their services, including Constant Contact with a 333% Q1 2014 increase over same time period 2013.

Other advertisers with increases:

Professional Services
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q1 '14
1-800-411-PAIN	+11%
Zerorez (carpet cleaning)	+5%
Jackson Hewitt	+14%
Sport Clips	+27%
1-800-Got-Junk	+138%
Liberty Tax Service	+122%
Massage Envy	+7%

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.)

Restaurants
Taking Spot hits from each of the top five spenders of Q1 2013, this category registered a 16% drop in comps: McDonald's (-5%); Dunkin Donuts (-2%); Wendy's (-30%); Subway (-48%); and Burger King (-89%). The first four remain category top spenders in the first quarter of this year despite the cutbacks, but Burger King drops to #29 from 5th last year.

Radio took in more revenue from Pei Wei Asian Diner, up an impressive 144% to move up to the #5 rank position this quarter. Others posting notable Q1 increases were Del Taco (+41%), Darden Restaurants (+36%), Whataburger (+3%), Qdoba Mexican Grill (+240%), Carl's Jr. (+17%), and Papa Murphy's Pizza (+18%).

With many new menu introductions on the burner and breakfast battles gaining momentum, the major chains are positioned to increase Radio spending as the year progresses.

Retail – Including Department & Discount Stores and Home Improvement
The polar vortex had a definite impact on the Retail category. Numerous storms hitting all parts of the country during the first three months of 2014 had Home Improvement retailers reminding consumers to get their winter weather tools at their locations. In total, advertisers within this subcategory increased their Spot Radio presence 14%.

Home Depot, the category leader, had an uptick of 41% versus Q1 2013 while regional advertiser, PetersenDean Roofing and Solar built up their presence 336%.

Other Home Improvement advertisers with upticks (ranked in order of expenditures):

Home Improvement
2014 vs. 2013 Spot Radio (% Change)

Advertiser	Q1 '14
Lowe's	+249%
Menards Building Supply	+2%
American Vision Windows Center	+28%

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.)

Winter storms and post-Holiday shopping lulls had many Department & Discount Stores cutting back their Spot Radio activity, evidenced by a 38% decline in Q1 2014 spending versus comps.

Top two category spenders each decreased their First Quarter spending – Walmart down 61% and Target down 28%. But the category was not without its bright spots - the following national retailers collectively increased their Q1 spending by 21%:

- Macy's +16%
- Sam's Club +31%
- JC Penney +30%
- Dillard's +20%

Specialty Retail
Experiencing the weather impact similar to its larger sibling, Specialty Retail declined 11% in the quarter, but there were some retailers that amped up their Spot Radio presence: Old Navy, ranked at #1 within the category, increased spending by 17%; regional specialty Good Feet Store increased its activity 82%, as did American Girl +49%.

Television/Networks/Cable Providers
Spot spending in this consumer entertainment category declined 13% in the quarter versus 2013 comps.

Delivery was impacted by cuts from category leader Comcast Xfinity Cable Service (-16%), #2 Fox Television Network(-20%), and #4 Charter Communications Cable (-2%); however, Time Warner Cable (#3) and TBS Turner Broadcast System (#5) were up 33% and 32% respectively.

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.