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Wave of mega-mergers strikes a Congressional nerve

A Senate panel, worried about the long term effects of mega-mergers on consumers, is warning two federal agencies that the need for new legislation may be now.

"Most Americans tend to view increased concentration of control as a negative, and, unfortunately, this is often the case," Senate Commerce Committee Chairman John McCain (R -AZ) told FCC and FTC heads 11/8. "We worry whether increasing consolidation in the radio broadcasting industry will homogenize radio programming."

FCC boss Bill Kennard and his FTC counterpart, Robert Pitofsky, were summoned before McCain's Commerce Committee to defend their agencies' support of mega deals, including the proposed mergers between CBS and Viacom; MCI WorldCom and Sprint; and Bell Atlantic and GTE.

According to the Federal Trade Commission, merger filings in the communications industry have increased by 50% since 1995, compared to a value of more than $266B.

While Kennard testified that he is "very cautious" about mergers, now is not the time to pass legislation to strip away the FCC's authority to review the deals.

"We at the FCC have a statutory obligation to ensure that mergers will result in tangible benefits for Americans...it is the FCC's job to make sure that no transfers of control create a conglomerate so large and so dominant that it kills competition," Kennard pointed out.

Pitofsky added during testimony that the Committee should not be worried about the number of recent mergers, but the size of the deals and the impact they will have on consumers.

McCain, who has already written legislation to streamline federal review of Telecom mergers (RBR 5/31, p. 2), has ordered a congressional study of the merger wave to look at the "consumer viewpoint of this entire situation" while Sen. Byron Dorgan (D -ND) is urging members of the panel to reopen the 1996 Telecom Act when they reconvene next term.

Furchtgott-Roth labels merger approval "false"

While Kennard was preparing to defend his agency's right to review mergers on Capitol Hill last week, fellow Commissioner Harold Furchtgott-Roth was spending his time writing an editorial piece in which he called the review process a "false" responsibility.

The FCC has "created a merger approval 'process' that is lawless, standardless and endless," Furchtgott-Roth wrote to the Wall Street Journal 11/5. "Under the law, no merger requires FCC approval. Companies are required to apply only to transfer FCC licenses, much like changing [the] title to an automobile."

The Commissioner further stated that his agency, by raising the red flag to certain deals, has wrongfully brought many companies "to their knees begging for 'voluntary' conditions that drive up their costs of doing business."

Calling the process both arbitrary and indecipherable, he further wrote that the agency is not consistent when handling license transfers and asserts its "limitless authority without deadlines or accountability."—TS

Tidbits from the Portals

Earlier this month the Commission released its Notice of Proposed Rulemaking on digital radio, seeking public comment on whether IBOC DAB or a new non-IBOC spectrum would best advance the industry's transition to digital (RBR 11/8, p. 3). Now commentors have until 1/24/2000 to file their comments and 2/22/2000 for reply comments.

Also announced at the FCC: Forms 314 and 315 are now available for use. The forms have been updated to incorporate the new broadcast ownership and attribution rules (RBR 9/3, p. 3) that will become effective tomorrow (11/16). More importantly, in cases where the agency receives multiple applications for dual ownerships in the same market, the FCC has decided to rely on random lotteries to choose the winner. CBS (N-CBS) and Viacom (N-VIA) had argued that the Commission should award the license to whichever company announced the deal first.—TS
AMFM to launch Internet Talk station(s)

AMFM Inc. (N:AFM) Vice Chairman and Radio President Jimmy de Castro tells RBR that Talk radio may be getting a new sub-format: "A Talk station about the Internet. The amount of business that is coming out on the Internet now is more than what we can clear," he says. "We are very close to launching it on KNEW-AM in San Francisco."

While there are plenty of Internet-based Talk shows, i.e. Kim Komando, so far we know of no station or net running Internet-based programming 24/7. KNEW-AM is now a simulcast of KIOI-FM.

de Castro, KIOI VP/GM Brent Osborne and others have been working on the project for months now, meeting with I-companies for content and advertising support. When enough content is shored up for 24/7 programming, KNEW could launch the format.

"We are working on a programming deal with some guys that I used to know. The newsmen, who always filled in for London on KMEL in San Francisco, is a guy named Brian Cooley. He's putting together over eight hours of programming. If we can fill in the rest of the day, we are going to flip," said de Castro.

After that, "We have 30 other AMs that we could follow it up with."

With success on that front, the format may eventually be offered up through AMFM Radio Networks. "Ultimately we might take it through AMFM. But for now, we are going to do it ourselves," de Castro explains.—CM

News Analysis

King KO'd by criminal record

Much as we'd enjoy reporting on the antics of Don King, radio group owner, it's highly unlikely that will ever come to pass.

We know that the flamboyant boxing (and self) promoter and Rev. Al Sharpton recently met with Clear Channel (N:CCU) officials to discuss prospects for minority buyers actually getting many of the spin-offs from the pending Clear Channel-AMFM merger. A few days later King declared on “The Howard Stern Show” that he’d bid $4B for the entire crop of spin-offs.

Sharpton, of course, has no money. While King might indeed be able to raise billions, he has a problem with his resume—specifically, the years 1967-1970. Those were the four years that King served in prison for manslaughter—making it virtually impossible for him to ever qualify for any FCC license.

That's a shame, in a way. As a radio group head, King had the potential to make even Randy Michaels seem boring by comparison.—JM

RAB debuts e-Commerce Solution

Utilizing the critical mass of 5,000 member stations, the RAB offered up 11/8 the “RAB e-Commerce Solution” to generate “immediate” revenue to all that sign up. Stations are offered three levels of the product to link to their Web sites.

Level One, which is free, offers listeners an online shopping mall of more than 100 national retailers. Stations earn commissions on each purchase. Level Two adds a local shopping page for links to clients’ sites and provides stations banner ad avails and multimedia packages with local retailers for a $25 maintenance fee. Level Three, not yet operational, will offer direct local online shopping, providing everything the local retailers need to sell goods and services through the stations’ site. Retailers are charged a monthly fee for the service.—CM

Art Bell’s Y2K show

Talk about a potentially scary show—Premiere’s Art Bell will do his “Coast to Coast AM” early on 12/31, beginning at 10P ET to track the progress of the Y2K computer bug across the continent. Special guests and listeners will report from all over the country as God-only-knows what events unfold. "I think there will be some nasty surprises on the first business day, mainly to medium and small businesses," Bell told RBR.

The show will conclude at its regular time of 6A ET.—CM
**FCC head accused of breaking the law**

Chairman Bill Kennard, under attack for his 4/23 decision to allow a racetrack to broadcast its event without the necessary license, is calling his action a “common sense” one not to disrupt an ongoing sporting event.

“I believe this decision was made in good faith by all those involved,” Kennard said in a statement.

But according to a whistleblower complaint filed by an agency official, Kennard violated ethics rules and abused his power by allowing the unlicensed station to continue operating and urging officials to expedite a temporary license for the Ennis, TX racetrack’s low-power TV broadcasts.

The allegations came from Richard Lee, chief of the agency’s Compliance and Information Bureau.

Lee writes that the FCC head ordered the approval after Rep. Joe Barton (R-TX)—a member of the Commerce Committee which oversees the FCC—contacted Kennard on behalf of the racetrack operators. Kennard then ordered the Dallas field office to permit the LPTV broadcasts to continue even though the facility did not have the appropriate license.

Billy Meyer, the racetrack’s owner, claims he was unaware of the need to obtain a license and did apply for one which was granted in August.

Sen. John McCain (R-AZ)—the man in charge of the other committee that presides over the Commission—has called on the FCC’s Inspector General to investigate the matter. Kennard has also asked for an investigation into Lee’s allegations.

To add even more dimension to the incident, pirate radio operators are hoping to use the Kennard ethics probe to their advantage in court cases over the FCC’s refusal to issue low-power licenses. The Pirate Radio Network, www.lbreder.com, is gathering responses from unlicensed operators to these questions:

- How many of you have filed for an experimental license or for a special temporary authority to operate a broadcast station?
- Was it denied or is it still pending?

The appeal over the Internet says, “This information is needed a.s.a.p., and may be forwarded to the CIB for use in this case.”

---

**Michigan broadcasters can air casino ads, but problems cropping up**

On 11/4 in 30th Judicial Circuit Court of Michigan (Ingham County), the Michigan Association of Broadcasters (MAB) effectively overturned several Michigan state laws that made it a misdemeanor for stations to broadcast casino gaming advertisements.

Detroit has several casinos under construction, a few of which have already opened (MGM Grand and Motor City Casino).

Citing First Amendment rights and the Supreme Court ruling on casino ads in greater New Orleans (RBR 6/21, p.2), DC-based (one of MAB’s legal counsel) Fisher Wayland Cooper Leader & Zaragoza’s Dick Zaragoza prepared pleadings on the case. “I think it’s a logical extension of the Federal ruling to the states. This decision...will persuade other jurisdictions certainly not to broaden any prohibitions against broadcasters, but also, on their own initiative, to take them off the books or at least encourage other state broadcaster associations to find ways to limit the applicability of these anti-casino gambling advertising statutes,” Zaragoza told RBR.

Broadcasters at first thought they could air casino spots almost immediately. However, just days later, the ruling ran into problems—it isn’t yet binding on local prosecutors. The judge didn’t comment MAB’s motion to enjoin the state of Michigan and all of its governmental subdivisions.

[MAB] Attorney John Ronayne prepared an order and Eric Eggan, Attorney for the State, needed to agree to that order for it to go into immediate effect. Eggan said he will not agree to enjoin all government subdivisions.

“The prosecutor of the attorney general’s office of the state of Michigan interprets the judge’s opinion as being simply ‘we are in the court for Ingham County’ and they don’t want to have that opinion to enjoin all the state. So by that standard, we would have to then file in every county in the state of Michigan,” says Michael Steger, VP, MAB, who adds MAB could win or lose in every county.

With two opposed orders, another hearing date will be set and the judge must rule which order he will grant. That court date should be made later than the date ordered by the judge who didn’t comment MAB’s motion to enjoin the state of Michigan and all of its governmental subdivisions.

**Double digit revenue streak extends into September**

Local September radio revenues were 12% greater than the same month in 1998, and surging national sales picked up by 20% for an overall gain of 14%. YTD, the industry is up 13%. As was the case in 1998, revenue increases are well on their way to outperforming the rosiest predictions and setting a brand new record. It would take nothing short of a cataclysmic drop in Q4 to prevent it.

As usual, the gains were basically enjoyed from coast to coast and everywhere in between. All regions enjoyed double digit gains in local business, with a spread from 10%-15%. The one anomaly in national business, which now must be called a 1999 trend, is the superior performance in the East, which had its second month in a row with a 30% or better gain good for plus 20% YTD, compared to the lackluster performance in the Southwest, which limped home with a mere 3% gain and 6% YTD.—DS

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<th>All markets</th>
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Source: RAB

this month. Said Steger: “When the judge made his [initial] reading from the bench, we had until Monday to file the paperwork which basically would have interpreted what the judge said—that’s what would have gone down in the books. So we wrote it up. The state of Michigan looked at it and said ‘No, that’s not how we see it.’, and basically they disagreed with enjoining all parts of the state. So we now have to go back to the judge and he will clarify that one way or the other.” That will set the precedent for the state.—CM
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Television Business Report

NAACP threatening Y2K boycott

The head of the NAACP, former congressman Kweisi Mfume, is threatening “to begin the new century with old-fashioned activism”—a nationwide boycott of one of the big four TV networks. The boycott of a network yet to be named would attempt to get African-Americans and others concerned about on-air diversity to avoid watching the target network from New Year’s Day through the February sweeps.

In a New York news conference 11/3, the civil rights leader complained of a “dearth of blacks and other minorities both in front of the camera and behind the scenes” in network TV. Mfume had lashed out at the networks at the NAACP’s annual meeting in July for the lack of black characters in the lineup of new fall shows. He now says that complaint about on-camera talent was just an opening salvo. “Our issue is much deeper than that,” he said.

Big bucks in Lubbock

If you have any doubts that TV station prices are moving higher, know this: KCBD-TV (Ch. 11, NBC) Lubbock, TX just sold for $59.8M. Yes, the station is the top biller in the market and one of only two VHFs, but we are talking about Nielsen market #147.

The buyer is Liberty Corp. (N:LC), an insurance company based in Greenville, SC, via its Cosmos Broadcasting Corp. subsidiary. Cosmos already owns 11 TV stations. The seller is Holsum Inc.

According to BIA, Lubbock had $25.5M in TV revenues in 1998 ($7M went to KCBD) and is expected to do $26.3M this year.

How much for San Francisco?

Two of the big four networks—General Electric’s (N:GE) NBC and Fox (N:FOX)—are said to be among the bidders for KRON-TV (Ch. 5, NBC) San Francisco. NBC reportedly bid $700M and the price could end up close to the $800M mark. The station is being auctioned off as part of the break-up of Chronicle Publishing Co.

CBS (N:CBS) and Disney’s (N:DIS) ABC already have O&Os in the City by the Bay, so they aren’t potential bidders. Another big group owner said to be interested is Belo (N:BLC).

According to Dow Jones Newswire, NBC has threatened to drop the station’s NBC affiliation if anyone else gets the deal. That wouldn’t concern Fox of course, but it would have to be careful about upsetting Cox Broadcasting, which owns the market’s current Fox affiliate, KTVU-TV (Ch. 2).

Jeff meets Mickey

Emmis Communications (O:EMMS) has closed on its $191.5M buy of WKCF-TV (Ch. 18, WB) Orlando from Press Communications. The acquisition is the second for CEO Jeff Smulyan in the fast growing Sunshine State. Emmis already owns WFTX-TV (Ch. 38, Fox) Ft. Myers-Naples. Broker: Ben La Rue, H.B. La Rue Media Brokers

DTV threatened in Denver

Five Denver TV stations, which make up the Lake Cedar Group LLC, have petitioned the FCC to pre-empt a local zoning decision which denied the group’s application to construct digital TV facilities at the Lookout Mountain Antenna Farm. The proposed single multi-use tower would have replaced four existing towers.

The petition charges that the action of the Jefferson County Commissioners is in conflict with the federal initiative to deploy DTV, plans to recover existing analog TV spectrum for auction by the US Government and the environmental and safety objectives of locating new DTV towers in existing antenna farms.

The stations which comprise the Lake Cedar Group LLC are Gannett’s (N:GCI) KUSA-TV (Ch. 9, NBC), CBS’ (N:CBS) KCNC-TV (Ch. 4, CBS), McGraw-Hill’s (N:MHP) KMGH-TV (Ch. 7, ABC), Rocky Mountain Public Broadcasting’s KRMA-TV (Ch. 6, PBS) and NewsWeb Corp.’s KTVD-TV (Ch. 20, UPN).

Katz launches Millennium

Just ahead of Y2K’s arrival, AMFM’s (O:AFM) Katz Media Group has restructured two units of its Katz Television Group. Katz American has been merged into Seltel and the combined TV rep company has been renamed Millennium Sales & Marketing.
Work in process: USADR's field tests

Last month marked USA Digital Radio VP Engineering Glynn Walden's 10th anniversary of working on digital radio. With over 10,000 hours of experience with over-the-air broadcasts of DAB, he has seen IBOC grow from concept to a fully operational system that is ready to be implemented in the real world.

USADR is engaged in the most extensive testing program ever undertaken on any new technology for use in a radio or television broadcast system and is preparing to submit these results—along with Lucent Digital Radio and Digital Radio Express—to the FCC and the NRSC. The goal is to prove that IBOC is clearly superior to the existing analog broadcast services in use today and that it will serve the public interest by meeting the needs of broadcasters, listeners, regulators and equipment manufacturers.

In this issue of Engineered for Profit, we asked Walden to detail the field testing phase as it nears completion for the 12/15 NRSC deadline.

When do you expect the field tests to be complete?
We expect to deliver test results to the NRSC on 12/15/99. While the NRSC process answers most of the questions concerning IBOC, testing will continue beyond that date. Further testing will address additional IBOC implementation issues, insure robust IBOC operation across a wide variety of stations with unique and challenging allocations and create a high level of confidence in IBOC for the broadcasters, the regulators and the manufacturers who will produce IBOC products.

What other markets have been lined up for future testing?
It is important to test in the major markets as they generally present the most difficult multipath and interference conditions. We are selecting facilities that represent these challenges and demonstrate IBOC's improved audio quality, robustness and immunity to noise and interference. We have a list of volunteer stations—many AM and smaller market stations—wishing to participate in the testing program. We intend to include a sample of these stations in our testing program to show that IBOC can sustain their viability and grow their audiences in a world in which digital technology has increased expectations of quality.

In Orlando at the NAB show, you were unable to impair the signal enough for the system to revert to analog backup (driving the van under bridges and in parking garages, etc.). What does this say about the system and its robustness?
Many persons had an opportunity to ride in the USADR test van in Orlando. There were no planned routes in the Orlando van demonstrations and guests were free to ask our driver to go wherever they wished. Many guests tried to challenge the robustness of the digital system by directing us to travel under bridges, in enclosed parking garages and behind the huge hotels lining International Drive. As our guests observed, blends to analog were difficult if not impossible to achieve. That being said, Orlando is not a particularly difficult market for multipath. However, NYC, Baltimore and Washington do provide challenging conditions and the system has demonstrated freedom from the effects of multipath, and shielding by delivering flawless digital audio that is free of drop-outs and blending in these urban canyons.
Why then is an analog backup necessary?
The analog portion of the Hybrid broadcasts is needed to maintain backward compatibility and provide a smooth transition to digital radio. The analog signal is available and it makes sense to use it for a backup channel. At some distance all digital systems fail to achieve sufficient signal to noise ratio to decode the digital audio. At this point our system will seamlessly blend to analog. Blending occurs primarily at the edge of coverage where analog radios have defaulted to mono, and are noisy. The time diverse analog backup provides an extension to the digital service and maintains the continuity of programming.

What equipment from USADR's Technology and Marketing alliances is being used for testing in each market?
We are making every effort to use equipment from each of our coalition members in our field and lab testing efforts and we are establishing ongoing development and marketing links with our partners. This equipment includes transmitters, audio processors, combiners, filters, analog exciters and other RF equipment.

Explain the field testing process at the AM stations.
Preparation of an AM station for IBOC operation is a simple process. A site survey is first performed to determine the equipment needed to implement DAB. The assessment determines the power level needed for the IBOC transmitter, physical placement of the equipment in the facility and STL/audio processing requirements. Coverage and interference maps are generated. Routes corresponding to eight ordinal points on a compass as well as areas of specific investigation are plotted on street maps. Equipment is ordered, installed, tested and certified for IBOC operation. The van traverses each radial recording the analog audio, the IBOC receiver audio, longitude, latitude, distance from the station, signal strength of the station and the levels of interference from the upper and lower 1st and 2nd adjacent channel interferers. The information is formatted into tables and graphs for presentation to the FCC and the NRSC.

Explain the field testing process at the FM stations.
AM testing differs in that we perform an antenna common point sweep and adjust the common point for symmetry about the center frequency. Combiners are not used in AM testing and we generally use the station's existing AM transmitter and interface it directly to our IBOC exciter. All other equipment is the same as are the testing processes and data collection methods. Additionally, we test the system during daytime and nighttime conditions.

What data are you delivering to the NRSC in this Phase I testing?
The data submitted are generally divided into three categories, 1) Compatibility of IBOC with respect to analog, 2) Lab performance of the IBOC system and 3) Field tests. We intend to deliver data to conclusively show that IBOC transmissions are superior to the analog service and will serve as a suitable enhancement to over-the-air broadcasting.

What do you have to say about the FCC's Digital Radio NPRM, released 11/1 (RBR 11/8, p.3-4)?
We are extremely pleased that the FCC crossed this historic milestone and has supported Chairman Bill Kennard’s desire to expedite radio’s transition into the digital age. We are especially pleased that the Commission closely reviewed our Petition for Rulemaking in crafting the NPRM. Specifically, the Commission has agreed with our assertion that workable "IBOC technology represents the best means of implementing DAB in the United States...and will bring superior audio fidelity, signal robustness, and new improved ancillary services" to the public.

What feedback from CEs and GMs have you been getting at the test stations?
General managers and station engineers have been enthusiastic about being participants in these historical tests and look forward to the availability of receivers and the enhancements that IBOC brings to their listeners. I personally want to thank the engineers at our test stations for welcoming us into their facilities and helping us with the test efforts. Much of what has been accomplished in our field testing program is due to their help and commitment.

Are you testing the data channel for FM and AM in these rounds of tests? What are the details if so?
In all of our tests we include Program Associated Data, PAD. We are performing tests on auxiliary data, however...
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ever, the focus of present testing is DAB performance vs. the existing analog system. There's data on both AM and FM. It will show up on the front panel of our receiver and shows up as call letters and slogans and songs and "Eat at Joe's" etc. The data rate is slower on AM than FM, though.

I've noticed here in the Virginia suburbs of Washington DC that the first adjacent stations to 106.7 WJFK-FM (106.5 WWMX-FM Baltimore and 106.9 WARX-FM Hagerstown, MD) can no longer be received (especially in a mobile environment) because of WJFK's IBOC test carriers. What do you say to station owners concerned their signal may be blocked from IBOC outside of market coverage areas?

It is important to us that we have a system that provides for great digital sound, but does no harm to analog. We are just beginning to collect data on WJFK so we don't really have any specifics regarding that station at this time. However, I can say that we will be submitting detailed test results to the FCC as part of the regulatory process. In these test results, we will address any levels of interference to other stations. Obviously, we have taken great care in the system design to protect each station's coverage.

The USADR van ready for riders at the NAB Orlando Radio Show.
Inset: equipment inside.

USADR's current field test lineup

<table>
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<tr>
<th>Location</th>
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WNEW-FM New York presents challenging urban multipath and Rayleigh fading environments. How is the system performing there? We are extremely pleased with the preliminary test results from WNEW. Just as in Orlando, it has been impossible to kill the signal in downtown urban areas of Manhattan. In fact, no drop-outs or blends to analog were observed anywhere in Manhattan.

Considering the testing results so far, how close is the system's design to being finalized? In my 10 years of working on digital radio, I have seen a number of IBOC designs. I believe that this system represents the most thorough and complete design possible for an IBOC
system. The first determination as to how well the system is performing is shown by how well the actual hardware exciters and receivers match the performance of the simulations that were used in its development. Laboratory tests demonstrate that the exciters and receivers perform as well as or better than predicted. Field tests, to date, indicate a high degree of correlation with laboratory and computer simulations. Demonstrations to the press, broadcasters and certain FCC staff members have shown the USADR IBOC system to be robust and delivering CD-like audio that is free of drop-outs and blending.

What is involved, including timing, to downsizing the receivers to chip sets. How involved will Texas Instruments (RBR 8/2, p.6) be in that process?

At this point in time our scientists and engineers are working with receiver and chip manufacturers on the commercialization process. These companies are experts in taking new technology and turning it into affordable consumer products.

At this point, we don't have a date yet, but that's what we're working for with TI and the others. The way this works is long before the chip is finished, a size pin-out and interface standard would be made available to the receiver manufacturers so that they could build circuitry in which that chip could be placed. The first thing we will do is develop an ICD, or Interface Control Document. It defines what the pin-outs are, what each pin does, what the levels and impedance are going to be and how you use that interface. The ICD gives the receiver manufacturers 90% of what they need in order to incorporate this chip into a receiver.

That's what we did with Fraunhofer [supplying audio coding technology]. We told them how to build their chip based upon how it needed to connect to our system.

Debuted 8/1, the NAB's Electricity Buyers Pool is catching on quickly, with 125 contracts already in the hands of members and in process of execution. Leveraging the deregulation of utilities laws, NAB has negotiated an agreement with Affiliated Power Purchasers, Inc. (APPI) to create the pool. By combining the purchasing power of NAB members and members from other industry trade associations, APPI negotiates reduced rates for NAB members and their employees.

The deregulation process is still not complete. "In 1992 the feds passed the energy deregulation law, and then they shoved the implementation down to the state level to implement legislation to fully deregulate the generation of electricity by 2002. 26 states are now fully deregulated (all 50 states are for natural gas), so these pools are forming in states that have just gone through electricity deregulation," says Jim Birchfield, Manager, Insurance and Financial Services, NAB. "We've joined with 27 other national associations to use APPI as our vendor because they've been in the business 30 years doing this for large accounts. By leveraging our membership, along with the membership of these other associations, we are getting 10-15% savings in states where deregulation occurred first."

Birchfield says individual savings depend on a lot of factors, i.e. how competitive the state becomes and how large the participation is in that particular state for all the members of our associations.—CM
Emmis heads to South America

Emmis Communications (O:EMMS) has made good on previously announced plans (RBR 10/11, p. 7) to make a major international acquisition. Emmis has purchased a 75% stake in Votionis S.A., which owns an AM/FM combo in Buenos Aires, Argentina.

“We believe there is significant upside potential in this radio market,” said Emmis CEO Jeff Smulyan, adding, “we hope to make additional radio acquisitions in the near future.”

Although Emmis didn’t disclose financial details of the deal, press reports from Argentina put the price tag at $15M and said Emmis was close to buying another AM/FM combo for $10M. In all, the Argentine reports said Emmis is trying to invest around $100M in Argentina to claim 30% of the radio market in the South American nation.

It's the second foreign market for Emmis, which owns Slager Radio in Hungary.

Meanwhile, Emmis has lightened up in its smallest US market, Terre Haute, IN. It's donated WTHI-AM, said to be worth $350K, to Word Power Inc., a nonprofit Religious broadcaster.

Cumulus adds Jonesboro

Cumulus Media (O:CMLS) is now in all six of Arbitron's newest markets (RBR 10/4, p. 3). It's buying KBTM-AM, KFJN-FM & KiYS-FM Jonesboro, AR from Larry Duke—paying $26.5M for all of the stock of Duke Broadcasting. Jonesboro is Arbitron market #273.

This deal also marks Cumulus' entry into the outdoor advertising business. About $5M of the total price is allocated to 451 billboard faces which Duke Broadcasting owns in the Jonesboro area and counties immediately south. Broker: Tom Gammon, Americom Radio Brokers.

Interep IPO projected at $11-$13

Interep National Radio Sales is closer to completing its IPO. The rep firm's updated SEC filing says it will offer 5.4M shares in an expected price range of $11-$13. Interep will trade on Nasdaq as “IREP.” Underwriters: BancBoston Robertson Stephens, Bear Stearns & Co., HCFP/Brenner Securities, SPP Capital Partners.

CBS cutoff date changed

CBS (N:CBS) has postponed the record date for shareholders to be eligible to vote on the company's merger with Viacom (N:VIA). Instead of 11/12 (RBR 11/8, p. 5), CBS has moved the cutoff date five days, to 11/17. That will allow former King World (N:KWP) shareholders to vote. The $2.5B merger of King World into CBS was due to close 11/15.

Tribune buying out Qwest

With the official starting date for TV duopolies only days away, Tribune Co. (N:TRB) is buying out its partners in Qwest Broadcasting for an estimated $100M. Tribune already owned a 33% equity interest in Qwest, which it
Salem posts records for Q3

Salem Communications (O:SALM) announced record Q3 results for its radio operations and said it was making major expansions of its Internet operations. For Q3, net revenues grew 20.3% to $23.1M. Broadcast cash flow gained 14.3% to $10.4M. On a same-station basis, broadcast revenues gained 9.6% and cash flow 11.2%. For the entire company, cash flow (EBITDA) decreased 7.9% to $7M because of a loss of $1.4M from Salem's non-radio new media businesses.

Salem remains committed to its new Internet businesses and CEO Ed Atsinger reported that “we are building our Internet presence faster than expected.” He said the company would be making another major announcement in the next few weeks.

Just a day before its 11/10 quarterly report, Salem announced that its Internet subsidiary, OnePlace Ltd., had completed an “exclusive contractual relationship” with Gospel Communications International, operator of Gospelcom.net—described as “the most-visited Christian Web site in the world.”

According to Salem, “The unprecedented alliance combines Gospelcom.net’s top-rated content and Web traffic (79.6M ‘hits’ and more than 17M page views in October) with the audience-building capabilities of Salem’s nationwide network of top-ranked Christian radio stations.”

formed in 1995 with Quincy Jones, Willie Davis, Geraldo Rivera, Don Cornelius and Sonia Gonsalves Salzman.

Qwest owns WATL-TV (Ch. 36, WB) Atlanta and WNOL-TV (Ch. 38, WB) New Orleans. The buyout will create a duopoly in New Orleans, where Tribune owns WGNO-TV (Ch. 26, ABC).

Dowdle retiring

Tribune also announced that James Dowdle, 65, will retire 12/31 as Exec. VP of Tribune Co. He’ll be succeeded by Dennis FitzSimons, who’ll add the title of Exec. VP/Media Operations to his current title of President/ Tribune Broadcasting.

Real enters web content

Shares of RealNetworks (O:RNWK) soared after the Internet streaming company announced plans to reposition itself as a major Internet portal for audio and video content. The company is billing its revamped www.real.com site as the “Gateway to the Ultimate Internet Media Experience.” One deal announced with the portal launch will have Global Media Corp. (O:GLMC) supply e-commerce, audio and video services to the site, including 10 new genre-based Internet radio stations.

Radio Unica reduces cash flow shortfall

Radio Unica (O:UNCA) reported that it reduced its negative cash flow (EBITDA) to $3.2M in Q3 from $3.7M a year earlier. Meanwhile, revenues for the Spanish radio network and its O&O stations grew 60% to $4.7M.

“Radio Unica has come a long way in a very short period of time,” declared CEO Joaquin Blaya.

Radio Unica netted $98.7M from its 10/19 IPO which will be used to pay down debt, acquire more stations and upgrade existing stations.
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.


**$901,000 WBTN-AM & FM** Bennington VT from Catamount Broadcasters Inc. (Francis Morrissey) to Vermont Public Radio (Susan Crampton, chair., Joe Boutin, pres.). $45,050 escrow, balance in cash at closing. Note: The buyer is seeking a waiver of the main studio rule to operate this combo as satellite of WVPS-FM Burlington VT. Broker: Station Resource Group, Patrick Communications.

**$600,000 WREJ-AM** Richmond from Fifteen Forty Broadcasting Corp. (Walton M. Belle) to Radio Richmond 154 Inc., related to 4M Communications Inc. (Michael O. Mazursky, Charles R. Miklis, Gary A. Miklis, Steven C. Miklis). $50K escrow, balance in cash at closing. **Superduopoly** with WVBZ-AM, WLEE-AM. No overlap with WHAP-AM.

**$550,000 KQDY-FM** Bismarck ND from Anderson Broadcasting Co. (Alvin L. Anderson) to Educational Media Foundation (H. Roger Bothwell, Chair., K. Richard Jenkins, Pres.). Two-step transaction. Cumulus Media is acquiring this station for $1 in conjunction with its purchase of Anderson's five other stations for $3.75M. Cumulus will then sell KQDY to Educational Media for $150K cash and a $400K note.

**$508,000 WWHW-FM** Jeffersonville NY from William H. Walker III to de Wit Broadcasting Corp. (Robert H. Mermell). $25K escrow, balance in cash at closing. **Superduopoly** with WDNH-FM Honesdale PA and WVCY-FM Hawley PA. Buyer has option to LMA station prior to closing.

**$406,000 WBNL AM-FM** Evansville (Boonville IN) 100% of the stock of Boonville Broadcasting Co. Inc. from Norman Hall to John P. Engelbrecht. $40K escrow, $6K consulting agreement, balance in cash at closing. **Superduopoly** with WEOA-AM WABX-FM, WJPS-FM, WJYK-FM, in which Engelbrecht has a minority interest and is the son of the principle owner. Broker: American Communications Partners Inc. (seller).

**$400,000 WVXI-FM** Crawfordsville IN from Xavier University to C.V.L. Broadcasting Inc., a subsidiary of Key Broadcasting Inc. (Terry Forchh), $20K escrow, balance in cash at closing. **Duopoly** with WCVL-AM, WIMC-FM. Broker: Thoben-VanHuss (seller).

**$300,000 KCYT-FM CP** (94.3 MHz) Lead SD from Brian M. Encke to W3 Inc. (Doug Olson, Howard Stern [Ft. Lauderdale, FL]. Michael Berry), a subsidiary of First Entertainment Holding Corp. (FET), $20K escrow to transfer at closing, $280K note. **Duopoly** with KGYY-FM-Gillette WY.

**$188,900 WZJY-AM** Charleston SC, $40K escrow, balance in cash at closing. **Superduopoly** with WIMC-FM. Broker: WBNL.

**$125,000 KLXR-AM** Redding CA from Four Rivers Broadcasting Inc. (John C. Power) to Michael R. Quin, Cash. LMA since 3/31.

**$125,000 WKLW-AM** Paintsville KY from B&G Broadcasting Inc. (Alan Burton) to Highlands Broadcasting Corp. (Charles K. Belhasen). Cash. Seller retains WKLW-FM.

**$113,000 WYXC-AM** Cartersville GA from Empire Radio Ltd. (Julia Frew) to Rogers Communications Inc. (William Rogers). $20K in cash at closing. $93K note.

**$60,000 WJRM-AM** Troy NC 100% of the stock of Montgomery Broadcasting Inc. (William Norman Jr. and Linda Susanne Norman to John & Cathy H. McIntyre. $1K escrow, $6K consulting agreement, balance in cash at closing.

**$25,000 WTCJ-AM** Owensboro KY (Tell City IN) from James Roland Brewer Trust (James L. Brewer, trustee) to Hancock Communications Inc., a subsidiary of Cromwell Group Inc. (Bayard H. Walters). $25K escrow released at closing. **Superduopoly** with WKCM/WXCM-FM Honesville KY, WLME-FM Cannelton IN and FM CP Tell City IN. LMA since 8/19.
Crown Castle to build and operate towers for GTE

Dow Jones—GTE Corp. (N:GTE) and Crown Castle International Corp. (O:TWRS) confirmed they formed a venture to operate GTE's existing communications towers in a transaction valued at about $900 million. Crown Castle also agreed to build 500 towers for GTE over five years.

In a press release (11/8), the companies said Crown Castle will lease, monitor and maintain the venture, owning about 75%, while GTE will own the remainder and its communications components, such as radios and switches.

As reported in The Wall Street Journal, Crown Castle will contribute about $700 million in cash and up to $100 million in stock to the venture. The deal includes an additional $100 million in venture equity.

GTE will contribute real estate and associated equipment, including about 2,300 existing towers, and pay a leasing fee of $1.400 a month for each tower for the venture's services and space.

GTE may add up to 150 towers valued at $275,000 each to the venture agreement over 18 months from the final closing and may add its recently acquired Ameritech Cellular towers on substantially the same terms as the existing towers.

Crown Castle has about 8,000 towers in the U.S. and about 2,000 towers in the U.K. after the transaction. © 1999 Dow Jones & Co.

Disney disappoints

The fiscal year which ended 9/30/99 is probably one that the folks at Disney (N:DIS) would like to forget. For its fiscal Q4, revenues fell 6% to $5.6B and (excluding special charges) net earnings dropped 37% to $212M. Full year revenues were up 2% to $23.4B but operating income fell 21% to $3.2B. Net income fell $550M to $1.3B.

"We are a growth company," declared CEO Michael Eisner in a Wall Street conference call. "It's impossible to predict the exact day when growth will return. But we are hoping to get back to growth."

Disney's Media Network segment (radio, TV and cable) saw Q4 revenues rise 2% to $7.5B and operating income increase by 21% to $369M. Full year revenues grew 5% to $7.5B but operating income fell 8% to $1.6B.

Crown Castle reports gains

Tower giant Crown Castle International Corp. (O:TWRS) reported that Q3 revenues more than tripled to $98.9M from $28.9M a year ago. Tower cash flow also tripled to $98.9M from $28.9M a year ago. Of course, the past year brought rapid expansion through acquisitions which brought Crown Castle to its current level of owning, operating or managing over 10,000 towers and building tops.

In its latest move, Crown Castle announced a $900M joint venture with GTE Corp. (N:GTE) to manage 2,300 wireless communications towers.
Citadel Selects Scott Studios as “the Best” Digital System

Citadel Communications Corp., one of America's top 10 radio groups in 1998 revenues, selects Scott Studios Corp. as its sole supplier of on-air digital audio delivery systems for its 124 radio stations and future acquisitions.

"We thoroughly investigated all of the competitive digital air studio systems and decided upon the best one," says Larry Wilson, CEO of Citadel Communications. "Our regional Presidents and Vice Presidents of engineering and programming spent nearly a year analyzing different options. While no system or manufacturer is 100% flawless, it became obvious to us that Scott Studios is the very best. Their long history of excellent service commitment, the quality of their digital studio products and competitive pricing were our primary reasons for selecting Scott Studios."

Dave Scott, CEO of Scott Studios Corp. says, "It's an honor to be Citadel's sole digital audio vendor and take their other brands as trade-ins on our new equipment. Our systems are designed by announcers, for announcers.

"Of Scott's 61 employees, 43 are former jocks and PDs with 700 years collective radio experience. Competitors work more from the engineer's perspective, although we have 20 former chief engineers on staff also. Scott Studios' digital fits DJs like a glove."

After adding five Oklahoma City stations and other pending transactions, Citadel will own or operate 124 radio stations in 23 mid-sized markets such as Providence, Salt Lake City and Albuquerque.

Citadel is well known across the country for attaining topnotch competitive programming success, and the addition of Scott Studios announcer friendly-technology will help Citadel announcers deliver superior information, entertainment and service to their 8,000,000+ weekly listeners.

Citadel's stations are not the only ones who choose Scott: More U.S. radio stations use Scott Studios' than any other digital system, with 5,046 Scott digital workstations in 2,202 U.S. stations. Nine of the ten top-billing groups have Scott Systems.

Scott Systems are the easiest to use! They're intuitive, straightforward, simple, yet the most powerful!

Scott Studios is famous for its uncompressed digital systems at a compressed price, (but we work equally well in MPEG and MP3). Scott Studios' audio quality is the very best and plays on laptops or PCs with ordinary sound cards. We pre-dub your startup music library free. Your PD can auto-transfer songs digitally in seconds with a CD-ROM deck in his or her office.

Scott gives you industrial quality 19" rack computers, but nothing is proprietary: functional equivalents are available at computer stores. You also get 24 hour toll-free tech support! Scott also lets you choose your operating system: Linux, Novell, NT, Windows, DOS or any combination. You also choose from three systems: Good, Better, Best. One's right for you!

The Scott System 32 (pictured at the upper right) is radio's most powerful digital system. Your log is on the left side of the LCD touch screen. Instant access Hot Keys or spur-of-the-moment "Cart Walls" are on the right with lightning-quick access to any recording. Phone calls record automatically and can be edited to air quickly. You can also record and edit spots or voice tracks in the air studio or go on the air from production.

Options include seamless redundancy, self-healing fail-safes, newsrooms, 16-track editors, time and temperature announce, and auto-transfer of spots and voice to distant stations over WAN or Internet. Check our website and call us toll-free.