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Family Ties

Free-spending John Rigas has made Adelphia the nation's sixth largest cable operator. Will his sons carry on?



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AT&T, NBC cut carriage deal

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Fox walks out on NAB

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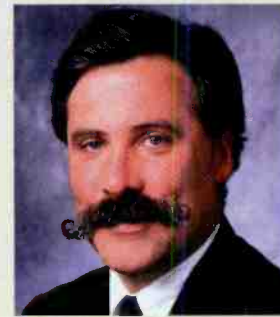
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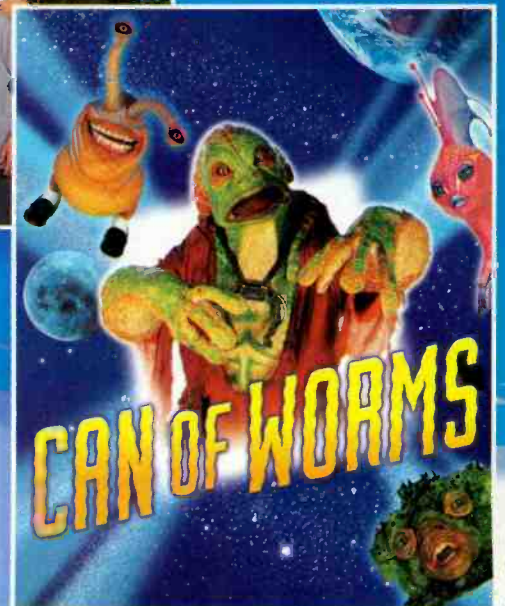
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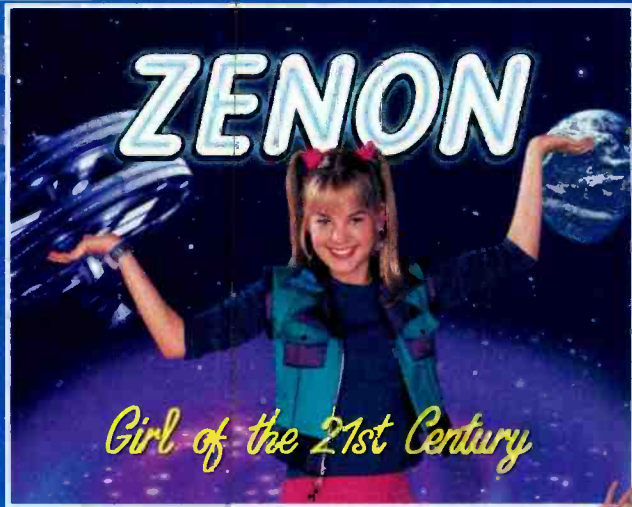
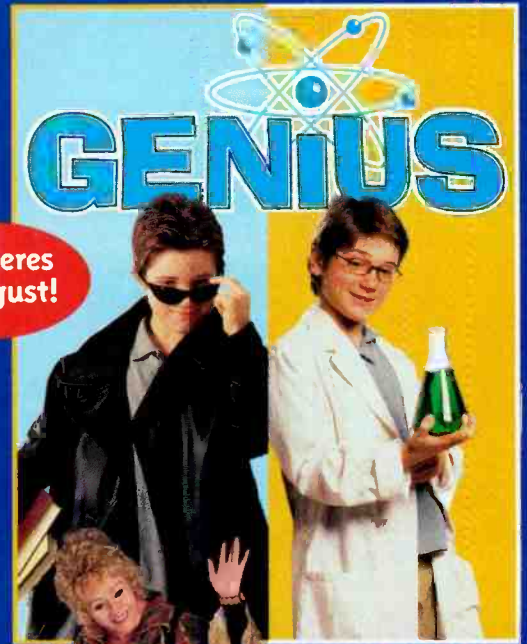
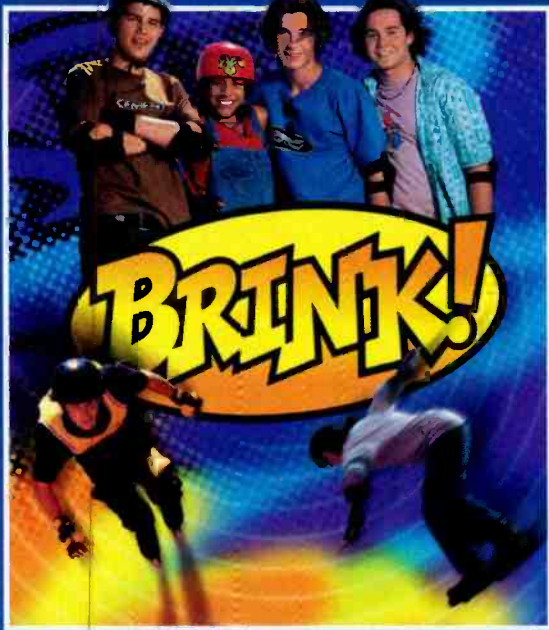
**JOHNNY
TSUNAMI**

The poster for "Johnny Tsunami" features a young man in a blue Hawaiian shirt and blue pants, wearing a cap and sunglasses, riding a blue skateboard. The background is a bright yellow sunburst. The title "JOHNNY TSUNAMI" is written in large, green, 3D block letters with a snowflake and a palm tree icon.

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Fox, affils fight over retrans

Network's claim to affiliates' retrans rights is 'height of greed,' says Cox's O'Brien

By Steve McClellan

With retransmission consent talks between broadcasters and cable operators in full swing, a battle is brewing between Fox and its affiliates over how those rights will be shared.

That battle, which may peak at this week's Fox affiliate meeting in Chicago, follows a nasty spat over a move by Fox to reclaim 20 weekly prime time 30-second ad spots from the stations to sell nationally.

Fox is now claiming that it controls the retransmission consent rights of its affiliates. But the affiliates contend that they hold the rights and are not about to give them up without a fight or substantial compensation.

Fox's retrans grab is "the height of greed," says Kevin O'Brien, who oversees Cox Broadcasting's Fox and independent stations.

To retransmit local broadcast signals, cable systems must get the permission of the stations—that is, retransmission consent. The rights have proved valuable. The broadcast networks have exchanged them for carriage of cable networks. For instance, in 1993, ABC swapped its rights for carriage of ESPN2. Fox used them to launch FX.

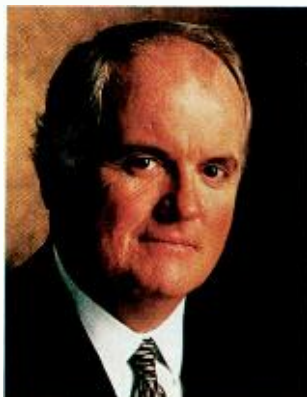
All stations are now facing an Oct. 1 deadline by which they must inform the local cable operators in their markets of their choice between negotiating for a retransmission consent agreement with those operators, or simply demanding to be carried on local systems free of charge. Technically, stations electing retransmission consent have until the end of the year to conclude agreements with cable systems, although many stations have existing deals in place that have a year or more to run. But even those stations have to go through the formality of making an election by the October deadline.

Two retrans deals have been announced to date. CBS did a blanket

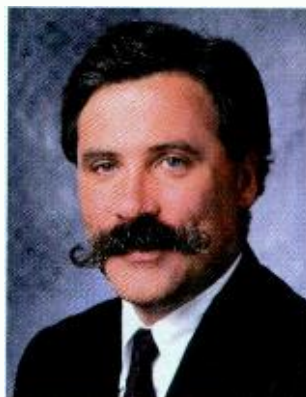


deal with Time Warner late last year, while last week, NBC and AT&T announced a deal that encompasses both digital and analog retrans rights, as well as continuing cable carriage of CNBC, MSNBC and NBC's Olympics coverage for the next five games (see page 9).

It's unclear how many stations have to renegotiate retrans deals this year.



Cox's O'Brien: 'No deal can be totally out of balance in one person's favor every time. There is no room against the wall. This is the end of it.'



Fox's Carey cited the 'new economic landscape' to justify the network's effort to retain the affiliates' retransmission consent rights.

Neither the FCC nor the National Association of Broadcasters keeps track. Some industry executives estimate that maybe half of the deals come up for renewal this year.

In the first round of retransmission consent talks back in 1993, Fox was the only network to press most of its affiliates to assign it their local rights, so it could bargain with cable operators to carry a new cable network, FX. In return, the affiliates were supposed to split per-sub fees that Fox got for the service from cable operators. But the affiliates never saw their share; instead, those fees were rolled into the payment affiliates agreed to last year to help Fox pay for National Football League rights.

During those NFL negotiations, Fox

Television Chairman Chase Carey told affiliates that they would get their retrans rights back so they could negotiate local agreements. But Carey and the network have since had a change of heart. Citing the "new economic landscape," Carey recently told affiliates that the network wants to retain retransmission rights for the next round of talks.

O'Brien says the only way the network will get Cox's retrans rights is to pay for them. "This relationship has gone from a partnership to a debit-credit kind of situation—at Fox's doing," he said. "That's the bottom line. It's our turn. No deal can be total-

ly out of balance in one person's favor every time. There is no room against the wall. This is the end of it."

Larry Jacobson, president, Fox Television Network declined to comment last week. But other network sources confirm Fox wants to retain the rights and that stations who try to cut their own retrans deals will do so without the benefit and leverage that the Fox signal would bring to the table. The network will retain the rights to negotiate retransmission rights for the Fox signal in each local market.

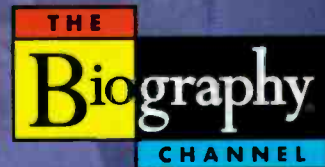
The network's position prompts a number of questions, including to what extent, if any, Fox is willing to negotiate the issue with affiliates. In the meantime, stations are free to negotiate with local systems for carriage of their signals sans Fox programming. Obviously the value of that signal to cable operators would be significantly less. The question is how much less, or even, is the value so different that stations might simply opt for must carry?

For Fox, the question is what value they derive by retaining retrans rights to the Fox signal if stations don't assign overall rights to their local market signals. That remains to be seen. But the network does have a distribution vehicle for delivery of its programming outside of local affiliates. It's called

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FoxNet, which already services some 2 million satellite and cable subscribers where local Fox broadcast signals aren't available.

If some accord is not reached between the two sides, that could put cable operators in the position of having to negotiate with both local Fox affiliates and Fox for different parts (network and local) of the same signal they've been getting from one source up to now.

Fox's retrans deals expired June 1, but the network and affiliates granted cable operators six-month extensions until Nov. 1. Station sources confirm

that Fox has language in its affiliate agreements retaining retrans rights to the Fox signal once those extensions are up. "Once the extension is up and you don't have a deal with Fox, they can pull the network programming from cable operators," said one affiliate manager.

Others echoed the comments of Cox's O'Brien, saying there has been too much give on the affiliates part. "We want those [retrans] rights back," said one station executive. "They used our stations as leverage to improve their cable platform with FX and Fox Family. Now they have Fox News they want to expand and new channels

they're trying to launch like the two kids digital services [Fox Boyz and Fox Girlz]. We don't need more competition. We need those rights to bargain for channel positioning on the cable systems."

"That's the next discussion," says Murray Green, chairman of the Fox affiliate board, of the retrans issue. Green, vice president, business development, Raycom Media, says retrans talks are not linked to the inventory deal, although other Fox affiliates would like to create that link. "Now's the time to raise it when they want something from us," said one affiliate. ■

ABC and CBS prep for the next round

With a new round of retransmission consent talks coming up this year, all the major networks want to leverage the value of their owned TV station groups to expand their cable platforms. Local stations are trying to renew deals they did for second cable channels and other programs and cross-promotion agreements the last time around.

NBC's deal with AT&T, announced last week, lays out its retrans strategy. That is, to expand coverage of CNBC and MSNBC, raise the fees for those services and get additional payment for the special feeds of those two networks, which will carry 250 hours of Olympic programming for each of the next five games (see story next page).

CBS was the big loser in the initial retrans go-round when then-chairman Larry Tisch and right-hand man Jay Kreigel demanded cash for the network. The cable networks said no to cash and CBS ended up granting retrans consent for little, if anything, in return.

This time around, CBS is determined to get some consideration in return for retransmission consent, says Martin Franks, the network's top attorney. "It's been interesting over the last year to hear the cable industry claim one of its principal advantages over satellite is the ability to deliver local broadcast signals," Franks says. "And the satellite industry has been saying it has to be able to carry local stations in order to be an effective competitor to cable. Well, if we're so incredibly popular, it's going to be a little harder for them to come to the negotiating table and say we represent no value to them."

But cash? Not necessarily. One of the network's goals, confirmed Franks, is getting broader distribution for Country Music Television, one of the two cable channels CBS acquired from Gaylord two years ago. The Nashville Network is more widely distributed, but retrans might afford some opportunities to shore up distribution on that channel as well. "Additional carriage of CMT represents very real value to this corporation," says Franks.

At ABC, the network will use its retransmission rights

to launch new services, confirms Steve Bornstein, president, ABC Inc. Using those rights to help launch the planned soap opera channel, All My Soaps, is one option, he says. "We were able to create value [for both ABC and the cable industry] by using retransmission to help launch ESPN 2," he says. The network hopes to do the same thing with one or more new services in the next go-round.

Local stations and groups also expect to renew existing retrans deals and are trying to create new services as well. LIN Television created local weather channels in just about all of its markets in 1994 and wants to keep them going, says company Executive Vice President Paul Karpowicz. LIN got cash in addition to the channels the last time around. "Whether we can do that again remains to be seen," he says.

Karpowicz says the channels have been "successful but not hugely profitable. They've been successful because they created a product that viewers wanted and it's also a great branding element for the television stations." Cable operators got some inventory to sell, he said.

Other station executives say they too have been pleased with the local cable channels they were able to create in the first retrans go-round and hope to create

additional channels in the next round of negotiations. "It's a profitable venture and the cross-promotional values are enormous," says one station executive whose stations produce news for local cable channels.

Others are still exploring options. "We're evaluating it now," says Jeff Rosser, a group vice president at Raycom Media. Rosser says Raycom is looking at the possibility of creating cable channels in "certain key markets."

Rosser says he hopes broadcasters can come up with some "truly exciting and original concepts" for local cable channels—something he hasn't seen to date. "I'm not aware of any model that has proven to be of tremendous value to the community or financially to the partners," he says. But the search continues. —Steve McClellan



CBS' Franks: 'Additional carriage of CMT represents very real value to this corporation.'

AT&T-NBC's digital dance

Carriage deal covers HDTV, Olympics and 2 cable nets

By John M. Higgins

In a deal aimed at easing regulatory pressure facing cable operators, AT&T Corp. and NBC have entered into a wide-ranging deal that includes retransmission consent of digital and HDTV signals from NBC's 13 owned-and-operated stations.

To secure the deal AT&T made some generous concessions, including renewing for 10 years an affiliation deal with NBC's cable outlets, CNBC and MSNBC with guaranteed annual rate increases.

But in a provision that is likely to be controversial among other cable operators, AT&T's 16 million subscriber cable operation also agreed to pay a hefty surcharge on the two cable networks to carry special coverage of the winter and summer Olympics. Industry executives said the surcharge equates to an additional 25%-35%-plus, or more than \$1 per subscriber annually—even in years when the Olympics aren't held. AT&T and other operators have wailed about surging programming costs, particularly for sports programming.

NBC made an important concession



Hindery: 'We committed to the FCC that we would try to reach agreements amicably...Obviously we're thrilled.'

From 'Must-see' to 'personal TV'

NBC has made a multimillion-dollar equity investment in TiVo Inc., the developer of a "personal TV service" that lets viewers timeshift their favorite shows. The two companies have formed a strategic partnership to deliver personalized content to NBC viewers, and NBC Cable President Tom Rogers will gain a seat on TiVo's board.

Sunnyvale, Calif.-based TiVo, whose other equity investors include DirecTV, Philips, Showtime and Paul Allen's Vulcan Ventures, markets a disk-based "smart" recorder that performs programmed recording and also independently seeks out new content according to viewer preferences. The TiVo service includes an Electronic Program Guide that is updated via phone line. According to NBC's Rogers, TiVo's technology represents the "first manifestation of the video on demand environment brought home to the consumer" and will give NBC viewers more opportunities to watch the network's first-run shows. TiVo has already created a "showcase" on its program guide to promote NBC's programming.

By taking a stake in TiVo, NBC can also ensure that "personal TV" still includes advertising. Broadcasters have expressed concern that disk recorders developed by TiVo and its competitor, Mountain View, Calif.-based Replay Networks, make it too easy for viewers to skip commercials. Replay's box, in fact, has a feature that allows viewers to instantly skip 30-seconds ahead.

"An approach to digital recording where ads are immediately zapped is anathema to what the entire broadcast and cable model is all about," says Rogers, who notes that TiVo's recorder only allows viewers to fast-forward through spots, just like an ordinary VCR. Rogers says that NBC will actually take advantage of TiVo's technology to deliver "more targeted interactive advertising" to viewers.

According to Replay Networks director of marketing Jim Plant, Replay's ability to zap commercials is "not going to keep deals from happening" between Replay and programming networks. Replay already has existing programming deals with E! and Showtime, and Plant says Replay is "very close" to signing several more. Replay got a boost last week when Panasonic agreed to manufacture its disk recorders, which should hit stores in time for Christmas. TiVo's recorders are already being built by Philips and should hit retail shelves by August. A 14-hour Replay recorder sells for \$899. TiVo's 14-hour model sells for \$499, but includes a \$9.99 monthly service fee.

—Glen Dickson

about the technology of cable retransmission of HDTV. NBC is currently broadcasting HDTV using a bandwidth hogging 1080i format. AT&T will downconvert the signal into a lower-resolution format that eats up less bandwidth on its cable systems.

However, that move also ensures that many AT&T cable subscribers will be able to watch the additional digital programming on their TV sets without spending thousands of dollars on an HDTV set.

AT&T executives hope that the deal will convince Congress and the Federal Communications Commission that cable systems can work out carriage deals for broadcast stations' digital signals. Only one other deal has been worked out, between CBS and Time Warner Inc.

"We committed to the FCC that we would try to reach agreements amicably on HD and retransmission," said Leo Hindery, president of AT&T Broadband & Internet Services. "Obviously we're thrilled."

Hindery added that he expects his NBC deal to be a "template" for other operators to adopt. He added that he likes CNBC and MSNBC's programming and one of his goals is to lock down long-term supply agreements with networks.

NBC Cable President Tom Rogers said the technology agreement benefits the network because it will give the broadcaster's digital feed a broader network. "It's not just displayed on a \$7,000 TV set," Rogers said.

While gratified that they can point

federal regulators toward AT&T's example on retransmission consent, other MSO executives were not happy that AT&T has agreed to the Olympics deal. Beginning with the 2000 Summer Games in Sydney, Australia, NBC plans to put 250 hours of coverage from each of the next five Olympic Games on CNBC and MSNBC, supplementing 165 hours on NBC.

Industry executives said that AT&T's CNBC rate will go from around 18 cents per subscriber monthly to around 28 cents, while the MSO's MSNBC price rises from around 12 cents to around 22 cents.

Hindery, Rogers and David Zaslav, president of NBC Cable Distribution, would not discuss financial terms. But Hindery maintained that "The Olympics are such an important part of viewing habits of consumers that it's a stunning



NBC's Zaslav: 'We see it as a package of value; we don't see it as a surcharge.'

accomplishment to have so much of this programming exclusive to cable."

The Olympics proposal puts operators in a tough spot. They squirm at the

prospect of holding out and getting angry calls from gymnastics fans when Bob Costas tells NBC viewers to tune into additional live coverage on CNBC and MSNBC "on participating cable systems."

At the same time, they lump NBC with The Walt Disney Co.'s agreement to bid up for TV rights to National Football League games on ABC and ESPN. Not only were Disney executives confident that they could boost their rates to operators, but MSO executives contend that Disney shifted a disproportionate portion of the NFL costs onto ESPN and, in turn, held cable systems up for more money. "This all happens on our backs," said the CEO of one cable operator.

But the AT&T-NBC pact was greeted warmly in Washington last Friday. FCC Commissioner Susan Ness has recently slammed both broadcasters and cable operators for failing to make much progress on digital retransmission consent. But she likes the AT&T-NBC deal.

"Right on!" Ness said. "Anything that helps to produce compelling programming in digital and ensures it will be transmitted to viewers is good for the public."

This one deal, she said, is a "piece that goes in the direction" of the kind of broad, industry-wide agreements necessary to make the digital transition successful and ward off government intervention. "I hope there is more of that to come," she added.

Cable operators are anxious that if regulators aren't happy, they'll eventually enact must-carry rules for digital broadcast signals—forcing systems to carry not just local stations' main feeds, but their duplicate digital signals as well.

Operators say they're willing and, in some cases, eager to carry major network affiliates' feeds. But with 12-15 stations in many large markets, digital must carry could suck up a lot of bandwidth. And while operators are expanding systems, they want to reserve capacity for high-speed Internet, telephone and digital cable services.

The National Association of Broadcasters was less impressed. Spokesman Dennis Wharton noted that the deal covers only NBC's 13 O&O stations, with no provisions for its dozens of affiliates or hundreds of non-NBC stations. "That leaves 1,540 stations to go," Wharton said.

Charter out-Foxed?

MSO cries antitrust in contract dispute with Fox Sports

By Deborah D. McAdams

In a feud over fees, two Fox regional sports networks have been pulled from the MSO controlled by Microsoft co-founder Paul Allen.

"As far as we're concerned, they have voided this agreement," said Vince Wladika, spokesman for Fox Sports.

At issue is carriage of two Fox Sports networks on select Marcus Cable systems that Charter acquired in a buyout last year. The systems involved reach about 110,000 subscribers in the Los Angeles area.

Charter inherited Marcus' network contracts in the deal, including one with the Fox Sports regional networks that ran through Dec. 31, 2000. Fox Sports, however, pulled the plug on the MSO at midnight, June 4, contending the cable operator was about \$200,000 in arrears.

"When Charter bought Marcus, (it) stopped paying the Marcus rate and started paying Charter rates," a Fox source said. Both Fox and Charter declined to reveal the rate disparity, but cable sources said Fox charges between 90 cents and \$1.10 monthly per subscriber for Fox Sports Net West, and between 50 cents and 70 cents for West 2.

Fox claims its contract with Marcus protected the rate in the event of a merger, but Charter sources said they weren't aware of any such clause.

"We've made over 30 acquisitions. The Charter rate is paid in all of them. Acquired systems come under the terms and conditions of the buyer or the acquirer," Charter's spokesman said.

Both parties acknowledge negotiations have been under way to resolve the disagreement since at least March, but Charter became suspicious when Fox pulled the plug the day before a big interleague game between the Los Angeles Dodgers and the Anaheim Angels, and just days after Charter dropped another Fox channel.

"It does seem coincidental that the day we notified them the FX contract would not be renewed, the Fox Sports channels were pulled that night," said a Charter spokeswoman.

Charter cried antitrust and sought a temporary restraining order against Fox last week in an attempt to force the networks back on the air in time for the game. U.S. District Chief Judge Terry Hatter ruled against the cable operator, citing the appearance of a "power struggle between [News Corp. Chairman/CEO Rupert] Murdoch and Allen," but ruling that the issue at hand was a contract dispute.

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I N T E R N E T O N T V SM

Turner courts women

New network intends to take the information angle

By Deborah D. McAdams

Joining the fray to win women viewers, Turner Broadcasting System is aligning with publishing giants Conde Nast and Time, Inc. to add yet another channel to its lineup. Launch date: early 2000.

Other networks have a head start. Both Geraldine Laybourne and James Dolan also are going after women. Laybourne's Oxygen is still in the development stages, while Dolan's Rainbow Media is in the process of pushing Romance Classics as a women's network.

So what's one more? Too many, says Peter Chrisanthopoulos, a media buyer with Ogilvy & Mather Worldwide.

"An advertiser can reach women on broadcast television and cable networks effectively right now. Adding (another) female network might be pushing it," he says.

Cable operators generally welcome the idea of more choices in any category, but that doesn't mean they're going

to carry everything that comes along.

"It's generally a fine idea," one operator says, "but don't expect analog carriage."

Turner's Pat Mitchell, president of CNN Productions and Time Inc. Television, is undeterred. Mitchell will head up the new 24-hour network.

"One out of 130 networks are for women," she says. "More than half of the television viewers are women. That doesn't seem to shut out the possibility of one or two or three or four more."

The new nameless women's network and a companion Web site will capitalize on the print publications in sister companies Time, Inc. and Conde Nast. Mitchell contends consumption of those magazines will translate into viewers for the new channel.

"We're not doing movies, sitcoms or reruns. We're doing information programming that mirrors the magazines—fashion food, health, travel...parenting. The reason we read the magazines will be the reason you



Mitchell: 'One out of 130 networks are for women. More than half of the television viewers are women.'

watch the television service," she says.

Turner has rolled Time's print publications into television before. The *News-Standard* series is based on partnerships with *Fortune*, *Entertainment Weekly* and *Time*, among others. The ratings—hovering around 0.5—are not spectacular.

"The struggle and the challenge at CNN is to bring appointment viewing, and I think that is a different challenge," Mitchell says. "*Primetime Live* was not a success in its first year, and neither was *20/20*," she adds. ■

Proud USA shops profane Springer

Fed-up distributor wants to sell controversial talk show for upwards of \$100M

By Joe Schlosser

Barry Diller has had enough of the violence on *The Jerry Springer Show*, but the show's star apparently hasn't.

As a result, the popular talk show will likely be in the hands of a new distributor by the end of the month, sources say. The opening bid for Springer's show is said to be in the \$100 million range, although syndication executives close to the talks say Diller may settle for less to lose the "black eye."

Sources say Springer doesn't want to change the way the show has been produced, which means he wants the violence back in, and that he is actively looking to get out of the Studios USA deal. Close to a dozen syndication studios or distributors have contacted Diller's Studios USA about acquiring the domestic and international rights to the controversial show, and many of them have signed confidentiality agree-

ments with the distributor about those discussions.

Interested parties are said to include MGM, Pearson Television, Unapix Entertainment and former Universal TV Chairman Greg Meidel. The suggestion is that the buyer's philosophy toward the show will be more along the lines of Springer's, which could mean the violence between the guests will return.

Studios USA executives opened discussions with competing studios after the distributor declared that the violence and bleeped-out profanity that helped take Springer to the top of the Nielsen charts was over once and for all. In the wake of Springer's testimony before Chicago's Board of Aldermen and the talk show host's comments that the show's violence will be taken out "gradually."

USA said in a statement, "Notwithstanding all the testimony, interviews and discussion regarding content on *The Jerry Springer Show*, Studios USA reiterates its policy to distribute a pro-

gram without violence, physical confrontation or profanity. This policy will not be reversed."

The show has fallen precipitously in the ratings since dropping the gloves, losing the May sweeps to chief rival *Oprah* (see story, page 15).

"Barry [Diller] wants to do a clean show and if he can't do a clean show, he's going to get rid of it," said one executive involved in the talks. A Studios USA executive said the studio does not comment on rumors and speculation.

Richard Dominick, executive producer of *The Jerry Springer Show*, would not comment on the show's potential sale, but did say that he and Springer are currently "doing nice, clean shows" the way Studios USA executives have ordered them to.

As for the potential Springer distributors, Meidel's interest attracted the most attention last week. Meidel, who brought Springer to Universal Televi-

sion back in 1996 before it was Studios USA, is looking to start a new distribution company and sources say he believes *Springer* would be a good anchor show.

Meidel was the first Hollywood executive to allow Springer to produce the show with fighting between guests and all the other shenanigans that have made the show a syndication success story, at least as far as the ratings are concerned. Sources say Meidel has financial backing from former Universal Studios head Frank Biondi and other Wall Street types. Meidel, who left Universal last year after Diller acquired the studio, had no comment.

Unapix's Dick Block says his company is looking to sell more first-run programming and the opportunity to distribute Springer's talk show would be a natural extension for the New York-based studio. "I think that show still has a lot of legs; I think Springer is a talent that still hasn't been truly tapped into," Block says.

Pearson Television's Joe Scotti would not say his company was attempting to acquire the rights to *Springer*, but he did say: "We're always looking to add quality programming." ■

Oprah nips swingless Springer

If Studios USA executives needed any evidence that Jerry Springer's ratings would decline without the fighting, they have it now—although many non-pugilistic talkers were down as well during the May sweeps.

After Springer's current distributor, Studios USA, pulled all the violence from the controversial talk show late last month, fellow talker Oprah Winfrey moved in at the last minute to capture the May sweeps crown. Springer, who was leading Winfrey's talker by a narrow margin heading into the final week of the sweeps (6.6 to 6.5), dropped 22% that week compared to its season average and lost to Winfrey in the final Nielsen Media Research results. Winfrey, who dropped 3% from last May, scored a 6.6 rating for the sweep period. Springer dropped 17% from last year's sweep average of a 7.6 national rating. He was not alone. Nearly every other talk show dropped in the ratings from last May, including third-place finisher Rosie O'Donnell, who fell 2% to a 4.1.

Among the new syndicated talk shows, *Forgive or Forget* was the leader of the pack with a 1.8. *Donny & Marie* scored a 1.5 and *The Roseanne Show* averaged a 1.4.

Entertainment Tonight continued its dominance atop the news-magazine category, winning its 35th consecutive sweeps period. *ET*, in its 18th season, was flat from last May at a 5.5. *Extra* followed with a 12% decline to a 3.6, *Inside Edition* dropped 22% to a 3.1 and *Access Hollywood* was down 4% to a 2.3. *Judge Judy* was the big news once again in the court show category. *Judy* grew a whopping 42% from last May's 4.8 average to average a 6.8 rating. *Judge Joe Brown* scored a 3.4 in his first May sweep, while *Judge Mills Lane* debuted with a 2.7. *The People's Court* was down 11% to a 2.4.

Among the game shows, *Wheel of Fortune* gained 1% to a 10.6 and *Jeopardy* was down only 1% to an 8.9. Newcomer *Hollywood Squares* averaged a 4.0. Relationship series *Change of Heart* and *Love Connection* scored a 2.5 and 1.9 rating, respectively.

—Joe Schlosser

Fox bows out of NAB

Critic: 'We're excellent at forming a firing squad in a circle'

by Paige Albinak

Fox's decision last week to quit the National Association of Broadcasters should not hurt the lobbying power of either organization, but it starkly illustrates the growing divide between the networks and their affiliates.

Fox network and its 22 station members last week resigned from the NAB, citing differences in policy goals. Fox has spent the past year lobbying hard for its main policy goal: lifting the national ownership cap from 35% of the national viewing audience to 45% or higher. But affiliates staunchly oppose that move, fearing that letting the networks buy up more stations will give the networks too much the leverage.

At the NAB's board meeting last summer, affiliate board members led by Cox Executive Vice President Andy Fisher voted to set an official NAB pol-

icy of not supporting lifting the cap. All the networks were upset about the vote at the time, calling the meeting an ambush. What's more, chief Fox lobbyist Peggy Binzel could not attend last summer's meeting.

The situation was exacerbated at last January's winter board meeting, at which the affiliates refused to back down. No new vote was conducted, although the networks had been pushing the NAB to take a neutral stance on the ownership caps.

The final straw for Fox came this spring, when NAB board executives lobbied Capitol Hill to keep the ownership cap at 35%—directly in opposition to the networks.

"The broadcasting industry cannot continue to be aggressive competitors in the future if we are bound by rules designed for yesterday's three-network universe," Binzel said in a statement. "Deregulation of broadcasting is Fox's No. 1 legislative priority." The board of

the National Association of Broadcasters has taken a contrary position.

"Our decision is not just about one issue; it is about a different point of view regarding the future of broadcasting."

Binzel did not rule out the possibility that Fox could return to the NAB but said "paying an organization that differed with our basic views was not appropriate." Losing Fox should not affect NAB financially—sources estimate Fox's fees at about \$400,000, 7% of the roughly \$5.6 million in TV fees the NAB will garner this year.

And losing Fox should not substantially affect Fox politically, although an industry united is more effective than an industry divided, says Preston Padden, ABC senior vice president.

"The Fox move is short-sighted," says Bill O'Shaughnessy, president of Whitney Radio in New Rochelle, N.Y. and a NAB board member. "Anything that diminishes NAB as a lobby ultimately presents peril for all of us."

"I regret the Fox decision, but I understand the frustration," says Martin Franks, CBS senior vice president. "The affiliates' use of the NAB to wage an intra- rather than inter-industry fight

New York's #1 A Comedy **Fran**

During the May Sweep, **THE NANNY** Was WNYW's Highest-Rated Strip and the #1 Access Sitcom in New York!

Rank	Program	Station	Time Period	HH Rtg.
#1	THE NANNY	WNYW	6:30pm	5.9
2	The Simpsons	WNYW	7:30pm	5.8
3	Friends	WPIX	7:00pm	5.3
4	Martin	WWOR	6:30pm	4.6
5	Frasier	WPIX	7:30pm	4.4
6	Fresh Prince	WPIX	6:00pm	4.3
7	Boy Meets World	WPIX	6:30pm	4.1
8	Sister, Sister	WWOR	6:00pm	3.7

Source: NSI, WRAP, New York, May 1999.

Strip = M-F 6A-6A, Access = 6-8pm: Highest-rated run of double-run sitcoms.

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was a terrible mistake. As an industry, we're excellent at forming a firing squad in a circle."

Franks says that the affiliates' use of the NAB board to force a position is unusual for the association, which typically votes to stay neutral when squabbles break out among members.

This is not the first time the NAB has lost a network member and it may not be the last. In November 1992, ABC quit the organization when its board decided to oppose rules that would have allowed broadcast networks to own cable systems, although its TV and radio stations remained members individually. ABC quietly returned to the fold about 18 months later.

Today, NBC may join Fox on the outside. NBC General Counsel Rick Cotton told NAB President Eddie Fritts last month that NBC was seriously considering dropping its membership as a cost-cutting measure. An NBC source said that the network would make its decision in the next month or two.

Franks says CBS has no plans to leave, but ABC sources aren't so sure their network will want to remain if NBC departs.

While Fox's departure from the NAB will not help its case for deregulation, it probably won't hurt it either. "Everyone knew the networks and the affiliates were against each other on this," said one Senate staffer. "Whether Fox is in or out now, I don't know if it helps or hurts." ■



Where to find us at NCTA

BROADCASTING & CABLE's press room will be in Room N-132, North Building, McCormick Place (312-808-2650; fax 312-808-2659).

In attendance: Harry Jessell, Dwight Cunningham, John Higgins, Don West, Bill McConnell, Deborah McAdams, Price Colman, Richard Tedesco, Todd Gast, John Caggiano, Rick Higgs, Alisa Holmes, Gary Rubin, Robert Foody, Chuck Bolkom, Sandra Frey and Rick Rowell.

CLOSED CIRCUIT

BEHIND THE SCENES, BEFORE THE FACT

DALLAS

Go Rigas/Hicks!

When Tom Hicks and John Rigas finally met last Wednesday, the atmosphere was warm, not icy. The media moguls met in Dallas as their hockey teams prepared for their second meeting in the Stanley Cup finals. Hicks, chairman of Chancellor Media Corp., the nation's largest radio company, owns the Dallas Stars. Rigas, chairman of cable's Adelphia Communications Corp., owns the Buffalo Sabres. Former Chancellor President and Marcus Cable owner Jeffrey A. Marcus ran into Rigas at his hotel's spa and brought him over to Hicks's office for an introduction, Hicks recounts. "We exchanged pleasantries about the series," Hicks says. "We both said good luck and let it be a great series." So far, it is. The teams were tied 1-1 after Thursday night's game.

WASHINGTON

Look who's still talking

Broadcast chief executives are scheduled to meet June 21 in Washington to continue talks about establishing a minority investment fund. It's unlikely that the effort, led by CBS Chief Executive Mel Karmazin and Clear Channel Communications Lowry Mays, will result in any concrete proposals by next week's meeting. The organizers are said to be a long way from settling on the size of the fund, setting participation terms and preparing for registration with the SEC—all things they aim to do before going public with their plans.

Love, Washington-style

Husband-wife ex-politicos, former Reps. Bill Paxon (R-N.Y.) and Susan Molinari (R-N.Y.), have turned husband-wife lobbyists and could soon find themselves on opposing sides of an issue. Molinari is teaming with former Clinton press secretary Mike McCurry and Washington telecom-lobbyist extra-

ordinaire Dick Wiley to form a broad-based coalition to "improve the Internet." One of Molinari's most prominent new clients is regional phone company SBC. Technology companies and ISPs also are expected to join. Chief among the coalition's policy goals is passage of legislation that would allow phone companies to offer data services across state lines.

Meanwhile, Paxon took a job in January at the Washington law firm of Akin, Gump, Strauss, Hauer & Feld, home of former House Speaker Tom Foley (D-Wash.) and Clinton pal Vernon Jordan. Akin, Gump does legal work and outside lobbying for phone company rival AT&T, which is fighting hard to keep the Bells out of the data business. And Akin, Gump is even closer to AT&T: The law firm is the former employer of Jim Cicconi, head of AT&T's Washington office.

NEW YORK

Making progress

ABC and affiliate representatives were still wrestling with the network's NFL-exclusivity proposal at week's end. Sticking points include the \$50 million ABC has asked for an NFL contribution for the coming year, up from the earlier request of \$30. The network told affiliates it upped the ante for the second year of the NFL deal because affiliates paid nothing in year one.

Sticking point No. 2 is exclusivity. Stations say the latest offer (up to a full season's exclusivity for 75% of the prime time schedule and no exclusivity for the remaining 25%) is better than the previous one (which proposed a favored-nations clause that put all affiliate protection at risk). Still, affiliates want a formula that would compensate them for that part of the prime time schedule that loses exclusivity. Sources say the two sides have made progress and that it's possible an agreement could be reached this week.

Sinclair radio for sale?

Or public offering may be brewing, analysts suggest

By Elizabeth A. Rathbun

In what may be an attempt to shore up its stock price, Sinclair Broadcast Group Inc. last week said it is considering selling its 51 radio stations or spinning them off into a publicly traded company.

Analysts and brokers said the stations, located in 10 large or mid-sized markets, could be worth about \$900 million if sold.

Radio is "a very successful business for them, but they're not getting adequate value," said Paul T. Sweeney, a media analyst with Salomon Smith Barney Inc.

Chief Financial Officer David Amy declined to disclose Sinclair's intent in making its announcement last Tuesday, citing a Securities & Exchange Commission rule against discussing a possible filing to go public. In its news release, the company outlined just that

scenario, saying a minority offering in a radio subsidiary would raise \$175 million-\$200 million.

That would make barely a dent in Sinclair's \$2.5 billion debt. But deleveraging is not Sinclair's intent, Amy said.

That indicates Sinclair is trying to boost its stock price with an initial public offering (IPO) as opposed to a station sale, Sweeney said.

"I think they're planning to do an IPO," broker Jim Blackburn agreed. "Sinclair is viewed as a television company with heavy debt. That's not everybody's darling on Wall Street now," while radio is, he said. "This is their opportunity to stand up and shout, 'We've got a billion-dollar radio company here.'" Sinclair owns or controls 58 TV stations.

Station broker Gary Stevens took the other side, predicting an outright group sale. He estimated that Sinclair's radio

assets are worth \$850 million-\$900 million.

Sinclair is valuable, "the most consolidated group I know of. There's not a lot of work to do once you get [the stations]," Stevens said. Sinclair's stations are confined to just 10 markets. The largest is St. Louis, which is Arbitron's 18th-largest market. Its smallest market is No. 68: Wilkes-Barre/Scranton, Pa.

Stevens' first choice as a potential buyer is Cox Radio Inc. Its markets are similar in size and geography, and there would be no signal overlaps, Stevens said. Cox Radio President Robert F. Neil was not available for comment.

Radio veteran Barry Baker left as Sinclair's operating head in February, but retains rights to the company's radio stations, Amy said. Baker could not be reached for comment.

Entercom Communications Corp., which recently went public, could use a deal, several brokers said. Radio One, which also went public recently, may be interested, broker Fred Kalil said.

The stock market had a mildly positive reaction to Sinclair's announcement. The stock closed last Thursday at \$16, up from \$15.625 last Tuesday. ■

Anti-violence moves multiply

Theater owners agree to card minors; Hyde aims to ban sales of explicit material to kids

By Paige Albinak

Anti-violence efforts continued in Washington last week in the ongoing wake of school shootings.

In an effort to curb kids' exposure to violence, movie theater owners last week volunteered to check photo IDs of young people before allowing them into restricted films. Meanwhile, House Judiciary Committee Chairman Henry Hyde (R-Ill.) proposed a juvenile justice bill similar to one passed by the Senate last month. Hyde's bill would ban the sale of "extremely explicit violent or sexual material that is not protected by the First Amendment" to kids.

The theater owners' move came a week after President Clinton said the Justice Department and the Federal Trade Commission would investigate whether entertainment companies are marketing violence to children and whether those industries are enforcing voluntary ratings systems devised to

evaluate movies and music lyrics.

Congress and the White House have been frantically searching for the causes of youth violence after school shootings in Littleton, Colo., and Conyers, Ga., earlier this spring.

Hyde's bill also would mandate a study by the National Institutes of Health on the effects of violent music and video games on children. The Senate approved such a study in its bill. The House expects to start debating its version of the juvenile justice bill this week.

The National Association of Theatre Owners (NATO), which represents 65% of the nation's motion picture screens, also plans an educational outreach program to parents that will more fully explain the movie ratings system. The organization also will support a national study on the causes of youth violence.

"The great thing about the multiplex is that there is a movie for every member of the family, but not every movie is

for every member of the family, President Clinton said in applauding the move. "When you drop them off, you shouldn't have to worry about your G-rated kids getting into violent or suggestive R-rated movies. Too often children do get past the ticket counter unescorted and underage."

William Kartoziyan, NATO's president, said his members decided they wanted to do something in their communities after 15 people lost their lives in the Columbine High School shootings April 20. "Our deliberations on this issue were going on before the President's call," Kartoziyan said. "This gave us a chance to do something about it."

"We applaud the theater owners of America, our partner in the movie-ratings system, for their action," said MPAA chief Jack Valenti. "It's a big step forward." Valenti has called for restraint from the entertainment industry and has held talks among top film executives and screenwriters on the issue of youth violence. ■

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WASHINGTON WATCH

By Bill McConnell and Paige Albiniak

Too much TV?

The FCC last fall ruled that homeowners associations can't ban antennas and direct broadcast satellite dishes from balconies, back yards and other property directly controlled by a resident. But one household is taking the FCC's position to extremes, complains a Marion County, Ind., community association. The neighborhood group in Crooked Creek Villages says Stanley and Vera Holliday have abused the rules by setting up five TV antennas (four are at least 30 feet tall) and three satellite dishes to provide reception for 10 TV sets, seven DBS receivers and nine VCRs. The association is asking the FCC to make clear that neighborhood groups can limit households to one DBS dish and one over-the-air antenna.

Misener to exit FCC

Paul Misener, senior legal adviser to Commissioner Harold Furchtgott-Roth, is planning to leave the FCC and return to the private sector. Misener has not set a date for his departure, but has recused himself from most agency proceedings while he conducts his job search. He said he's pursuing several opportunities but has accepted nothing yet.

Make that Dr. Kennard

Cable companies can play an integral role in public health by using their broadband networks to disseminate medical information, FCC Chairman William

Kennard said last week. Cable's high-speed networks would greatly aid online imaging, conferencing and data sharing already offered via common carrier lines, he said. "I represent the 'tele' in telemedicine," he said during a mental health conference at Washington's Howard University.

Clinton Praises EchoStar

President Clinton boosted EchoStar's visibility last week when he praised the company's plan to provide equipment and school safety programming to 1,000 school districts across the country. Along with the National Education Association and Future View Inc., EchoStar will provide satellite dishes and offer 40 hours of programming during the next year to help school officials identify and assist troubled children, train teachers and others in counseling techniques and provide conferencing links among school principals. "I want to ask businesses and broadcasters all around our country to follow EchoStar's lead and donate their time, expertise and equipment," Clinton said during a June 7 conference on mental health at Howard University. Trading later that day pushed EchoStar stock to a 52-week high of \$142.63

Levitas levitates to top Senate job

Peter Levitas was named the Senate Antitrust Sub-

committee's chief majority counsel, taking over a post previously held by Louis Dupart. Dupart left the committee to join Washington law firm Fleishman and Walsh. The antitrust subcommittee, which often holds hearings on telecommunications mergers, is playing a large role in rewriting satellite TV reform legislation and is pushing legislation that would put time limits on FCC merger reviews.

All she is saying, is give V-chip a chance

FCC Commissioner Gloria Tristani said last week that part of her job as the FCC's new V-Chip czar is to promote government and industry efforts to educate parents on program-blocking technology and its availability. "I object when people say the system is a failure," she emphasized at a press conference on the technology's status. "Let's give the V-Chip a chance before we rush to judgment about what parents do and do not want." As

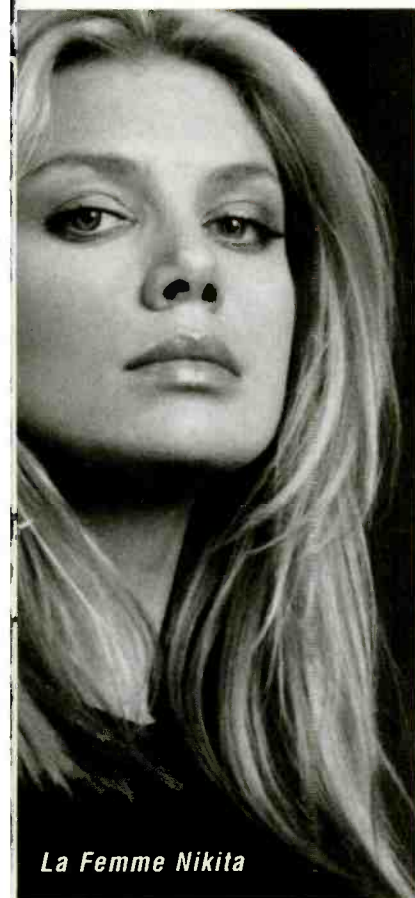
head of the FCC's task force on the V-Chip, Tristani plans to focus on three goals: monitoring whether TV makers meet deadlines for including the chips in their sets, ensuring that broadcasters are transmitting the TV rating codes that activate the chips and teaching parents how to use the technology.

Legg Mason draws NCTA criticism

Scott Cleland, analyst for Legg Mason's Precursor Group, has drawn the ire of the National Cable Television Association for its often quoted view that cable companies are establishing a monopoly on broadband services and that the government will eventually force the industry to open its network to Internet competitors. NCTA Thursday said that the Precursor Group's analysis may be influenced as much by the \$2 billion-plus investments in America Online by Legg Mason mutual funds. (AOL is leading the telephone dial-up providers' fight for cable unbundling rules.) Though Cleland was not named specifically in NCTA's complaint, he has authored several Precursor Group reports saying that unbundling rules are needed.



LESS ACQUIRED MORE INSPIRED



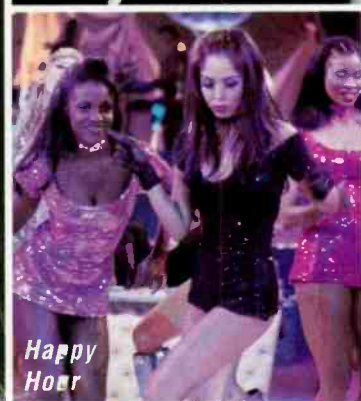
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GvsE



Road Hogs



Happy Hour



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Maternal Instinct

The New USA. Originality shows when you have a new slate of programming developed with fresh, distinctive voices. Consider *GvsE*, a revolutionary take on action comedy; *Anderson Cooper*, a hard-hitting news program that transcends the genre; *Happy Hour*, a 21st century variety show; *The Avenue*, a compelling five day a week dramatic series; *Road Hogs*, a zany comedy about two unusual friends; *Maternal Instinct*, a drama about a delightfully savage femme fatale and an ironic suspense drama from executive producer *Shaun Cassidy*. We also will continue our tradition of well-told, provocative original movies and epic mini-series starting with *Journey to the Center of the Earth*. Team all this with proven ratings winners like *La Femme Nikita* and it is obvious why USA is the #1 rated basic cable network in primetime for this decade. For more information call: Eastern (212) 413-5150, Central (312) 644-5413, Western (310) 201-2300



SOURCE: Coverage area HH ratings for full NHI defined years excluding ROW NMR Galaxy 1993-98, NHI NCAR 1990-92 Mon-Sun 8-11P.



It's a rapidly changing cable industry that will be visiting Chicago this week for the annual National Cable Television Association convention. The force of consolidation is having its effect. AT&T is now the biggest cable operator and overbuilder RCN Corp. is among the top 25. Here's a look at some of the people, technology and issues that are certain to be making news at the show.

24 Adelphia—a Family Affair

The Rigases plan to continue running Adelphia the way they always have—as a family business.

36 Deal Mania A look at the recent cable transactions and the impact they will have on the industry. Plus the top deals.

44 AT&T vs. the FCC The acquisition of MediaOne is more than merely creating the largest MSO. The ownership cap and competitive access to cable/Internet homes will affect how this deal shakes out. Plus a look at AT&T's lobbyists.

52 An interview with Decker Anstrom The outgoing NCTA president offers his assessment of the industry.

60 Liberty's empire Chairman John Malone holds the keys to a kingdom worth roughly \$17 billion.

66 Where MSOs dare to tread Some operators have made a career of building systems in small towns, and remote rural areas. Here's how they do it *and* make money.

74 Busy signal IP telephony is a potential boom. But early optimism has been tempered by delays and a wait-and-see attitude.

80 Slow and steady wins the race Cable and the telcos are in plodding competition to provide high-speed Web access.

84 Common ground With pressure from the FCC, how quickly will the industry come up with DTV interface standards?

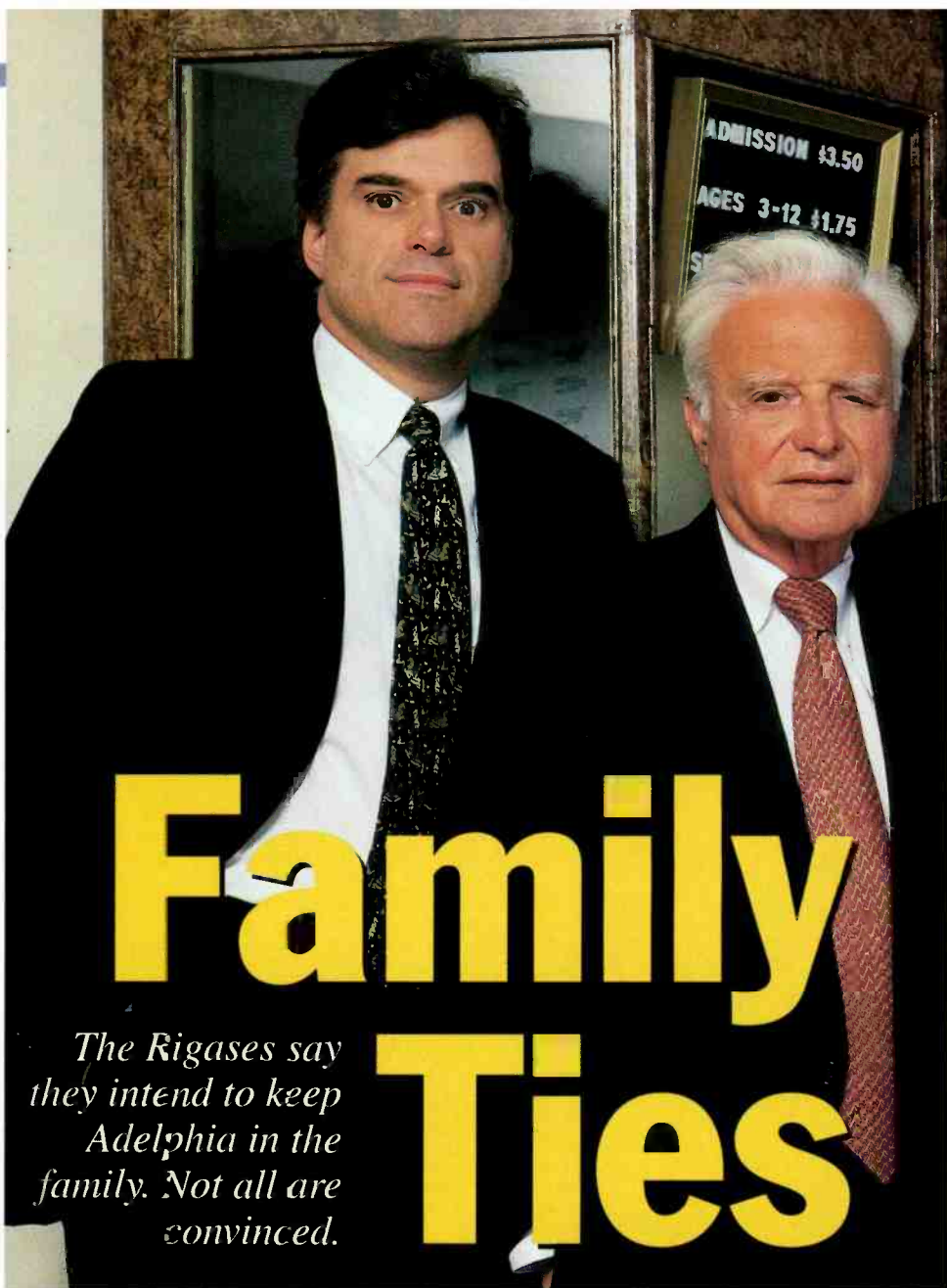


Photo: Harry Scull, Jr.

The Rigases say they intend to keep Adelphia in the family. Not all are convinced.

By Price Colman

Pumped up by a recent \$9 billion acquisition binge, Adelphia Communications is surfing the crest of the cable consolidation wave. In the past 18 months, the company has grown from a shy cable-industry loner into an \$8 billion-plus market-capitalization company with the financial clout and savvy to play with the big boys, even outmaneuver them as it did with the Century Communications acquisition.

But just as the company is hitting its stride after nearly five decades in the cable industry, it faces what could be the most difficult crisis of its existence: succession.

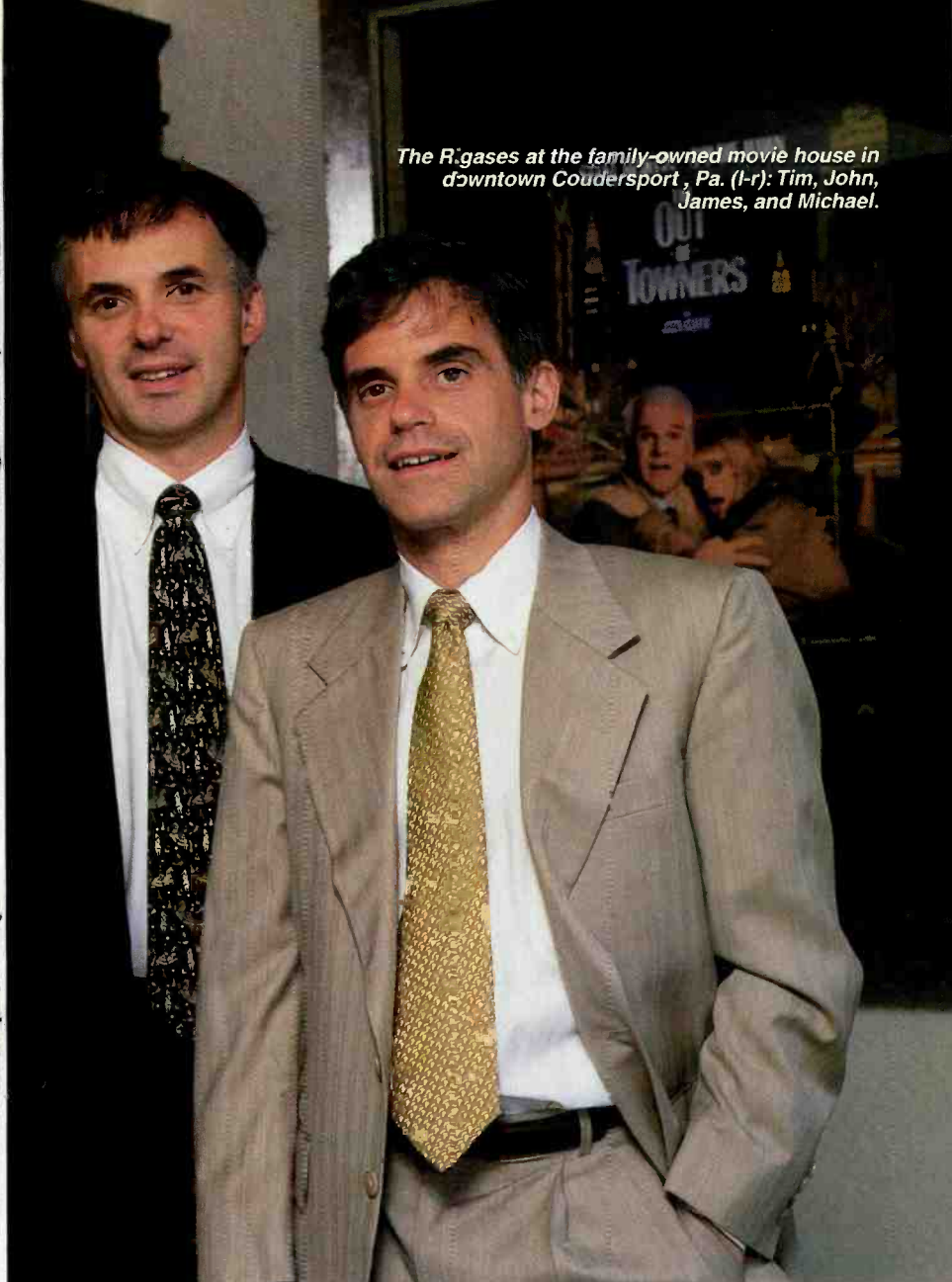
John Rigas, Adelphia's co-founder and helmsman for nearly 50 years, is 74 years old and recently underwent coronary bypass surgery. During his absence, sons Michael, Timothy and James—who along with their father form the core of Adelphia's executive management team—held the reins.

Two months after the operation, John Rigas is back at work with a vengeance, maintaining a schedule that keeps six secretaries hopping. But his illness raised the inevitable question: Who's the heir apparent?

John Rigas contends the question has already been answered.

"Over the past few years, when I talk to investors or employees, I tell them that one of strengths of Adelphia—and it's a big strength—is the passing of leadership

The Rigases at the family-owned movie house in downtown Coudersport, Pa. (l-r): Tim, John, James, and Michael.



from one generation to the second generation, which has in fact occurred. Now it's more of a partnership," he says. "Sometimes people ask me which son would take over. I would never want to make that decision."

Succession issue looms large

But by not making a decision now, probably in an effort to avoid showing favoritism, John Rigas has created a potentially explosive situation, some experts believe.

"For a company like this, there is no other issue," says Leon Danco of the Cleveland-based Center for Family Business, a consulting firm that advises private companies on board composition and succession issues.

"You have the seeds for disaster at

the time of the incumbent founder's disappearance from the scene," says Danco. "Succession is not about the competence or incompetence of the successors, half as much as it is about the unwillingness of the incumbent to retire."

Wall Street widely perceives Adelphia as a company on the cusp. There's no consensus on whether it will stay in cable or go the way of scores of other operators, taking advantage of record high valuations and cash out.

Some equity analysts are so convinced that Adelphia is selling, sources say, that they view each acquisition as simply another addition to the company's dowry. And Adelphia certainly has potential suitors, including Comcast and Charter Communications.

Adelphia's controlling shareholders, the Rigas family, speak with one voice on the succession issue: Adelphia will be around when the consolidation smoke clears. Prominent cable industry executives familiar with the Rigas family also say it's highly unlikely Adelphia will sell, at least in the near-term. So why the lingering skepticism in financial circles? That may have more to do with uncertainty about Adelphia's future than skepticism about its strategic objectives, according to observers.

"The issue is a pretty simple one—they don't have a CEO per se," says one cable industry executive. "You're never able to gravitate around a personality, even a bad one. That's a weakness in financial circles.

"This is like the Mafia—one of the sons has to rise."

Tim Rigas, 43, the second of the three sons and Adelphia's chief financial officer, appears to be the most likely candidate. He has been the point man in recent megadeals and the executive closest to Wall Street in his father's absence.

"My sense is that most would say it's Tim. But Tim in partnership with his two brothers," says another MSO executive. "Despite the fact that they haven't conferred a title, John has really given Tim a lot of leeway to go out and do deals."

Tim Rigas' take: The team approach works for Adelphia.

"Our view is that people pull together," he says. "There is no one person who makes it work. We're extremely confident that we can work well together, feed off each others' strengths, not have one person lined up for succession. We actually think that's a mistake. Working with a team approach is what will give us the most success."

Historically, the co-CEO, or "office of the CEO" approach to leadership has seen limited use. That's changing, according to Craig Aronoff, founder of the Family Business Consulting Group in Georgia.

"We did a big survey last year and found that about 10% of family businesses had co-CEO arrangements and about 40% were contemplating it for the next generation," Aronoff says. Two high-profile examples: CitiGroup and Nordstrom. Still, while interest in the co-CEO concept is increasing, it's an approach that can be used for the

wrong reasons, Aronoff says.

If the Rigases and Adelphia ultimately opt for the shared leadership approach, it will hardly be the first time they've bucked convention.

Their own drumbeat

One look at Adelphia's home base—rural Coudersport, Pa.—and it's apparent this is far from the conventional corporate giant.

In this bucolic, bustling borough of 3,000 residents, there's only one sign for Hyperion, Adelphia's telephone subsidiary—that even hints at the parent company's presence. There's nothing to suggest that it's the largest employer in Potter County and Coudersport, which is the county seat.

Times are changing. A recent slew of acquisitions will boost Adelphia's local work force from 800 to about 1,200 and elevate the company to No. 5 in cable operator rankings based on subscribers. Adelphia has at least three buildings in the works—including two new constructions and one renovation.

A couple of those buildings likely will carry understated nameplate signs.

John Rigas, though widely respected and admired in the cable industry, has long pursued his own path.

"They always had a little different angle on things," says Oren Cohen, bond analyst at Bear Stearns who has known the Rigas family and Adelphia for years. "When others were talking about fiber to 500-home nodes, they were talking about fiber to 200 homes. Before it was fashionable, they were oriented toward state-of-the-art technology. They march to their own drummers."

At the beginning of 1999, the drumbeat quickened. Over a six-week period beginning in late February, Adelphia snapped up FrontierVision, Century and Harron. Those deals more than doubled Adelphia's size, pushing it to 5.1 million subscribers.

About the time negotiations on the first of those deals were peaking, John Rigas realized he was going to have to do something about the heart problem that he'd hoped wasn't serious. Long an

exercise enthusiast, he had experienced discomfort while working out on a treadmill and had an angioplasty to remove blockage in late 1998. He discussed a stress test with his doctor, but canceled it after subsequent workouts failed to prompt any discomfort. When Michael and James, the eldest and youngest sons, respectively, learned of his move, they convinced him to reconsider.

"It occurred to me that sometimes you have to listen to your children," John Rigas says. "I took the stress test and flunked it."

Less than two months after the operation, the high-energy Rigas shows no signs of fatigue or illness. Indeed, he's as eager as he's ever been about the cable business.

"We certainly are going to be active," he says of Adelphia's growth plans. "We're certainly looking at more clustering and certainly some trading and swapping off. More partnerships à la the TCI joint venture are likely to be formed. We're going to be busy the next three to four years with rebuilds. The whole business has never been one that's lacked challenges and excitement."

He's also excited about the Stanley Cup Finals-bound Buffalo Sabres, a team recently purchased by the Rigas family and over which he presides as chairman. With the finals to be played in Dallas and Buffalo at the same time as the National Cable Television Association's annual convention is taking place in Chicago, John and his sons undoubtedly will be logging a lot of miles on their private jet.

Working with Wall Street

Adelphia's challenges are the same as for the rest of cable: to upgrade quickly; light up new services with new revenue streams; and to get free cash flowing. Those issues boil down to a single word—execution.

"You can't just lift up a company with 1 million subscribers, add 2 million to 4 million subscribers, cram the top back down and make it work," says one analyst. "Their [new] subscribers are not at the technical level of a MediaOne or a Cox. It's nothing more than basic blocking and tackling issues. But we need these things answered before going forward."

Adelphia's finances may be in the best shape ever right now. The company's debt-to-cash flow ratio stands at about 6.9-to-1, the best in Adelphia's history, and is headed down to around 6.5-to-1 once several key pending deals

Adelphia not for sale



John Rigas, 74

co-founder of Adelphia, chairman-CEO-president

"We will do partnerships. We'll continue to grow. The commitment is there. Anything is possible, but at this point we've stepped up and made the commitment to grow and continue on. The bottom line is that we will look for the proper mergers and partners and acquisitions and go on."



Michael Rigas, 45

executive vice president-operations

"We really have not seriously considered selling, believe it or not. Part of the reason is that we need something to do."



Tim Rigas, 43

executive vice president-CFO

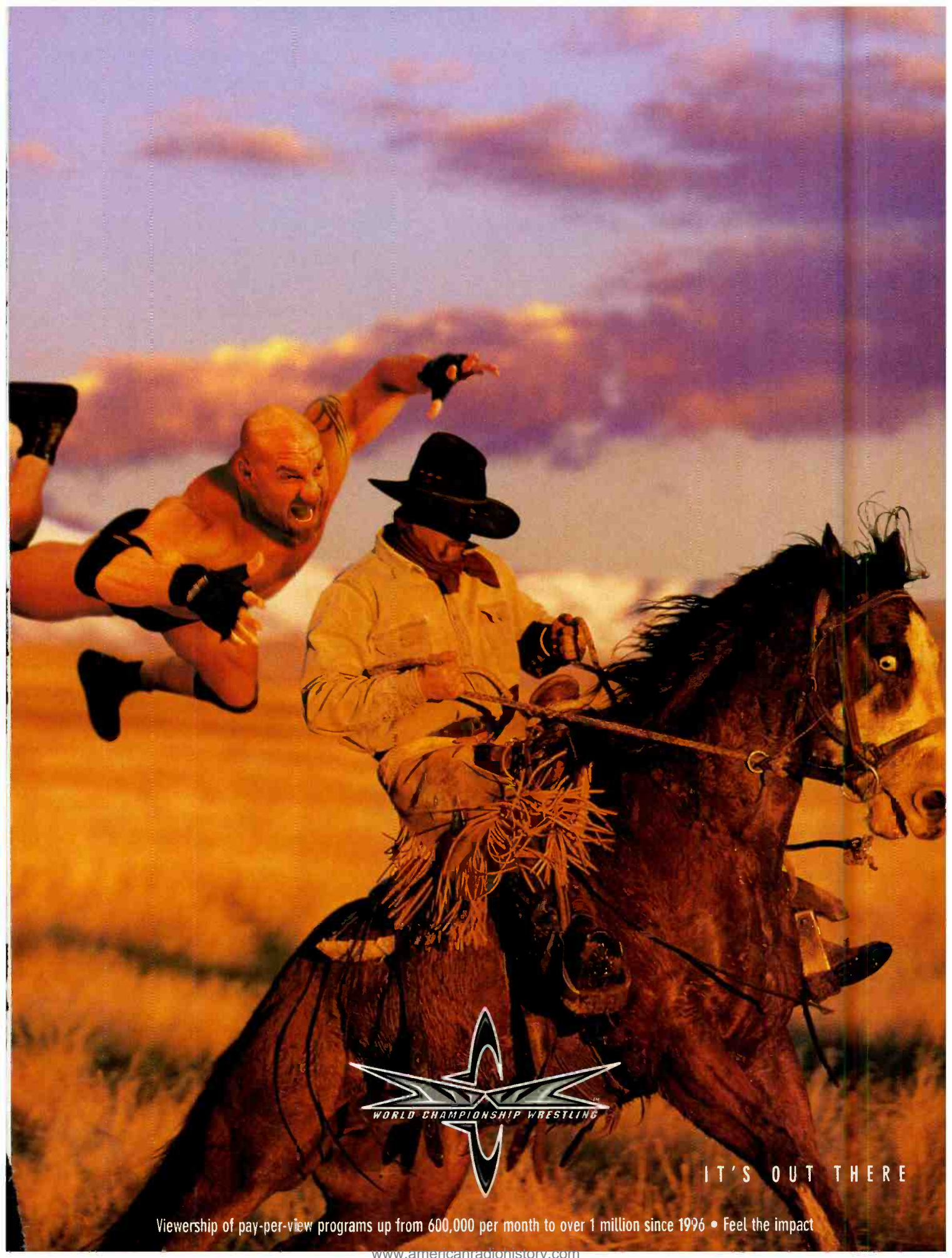
"Our expectation is we'll be around for long time. That's always been the expectation. We've been as successful as anyone in unlocking values in telecommunications. We enjoy it. Every time valuations creep up, we start seeing incremental revenue streams. If we ever find ourselves on the lower end where we can't create value, then we would sell and redeploy assets elsewhere."



James Rigas, 41

executive vice president-strategic planning

"I don't think I could find something else in my life as fulfilling as building a company from where we were, to where we'll be in the next five to 10 years."



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High-speed Internet Subs.....	16,455

Adelphia's main entrance

*Includes pending takeovers of Century Communications and FrontierVision

Recent acquisitions

Company	Purchase price (millions)	Cash (millions)	Class-A shares (millions)	% of deal non-cast *
Booth Communications	\$55	\$30	3.57	45.5%
SHHH Transaction	\$88	None	2.25	100.0%
Verto Communications	\$160	\$35	2.56	78.1%
FrontierVision	\$2,060	\$1,660	7.00	19.4%
Century Communications	\$5,738	\$826	48.70	85.6%
Harron Communications	\$1,170	\$1,170	0.00	0.0%
Total.....	\$9,271	\$3,721	64.08	59.9%

*includes stock and assumed debt

Projected pro forma post-deal closings (as of 12/31/99)

LQA* EBITDA**	\$1,186,000,000
Net Debt	\$7,496,000,000
Preferred Stock	\$525,000,000
Net Debt/LQA EBITDA	6.8x
Net Debt + Redeemable PFD Stock/LQA EBITDA	7.3x
Equity Market Cap***	\$8,000,000,000



*Last Quarter Annualized

**Earnings Before Interest, Taxes, Depreciation and Amortization

***Based on recent stock prices

Equity offerings

Date	Description	Amount raised
July 1997	Convertible and Preferred	\$250,000,000
May 1998	Hyperion IPO	\$242,000,000
August 1998	Class A Common	\$250,000,000
January 1999	Class A Common	\$372,000,000
April 1999	Convertible and Class A Common	\$1,430,000,000
Total		\$2,544,000,000

Source: Adelphia

close. It's quite an improvement, considering Adelphia had a leverage ratio of 11 times cash flow (depending on whom you ask) only five years ago.

But even though Adelphia has cleaned up its financial situation, Wall Street's long memory makes some wary.

"Adelphia was always the nail-biter of the cable group," says one source in the financial community. "They were always right at the cusp, pushing the envelope. They went through periods where liquidity was \$50 million or less in certain quarters, only three years ago. Their bonds had wild swings—when the rest of the market widened 25 basis points, they'd widen 100 basis points. People were not comfortable with management's grip on the financial structure."

The Rigases acknowledged that their independent, sometimes iconoclastic approach has kept Adelphia from becoming the darling of Wall Street. From the time Adelphia went public in 1986 until as recently as 1997, its equity market capitalization has been almost an afterthought, nearly inconsequential in the eyes of the financial community. But over the last five years, Adelphia has focused on changing its image, its leverage and its debt-to-equity balance.

"At the Smith Barney conference in January '97, we said our goal was increasing shareholder value—getting back in touch with the equity community," says Vice President of Finance James Brown, a 1984 graduate of Rensselaer Polytechnic Institute—John Rigas's alma mater—who has been with Adelphia since college. "Nineteen ninety-two to 1997 is best characterized as regulatory pain. But by the [Smith Barney] conference, we felt we were starting to come out of it and starting to reconnect better with the equity community."

Ten analysts cover Adelphia now versus none then—and with good reason. In the last two years Adelphia has issued \$2.54 billion worth of equity to public markets. (It has issued an additional 64.1 million shares for acquisitions.) Thanks to those equity issues and investors' two-year love affair with cable, Adelphia's market capitalization has jumped from \$200 million in April 1997 to an estimated \$8 billion-plus pro forma once the FrontierVision, Century and Harron acquisitions close. Integration of the acquisitions and upgrades are top priority for Michael Rigas, executive vice president operations.

"In operations, no matter how much you try to plan ahead, there are always

...Jack emerges from a coma only to discover that his gorgeous new wife Barbi is tragically suffering from amnesia brought on by some bad clams and is, in fact, already married to none other than his stepmother's personal trainer, Claude, who everyone thinks has died in a very bizarre kickboxing accident but has regained consciousness himself just prior to the embalming process where he has found himself gazing into the shocked yet longing eyes of the mortician's assistant, Pamela de Rigor who herself is suffering from a slight case of amnesia and is completely unaware that she is the long lost and much adored Princess Sari of Armenia. Will Claude and the Princess consummate their newfound love? Will Barbi recover and seek out Claude? If so, will she ever eat take-out Italian again? Will Jack lose the love of his life? More importantly, will his hospital stay be covered by his group plan? Stay tuned...

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things that come up unexpectedly," he says. "Right now, we're getting systems upgraded, getting new products out. We would like to see it go faster, but for a variety of reasons that's hard to do. Labor markets are tight. Contractors are scarce for upgrades and [cable modem] installs."

The race to be early to market with new products and services has prompted a change, Mike Rigas says. "For a long time, cable didn't have to act real quickly. But everything has accelerated in the last two to three years. We need to get in the window. That's been a kind of shift in culture for the people at Adelphia and the rest of the industry as well."

Ambivalence remains

Heady as Adelphia's stock perform-

ance has been—along with the rest of the cable sector—it can't mask the ambivalence Wall Street feels for the company.

"The street has had a very mixed experience with them," says a source in the financial community. Brown is known for driving a particularly hard bargain on debt deals, often pitting different investment banking houses against each other in a bidding war to sell bonds. The winning bidder may actually end up losing money because spreads on the bonds are so tight.

But Wall Street likes many of Adelphia's recent moves. Analysts and money managers approve the use of a substantial amount of equity as currency in recent deals. In the Century acqui-

sition, for instance, equity accounted for 85.6% of the \$5.74 billion purchase price. By using more stock than debt as deal currency, Adelphia reduced its leverage ratio. Also, the anticipated cash flows from those acquisitions will only improve the ratio.

"They need to continue to equitize the balance sheet to take themselves higher (in debt-equity ratings), but the Century transaction was a statement of maturity," says one source.

Conversely, the way Adelphia has presented some of its recent deals rekindles concerns that the company's reverting to its old-style behavior. Critics say the company failed to alert the financial community about the acquisitions. But the Rigases have acknowl-

Company town

Coudersport, Pa., is home to Adelphia's family business

Tucked in a shady corner of the heavily timbered Allegheny Mountains of north central Pennsylvania, the town of Coudersport is a place seemingly untouched by time, reminiscent of small-town America at the turn of the 20th century.

The Allegheny River, little more than a gently rippling stream so close to its headwaters, cuts through the town just north of the courthouse and a park, where a permanent bandstand provides a showcase for seasonal concerts. Nothing suggests that this idyllic, faintly Victorian hamlet is headquarters for one of the world's largest cable television companies.

That's fine with the Rigases, the family that controls Adelphia Communications. Indeed, they've tried to keep it that way.

"They don't want to flaunt what they own," says David Hauber, president of the Coudersport Chamber of Commerce, and owner of a jewelry store in Coudersport. "They own a lot that most of us don't realize."

Through Adelphia, related companies and private family businesses, the Rigases own several blocks of buildings in Coudersport and employ about 900 people. Adelphia corporate functions have expanded so much

that a few years back the Rigases turned the old four-story K-12 brick school building in downtown Coudersport into their offices.

Adelphia's growth since the beginning of this year has attracted media attention—CNN, newspapers and trade publications have turned up to interview company executives and residents. But it's not the borough's first brush with celebrity. In the early '80s, a local physician named Dr. Bentley burned to death in his bathroom, leaving only



Photo: James N. Psyhos

edged that their relationship with the investment community, particularly the equity side, hasn't always been cozy.

"I don't think that was a priority we were so concerned about since we owned about 80% of the stock when we went public," John Rigas says. "We were more focused on running systems, growing, doing the right thing by subscribers, maintaining good margins. I think that the relationship with Wall Street has changed because of where we are with so many stockholders. We have more of a commitment to stockholders. Maybe we were a bit insensitive to that relationship, but it has changed. We're doing a better job of understanding stockholders. Look at where we are now."

Indeed, equity investors who have

stuck with Adelphia have seen share prices go from \$5 in April 1997 to as high as \$86.563 in May.

For the Rigas family, it's a question of balancing the desire for Wall Street approval with the imperative of maintaining control of Adelphia. Control has always been a key issue for John Rigas.

Recently asked whether he'd sell the cable company, given skyrocketing valuations, Rigas responded: "I bought the Coudersport Theater in 1951, I still have it and it's still operating. So I don't sell anything. It's just not my nature."

In fact, the Rigas family has been willing to dilute its control and ownership to grow the business and deliver. The equity issues are evidence of that, and it's evidence Wall Street likes.

Accounting for recent deals, the Rigas family now has about 65% voting control and about 37% of the equity in Adelphia, pro forma for all deals. That's down from 95% voting and 70% of the equity as recently as December 1998.

"I would not have predicted they would have been this reasonable in issuing equity in a hot market," says Bear Stearns' Cohen. "I think they have finally proved themselves, not by words but by actions. It's been a long wait for bondholders."

Wall Street's wariness lingers however. There's the execution issue, an industry-wide concern. There's that element of unpredictability where Adelphia's involved. And there's the company's long history of related-party transactions.

Photos: James N. Pythos



Adelphia began operations in this former church.



The company's current office is in an old school.



The building underwent extensive renovation.



The interior of Adelphia's renovated headquarters is spacious and modern.

a pile of ash and his charred left foot as evidence. The then-popular TV show, *That's Incredible*, documented it as a case of spontaneous combustion and aired a report several times. Today, it's the local economy that's on fire.

Unlike some big companies with rural headquarters, Adelphia and the Rigases are rooted in the town where they live. John Rigas, Adelphia's founder and head of the company for 47 years, settled in Coudersport in 1951, buying the Coudersport Theatre, which he still owns. Rigas and his wife, Doris, now have four grandchildren in addition to the four children they raised in the borough.

Sons Michael and Timothy still live with mom and dad in the sprawling main house at Wending Creek Farms. James, the youngest of the three brothers, lives separately but nearby with his wife and four children. Daughter Ellen, the youngest sibling, recently married and is living in New York.

John Rigas bought the immaculately groomed working farm in 1962 and has added contiguous parcels so that the spread now encompasses 6,500 acres.

The farm produces sweet corn, oats, wheat, hay, sunflowers, Christmas trees and eggs. It also supplies a small retail outlet, Wending Creek Farms Nursery, with shrubs and plants.

In this two-lane-road part of the country, pockets of Appalachian poverty are evident. But John Rigas and Adelphia have brought jobs and prosperity. More is on the way. Of the 400 new jobs Adelphia will bring to Coudersport over the next couple of years, 75%-80% will be local or regional hires, further weaving together the company and the local economy.

"As we have grown in this region and this small community, it's very important to recognize that we have a sense of responsibility—a lot of friends and neighbors who depend on us for their future and jobs," John Rigas says. "We affect the whole region. The possibility of exiting and moving is something we wouldn't want to be a part of. We're one of the few companies that has remained in rural America where its roots are."

There's clearly a mutual affection between the Rigases and Coudersport. There's also a tacit acknowledgment on both sides that Coudersport's small-town nature is changing.

"Space is an issue," says Michael Rigas, executive vice president-operations for Adelphia. "A challenge in this area is just housing. There's probably going to have to be some development we'll have to spur."

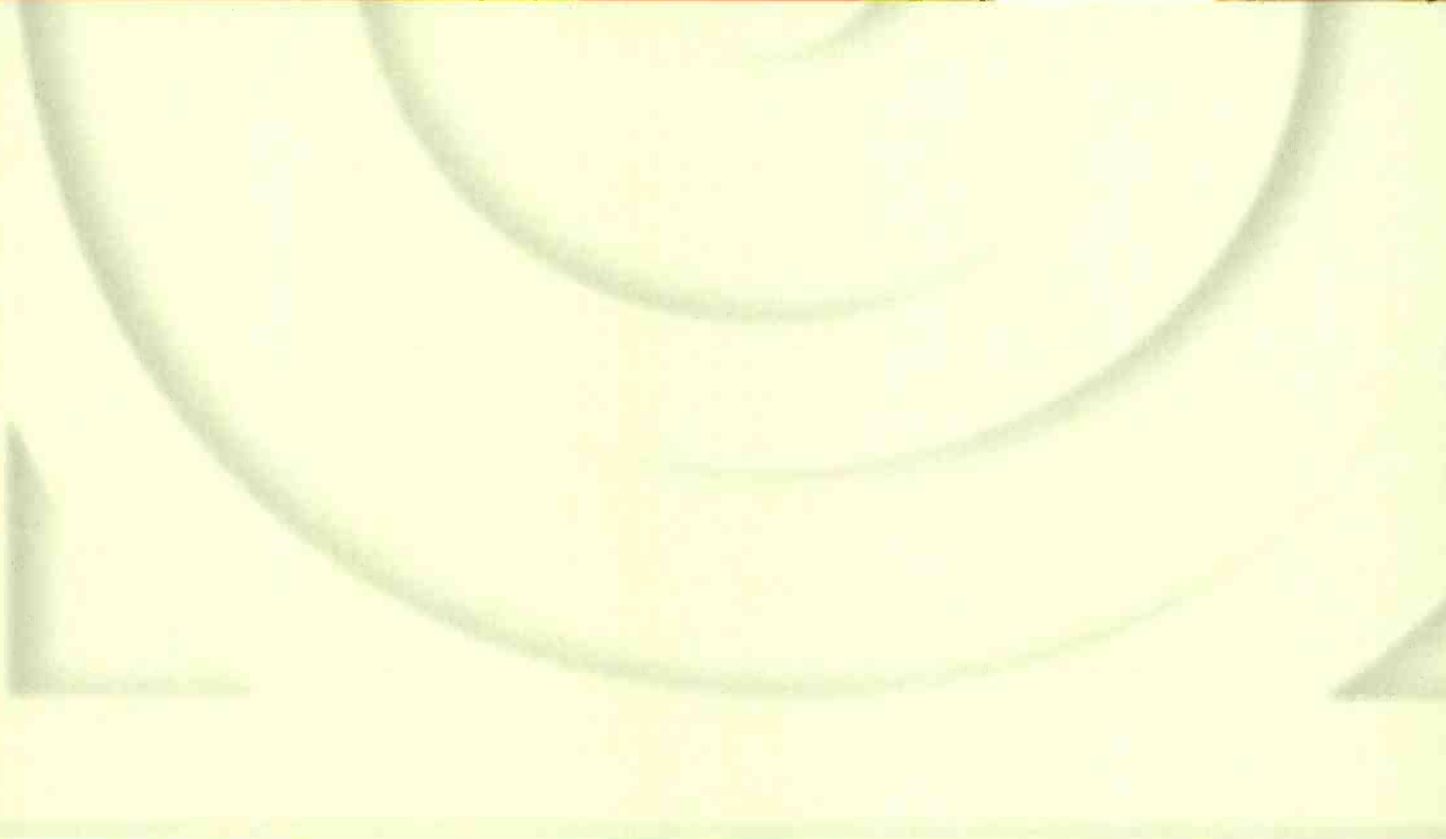
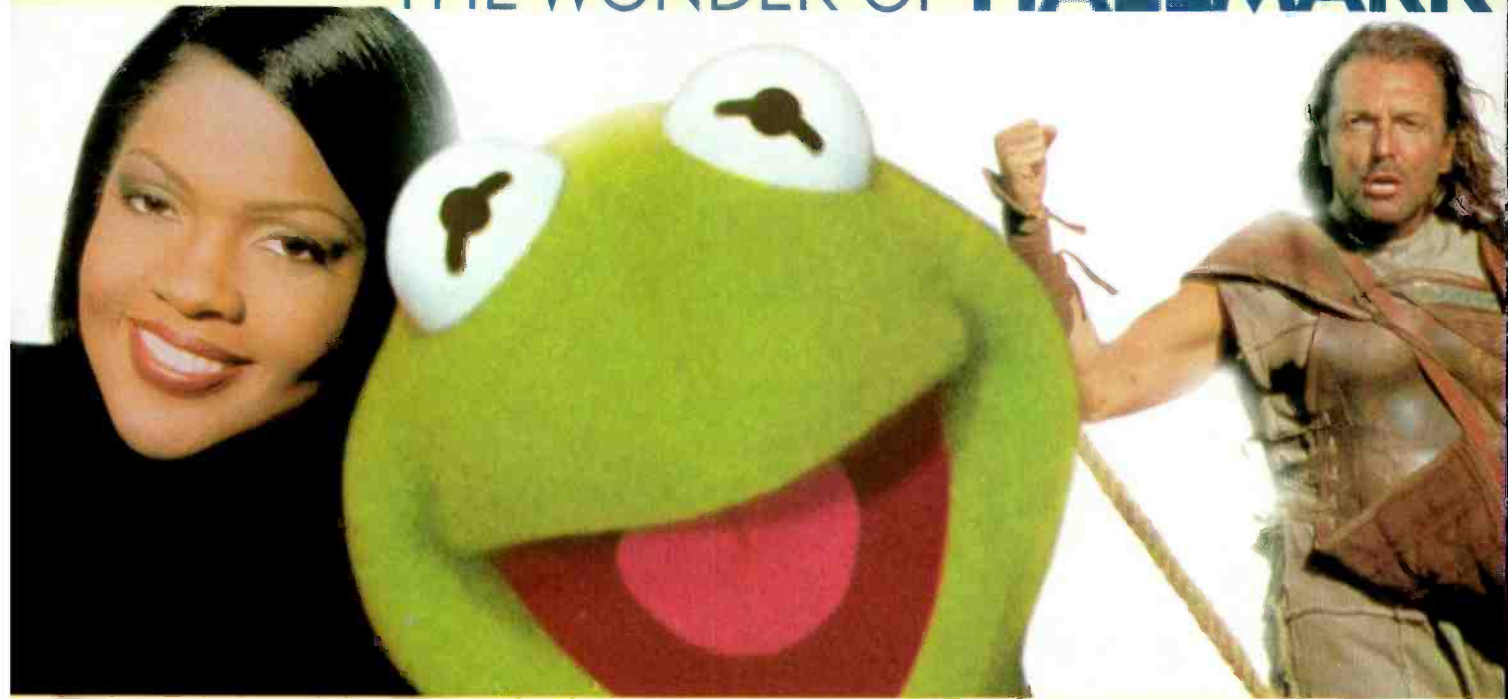
An apparently rare instance of Adelphia-Coudersport friction arose last year when the company announced plans to build a 60,000-square-foot customer-service call center on Main Street.

"Some people said the way of life is changing, it's going to increase traffic, it's too large a building for the size of the town, parking is an issue," Mike Rigas says. "But the response was overwhelmingly positive. People in communities this size are crying for economic development."

"Anything that can bring in business, bring in employment has to be a plus. And Adelphia is non-polluting," says Hauber, adding that he worked for John Rigas briefly at the theater. "The pluses outweigh the minuses."

—Price Colman

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Among other things, John Rigas is owner of the National Hockey League's Buffalo Sabres. Prior to playoff games with the Toronto Maple Leafs, Rigas met Leafs' owner Ken Dryden on the bridge connecting Buffalo with Fort Erie, Ontario. The Sabres beat the Leafs and are now battling the Dallas Stars for the NHL championship.

Private family partnerships and a family-owned cable operation have been tax-cheap financial instruments to help the family maintain control of Adelphia. Among recent examples of that: the Rigases sold thousands of subscribers in the family-owned business to the public company in exchange for convertible preferred stock. Specific terms weren't disclosed, but it's the kind of move that provides ample fuel for critics who see it as the family profiting at the expense of other shareholders.

The Rigases have sold down their family-owned cable holdings until they now stand at about 140,000 subscribers. There are some other private family businesses, including a real-estate leasing arm. The family may eventually cash out of those entirely, but John Rigas is in no hurry.

"Why keep them?" he asks. "When we went public, I wasn't comfortable that we should be public. We'd been private all these years and I wasn't comfortable with the exposure to the public. I felt comfortable keeping some properties outside so we could move in and out. We've leveraged those companies, too, and that gave us the ability to keep control in Adelphia by buying up Adelphia stock."

Keep on clustering

The Rigas family acknowledges that Adelphia faces a big job in integrating recently acquired systems. The FrontierVision and Harron deals generally are considered good matches, in terms of price and clusters. The Century acquisition, while demonstrating that the Rigases were willing to dilute control by using stock as currency, drew more mixed reaction because it expanded Adelphia's territory west of the Mississippi for the first time. With

the deals, Adelphia's systems have become more a blend of urban, suburban and rural. PaineWebber analyst Tom Eagan likes the new mix.

"They certainly have been aggressive," he says. "They have diversified the kinds of systems they have, which I think is an improvement," he adds. "I think the next step is all about clustering."

The recent swaps between Adelphia and Comcast gave Adelphia 1.1 million subscribers in the Los Angeles area—a market the company entered only recently with its Century acquisition. Many in the cable industry see Adelphia and Charter eventually controlling most of the Los Angeles market with smaller pieces held by Time Warner and Cox.

Acquisitions have provided Adelphia with chips it can use for other deals—swaps and sales—that can help it improve clusters and generate revenues.

Moreover, the company should be well positioned to offer bundled services thanks to the experience it has gained with Hyperion, its publicly traded busi-

ness telephony subsidiary. While Adelphia will wait for IP telephony to advance before pursuing residential telephony, Hyperion may be a sleeping giant.

"We believe the Hyperion and Adelphia assets are complementary," says James Rigas, at 41, the youngest of three sons and executive vice president, strategic planning. "We've put in about 8,000 miles of fiber backbone that hits the major population centers in the eastern half of the country."

That backbone, which also connects the Hyperion and Adelphia networks, can handle about 1.5 million simultaneous phone conversations or 80,000 simultaneous video streams. It's the platform for data and voice and video on demand, "if it ever happens," James Rigas says.

In some ways, Hyperion echoes Adelphia's succession issue. It is the promising offspring of an established, known business. Hyperion and Power Link, Adelphia's high-speed data business, could one day eclipse the core video business in the parent company. In planning for the future, Adelphia and John Rigas are keeping their options open, placing multiple bets instead of a single, all-or-none wager. And the same approach could work in determining the company's future leadership.

"If you are setting the offspring up as co-CEOs to avoid making a decision when decision should be made — one is clearly the leader but you want to avoid hurting the others' feelings — then clearly you're going to run into some problems," says Aronoff of the Family Business.

Consulting Group. "But if they all have a good working relationship ... and if the company is overseen by an effective working board that includes outsiders, then the probability of the co-CEO approach working is much higher." ■



John Rigas on his 6,500-acre spread, Wending Creek Farms.

Photo: James N. Psyhos

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Cable's go-go years

In this, the 'golden age' of MSO deals, some wonder how long it will last

By Price Colman

In the midst of what many consider the "golden age" of cable deals—record valuations, record magnitudes and record volume—the inevitable question arises: how much longer will it last?

The prevailing school of thought holds that most of the deals will be done by the end of summer. That said, there's no consensus on whether activity has peaked, although the deal market appears to have plenty of kick left, according to experts.

"It looks like seven consolidators now, but a year from now, I wouldn't bet they're all still independent," says Jill Greenthal, managing director of Donaldson, Lufkin & Jenrette's Boston and New York offices. Greenthal and DLJ have played a pivotal role in the transformation, handling the \$50 billion AT&T-TCI merger, among others.

The seven survivor-consolidators—and the firms responsible for most of the past year's deals—are AT&T, Time Warner, Comcast, Charter, Adelphia, Cablevision Systems and Cox, not necessarily in order of deal activity. Of that group, Time Warner and Cablevision have been the least aggressive buyers but plenty active in swaps.

The riddle now is which of those

seven giants is prepared to push the deal market to a new summit.

"Once the Cablevisions and Adelphias are gone, I think the party's over and investors will shift focus from deal speculation to execution of new services," says David Fiszal of Omega Advisors. "We saw this happen in radio. We're probably in the seventh inning of consolidation."

The cable "land grab," as some characterize it, has pushed system valuations to unprecedented levels. A \$5,000-per-subscriber price tag unheard of a year ago now is accepted as the new benchmark valuation.

"It's the most active deal market in cable history," says Brian Deevy, president of Daniels & Associates. "It's probably the most active deal market, the quickest consolidation of an industry in the telecommunications area."

An unusual conjunction of factors has fueled consolidation. TCI's strategic shift from acquirer to "rationalizer"—selling or swapping non-strategic assets to improve key clusters—was the key catalyst.

"Leo [Hindery] put the cable industry on this path," says Fiszal. "He galvanized the players to work together, creating win-win situations for everyone, including investors. You didn't necessarily have to know TCI, you just had to know that Leo was the visionary."

But various moving pieces had to mesh to maintain the momentum. The 1996 Telecommunications Act, intended to encourage competition for regional Bell companies, boosted



Waller: 'I don't know what the limit is. We're seeing numbers on some of our deals that are way in excess of \$5,000 a sub. We don't even begin to tell sell-side analysts what the top is, because we don't know.'

cable because cable's "last mile" connection to consumers made it the most attractive potential competitor for the Baby Bells.

Microsoft's \$1 billion investment in Comcast and Paul Allen's entry into cable prodded the deal market at opportune times and helped complete what some call a "virtuous circle." Each new deal pushed up cable stocks, in the process narrowing the gap between public and private valuations. The more that gap closed, the more stock became the preferred currency for tax-efficient acquisitions. In addition, a number of private equity investors such as the Blackstone Group and the Carlyle Group that plowed in money four to seven years ago are cashing out on schedule after seeing strong internal invested rates of return.

"If you look at the list of who put private equity to work in cable, most to some degree are getting out," says John Waller, chairman of Waller Capital, a media investment bank-brokerage.

Another key factor was that as the deal market began accelerating in late 1997 and early 1998, buyers and sellers alike recognized that the transaction opportunities wouldn't last forever. For the acquirers, it might be



DLJ's Greenthal, part of the team that handled the \$50 billion AT&T-TCI merger: 'It looks like seven consolidators now, but a year from now, I wouldn't bet they're all independent.'

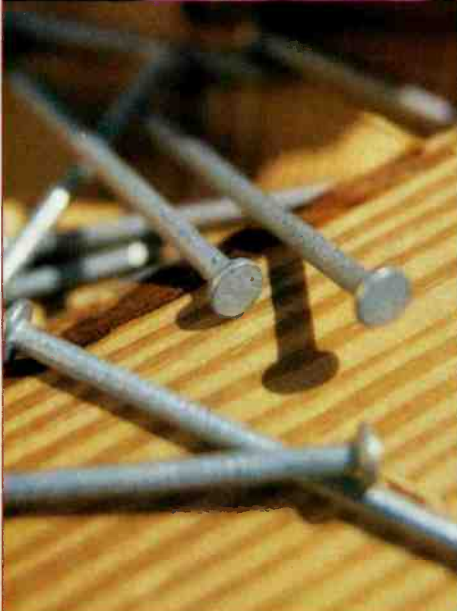
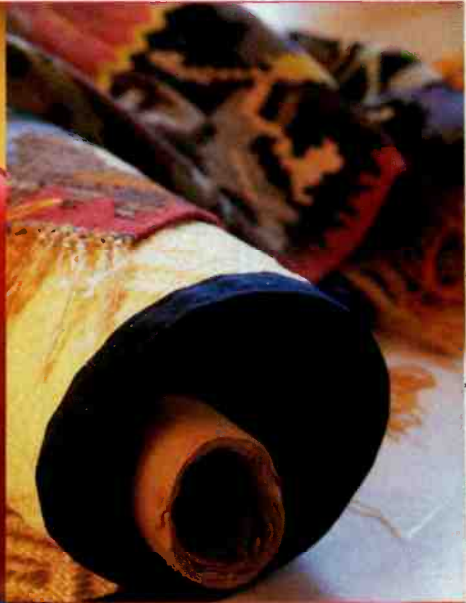
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the last chance for some time to achieve economies of scale and scope through a few big deals versus a spate of smaller ones.

"I liken the last couple of months to the California gold rush days—'Thar's gold in them thar subscribers,'" says Thomas McCrory, managing director-cable television at Communications Equity Associates (CEA), an investment banking and brokerage firm. "Whoever gathers the most subs is going to be viewed as the winner by Wall Street. If this market doesn't convince someone to sell, then I think the people who ride this wave of price increases are likely to stick around for a number of years. This is convincing a lot of people they're better off selling."

Underpinning the deal activity is the growing recognition that cable is more than a product, it's a highly efficient pipe for carrying a variety of products and services. Also, low interest rates

coupled with continued growth of the U.S. economy plus the end of cable-rate regulation have all added impetus to the deal dynamo.

"The sun, the moon and stars have all aligned," says one investment banker. "It's hard to imagine how it gets better, but we said that at \$3,300 a subscriber."

The potential for pushing valuations above the \$5,300 a subscriber Cox paid for Media General's Fairfax County, Va., system (by some estimates) is limited and would require involvement by one of the seven big guns. Meanwhile, the possible deal permutations within that group are narrowing.

AT&T has clearly signaled that it wants to avoid a confrontation over ownership cap guidelines and is trimming its holdings to ease the way for the MediaOne acquisition. Time Warner has given no sign that it's seeking to grow, though it will almost certainly

continue to fine-tune clusters through trades. Comcast clearly wants to grow, but without overburdening itself with debt or diluting the Roberts family's control. Charter and Adelphia are buyers, at least for now, but are question marks longer term. Cablevision Systems may be the biggest conundrum. In the past year, the company has invested heavily in content and sports businesses, but its key New York metro-area cluster is a cash cow.

"Trying to read [Cablevision Chairman] Chuck Dolan has not been a money-making profession," says a source in the financial community.

Cox is adamant that it's in for the long run.

"I see [valuations] just keep going up," says John Waller. "I don't know what the limit is. We're seeing numbers on some of our deals that are way in excess of \$5,000 a sub. We don't even begin to tell sell-side analysts what the

The consolidation craze

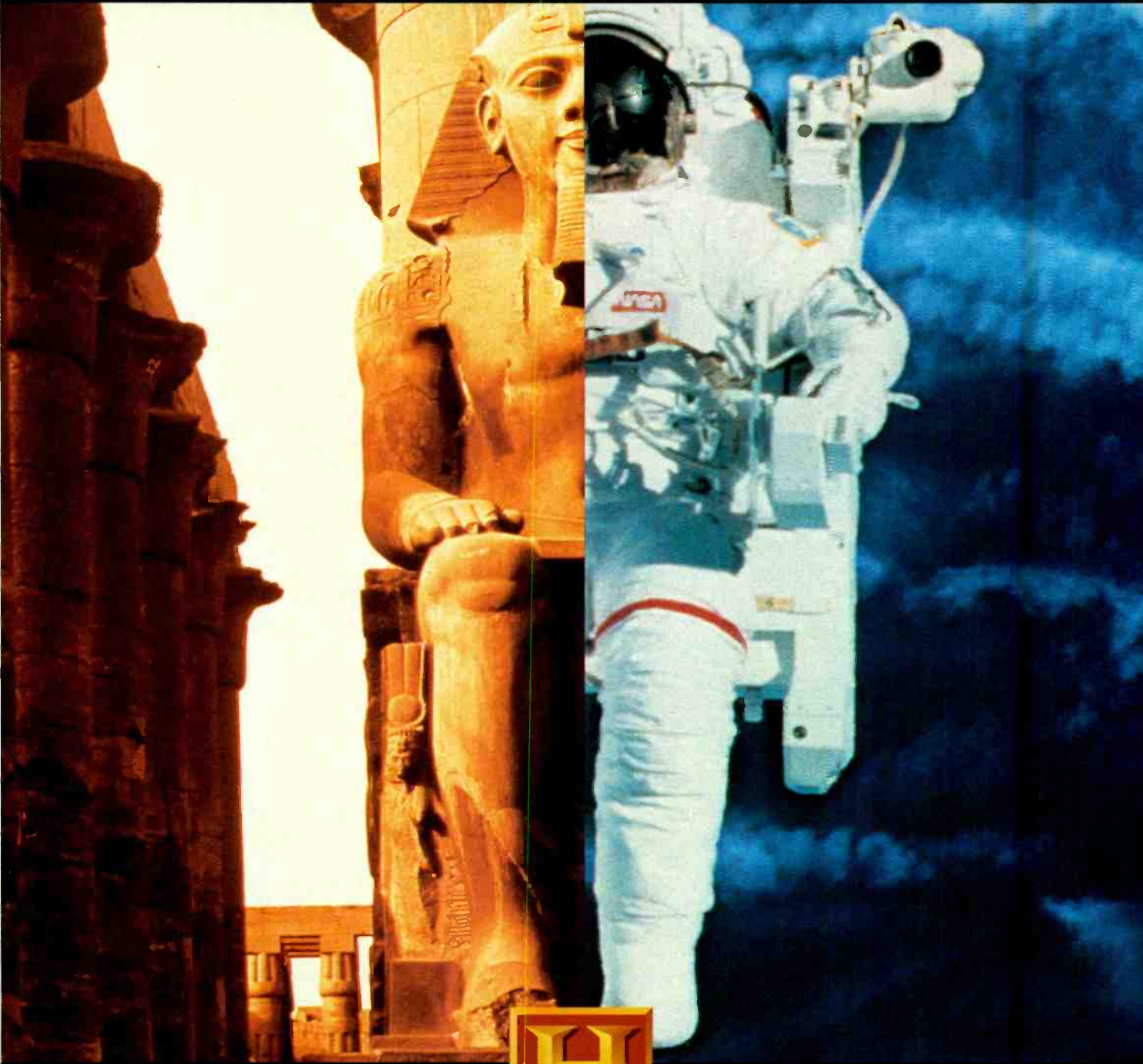
Major cable transactions 1998-1999

Buyer	Acquisition	Price (In millions)	CFM*	Buyer	Acquisition	Price (In millions)	CFM*
AT&T	MediaOne	\$69,000	22	Adelphia	FrontierVision	\$1,200	17
AT&T	TCI	\$50,000	14	Comcast	Jones (37%)	\$1,177	13
Adelphia	Century	\$5,200	19	Adelphia	Harron	\$1,170	15
Vulcan Ventures	Charter	\$4,500	14	Cox	Prime-Las Vegas	\$1,100	13
Cox	TCA	\$4,000	19	Charter	Avalon	\$845	16
Charter	Falcon	\$3,600	21	Mediacom	Triax	\$740	11
Vulcan Venutres	Marcus	\$2,775	11	Insight	Intermedia-Ky.	\$725	14
Charter/AT&T	InterMedia	\$2,400	11	TCI	Jones-Chicago	\$600	10
AT&T	Lenfest (50%)	\$2,200	18	Charter	Helicon	\$545	16
Charter	Fanch	\$2,100	16	Charter	Greater Media	\$500	17
Charter	Rifkin	\$1,460	11	Charter	Renaissance	\$459	13
Comcast	Prime-Maryland	\$1,450	14	Bresnan	TCI-Midwest	\$429	11
Cox	Media General	\$1,400	19	Classic	Buford	\$300	11

*Cash flow multiple

Source: Securities and Exchange Commission, Wall Street analysts, company reports, BROADCASTING & CABLE

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top is, because we don't know."

Consolidation of the Los Angeles market will continue to have an impact on transaction activity. Los Angeles is one of two markets—the other is New York—that will end up shared by several operators and largely dominated by two. Adelphia and Charter, through recent deals, have emerged as two players who are splitting about 2 million of Los Angeles' 2.7 million cable subscribers. Time Warner and Cox have the rest. In the New York market, Cablevision Systems and Time Warner are the two heavyweights.

The blockbuster deals of the past year will produce an energetic secondary market for several years, experts say. In buying to build scale and scope, larger operators acquire systems' pieces that don't fit with their clustering strategy. Those pieces will be swapped, sold or put into joint ventures.

"Because of the scale the big players have now, there are a lot of medium-size guys who feel they need to get bigger," says Arden Armstrong, portfolio



Daniels & Associates' Deevy: 'It's probably the most active deal market, the quickest consolidation of an industry in the telecommunications area.'

manager at Morgan Stanley's Miller Anderson Sherrerd division.

Examples include Michael Willner's Insight Communications and Rocco Commisso's MediaCom. While Insight has grown largely through joint ven-

tures, MediaCom has emerged as one of the fastest-growing smaller operators by picking up what the big guys prune.

"Let the big boys duke it out right now," says MediaCom chairman-CEO Commisso, happily.

Amid the frenzy, there's a subtle undercurrent of wariness. Strong as the deal market and overall outlook for cable are, potential vulnerabilities exist. Externally, a major overseas economic meltdown—such as last year's Asian crisis or Brazilian economic upheaval—could echo in the U.S. economy and chill deal fervor. Internally, the cable industry as a whole must demonstrate that what it is promising in terms of revenue streams will come true.

"Everyone is excited about these digital services and the early read is good. But we need to see continued progress on signing up subscribers for broadband data," Armstrong says. "There's also excitement about cable telephony, but it's not yet a done deal. We need to see some more deals struck and better technology." ■

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COURT 

Inside crime and justice

AT&T takes on the FCC

The telco's purchase of MediaOne is testing the limits of ownership cap

By Bill McConnell

S spurred by AT&T's aggressive drive to corral cable households, federal regulators' plan to revamp industry ownership limits has gotten a jump-start. But whether the FCC's rekindled interest is a blessing or a curse for cable operators is still unclear.

In deference to court challenges, the agency has never enforced its rule limiting a cable company to a 30% share of U.S. households. And most of the industry would just as well have the FCC keep that rule on the shelf.

But regulators say AT&T's plan to reach more than half the country's households with the purchase of MediaOne Group would create a company that is potentially so dominant that the agency could not afford to remain silent on the question of ownership limits.

"How can they let a merger this size go through with a law like that on the books?" asked one cable lawyer, who requested anonymity.

Though AT&T Chairman Michael Armstrong boasted that regulatory approval would be a cinch when the deal was announced in April, the company has drawn up plans to ditch minority investments in cable firms that pass by 8.4 million homes. Those cuts will shrink AT&T's holdings from more than two-thirds of all homes passed by cable to roughly half.

"They're shedding stuff like my dog," to get closer to the agency's ownership caps, noted another industry source.

What's more, the company has not filed its formal FCC application to acquire MediaOne, an indication that AT&T officials are looking for more

places to cut before broaching the deal with regulators. For their part, AT&T officials will not estimate when the application will be ready.

AT&T can't be faulted for indecisiveness, however, because it's unclear how much regulators will force the company to cut. After all, there is some chance the FCC will increase the ownership limits. Although consumer groups have argued that the cap should be lowered, the industry is holding out hope that the FCC will increase the cap, perhaps to 40% or more.



Although consumer groups have argued that the cap should be lowered, the industry is holding out hope that the FCC will increase the cap, perhaps to 40% [of homes] or more.

The industry also wants the FCC to relax "attribution" rules that count partial investments as if the investor owned the systems outright. (Currently, active interests of 5% or more and passive interests of 10% or greater count toward the cap.) Such a move would certainly do much to alleviate AT&T's difficulties.

The FCC should make it a priority to ease the attribution rules, said James Cicconi, AT&T general counsel. Counting minority investments the same as full ownership would "violate any rule of reason," he argued.

If AT&T's minority investments in Time Warner and Cablevision are

counted at less than 100%, the company's national market share would drop to only 35% or so, he said, even if the company makes no cuts in its system. Such a rule change, should the ownership cap not be raised, would allow most companies to easily adjust their investments to meet the limitation.

Congress also appears ready to jump into the debate. So far, however, it appears that lawmakers' interest only means bad news for cable companies that want to loosen restrictions. Some key lawmakers are going so far as to

blame the 1996 Telecommunications Act for ushering in the industry's merger wave. "Rather than promoting competition in the industry, the act has led to a flood of megamergers," noted Senate Commerce Committee Chairman John McCain (R-Ariz.).

McCain plans to hold a hearing in the next month or so to examine the AT&T-MediaOne merger and the cable ownership rules will no doubt be a prime topic. The Senate Antitrust Subcommittee and the House Telecommunications Subcommittee are also planning hearings on the deal. Officials representing the biggest cable companies

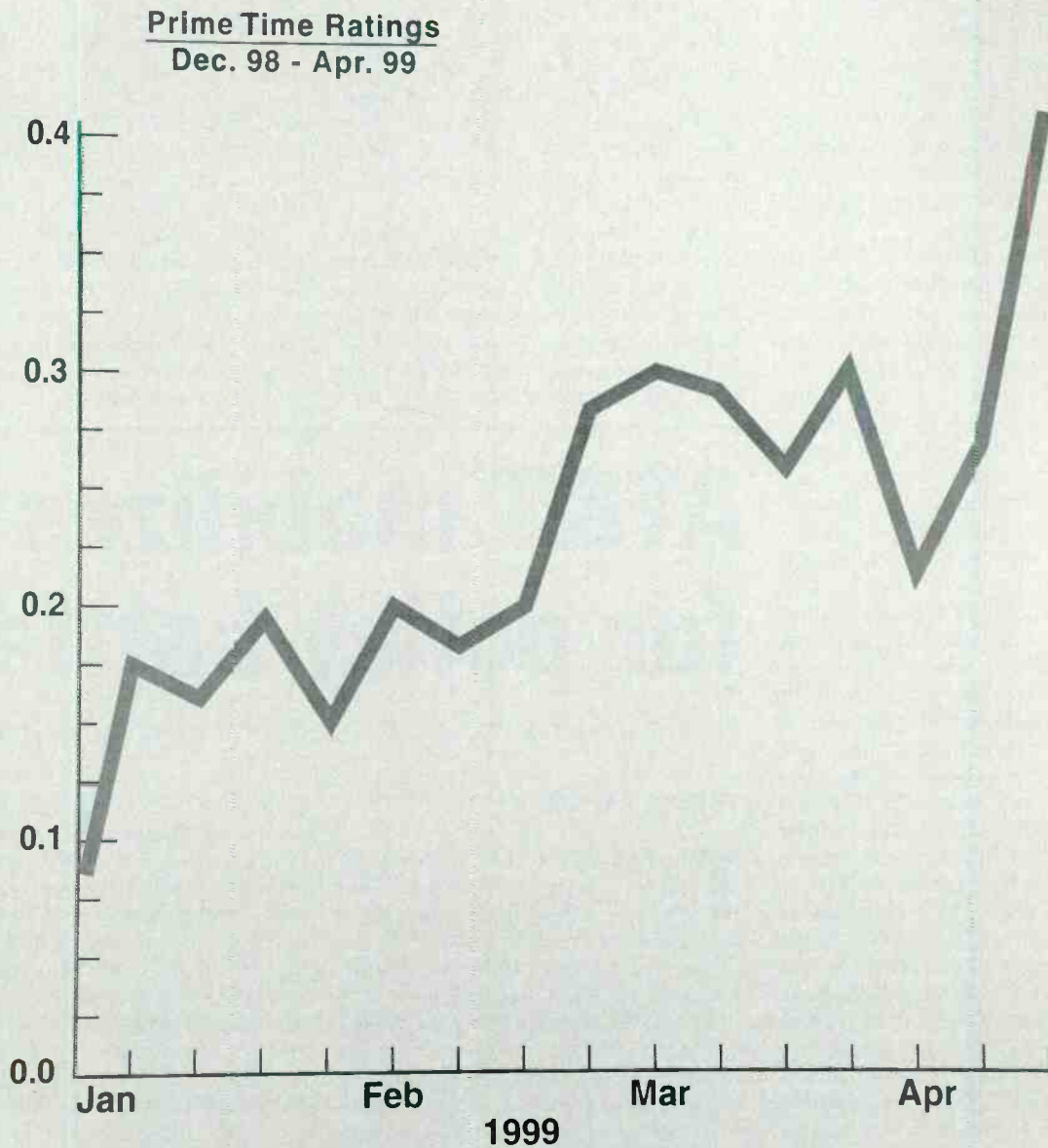
predict that the FCC will have no choice but to relax the ownership rules.

The cable ownership limits were issued in 1993 after Congress, in the 1992 Cable Act, ordered regulators to install safeguards that would prevent any one cable system from having enough clout to make or break new cable channels. In addition to the 30% limit, owners are allowed to reach another 5% of households, if those households come from investments in minority-controlled systems.

"There have been vast changes in circumstances since the 1992 act mandated these rules," said Philip Verveer of

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SOURCE: Nielsen Galaxy Explorer, 12/21-12/27/98, 1/4-4/18/99: weekly Mon.-Sun., 8-11 pm household ratings. Subject to qualifications upon request.

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Wilkie Farr & Gallagher, which represents AT&T. "Then the issue was solely whether there would be a sufficient number of cable owners to ensure that programmers would have outlets for their shows. Today the FCC is much more concerned about ensuring that companies are efficient and have the resources to invest in data, high-speed service and providing local telephone access."

The rules were struck down later by the U.S. District Court in Washington, on grounds that the limits were a violation of the First Amendment rights of cable owners.

"The court said that there was no basis to justify precluding speech over additional cable systems," noted Arthur Harding, attorney for the Washington-based firm of Fleischman and Walsh, which represents Time Warner. Daniels Cablevision and Time Warner brought separate suits against the FCC rules; the companies won both times. Those cases have now been combined and the government's appeal is pending before the U.S. District Court of Appeals in Washington. Oral arguments are set for Dec. 3.

For his part, FCC Chairman William Kennard has assiduously avoided sending any signal as to where he stands on the AT&T-MediaOne deal or on his position on the ownership-rules review.

Of the proposed merger, he would only characterize it as a "complex transaction" that "warrants very careful scrutiny." But he urged policymakers not to conclude that the merger wave is hurting consumers. "I think we have to be careful...in saying that all mergers are bad, that we've reached a point where we can't have any more mergers," he told the National Consumers League in May. "Some have very competitive aspects, some have anticompetitive aspects and most have some of both."

Industry officials have long predicted that the FCC would not enforce or revive the ownership limits until the appeals court ruled. Furthermore, FCC staffers once said the commission would not tackle cable's ownership rules until the agency wrapped up changes to broadcast ownership rules.

But in an apparent change of heart, the FCC General Counsel's office has told the commission that the court never barred the agency from enforcing the rules while the case was still pending and that the compliance requirements can be reinstated before the decision comes down. Consequently, FCC staffers are

making it clear that AT&T and other cable companies with big merger plans can no longer count on the agency turning a blind eye on ownership limits.

The court is expected to rule during the first quarter of 2000. Moreover, FCC staffers argued that with the broadcast ownership rules bogged down in disputes with the industry and Congress, it would be irresponsible to hold off on the cable rules any longer. The agency is now expected to revise its cable ownership rules sometime before October.

The FCC's plan to resurrect the rules comes as a surprise to many in the industry, especially AT&T. "The rules have been thrown out by the court and it has stayed enforcement," Cicconi asserted.

The agency's review of the cable ownership rules was launched in June

of last year at the request of the Center for Media Education and the Consumer Federation of America, public advocacy groups that want the cap cut to 15%.

Rather than adjusting the household reach cap, the FCC plans a total revamping of the rules. For starters it may base its cap on the percentage of nationwide cable subscribers that companies serve rather than their share of total households. The FCC may also add direct-broadcast satellite users to the test, which would give cable companies some breathing room.

Public advocacy groups, on the other hand, have asked the FCC to tighten the attribution rules by removing what they call a loophole that exempts minority stakes from counting toward the cap as long as another investor holds at least 50% of the company stock. ■

AT&T mobilizes for policy battles

Former Bush White House staffer leads revamped lobby

By Paige Albinia

The fight to get FCC approval for AT&T's acquisition of MediaOne may be a long one, but with a new-and-improved lobbying team in-house and a strong crew of outside attorneys, AT&T is ready for it.

AT&T began revamping its Washington operation last September, when AT&T CEO C. Michael Armstrong brought in Republican insider James W. Cicconi. Armstrong knew 47-year-old Cicconi because he had served as an outside counsel to AT&T at the Washington law firm of Akin, Gump, Strauss, Hauer & Feld. By December of last year, Armstrong also had anointed Cicconi corporate general counsel.

Other Washington insiders speak highly of Cicconi, describing him as "brilliant," "straightforward," and "aggressive."

"Cicconi is a very straight guy," says one lobbyist. "There's not a lot of hoopla about him."

Cicconi came to Washington after

graduating from law school at the University of Texas in 1977. From 1981 to 1985, he served as special assistant to President Ronald Reagan and to Reagan's chief of staff, James A. Baker III.

After Cicconi left the White House in 1985, he joined Akin, Gump. He went back to the White House in 1989 to work as deputy chief of staff to President George Bush.

Once Cicconi got to AT&T, he immediately restructured the top staff, bringing in many of his own people. "We've clearly been doing what we can to add to the strengths of this office since last September," he says.

Cicconi is backed up by John Gardner, who does not lobby but serves as a sort of aide-de-camp to Cicconi. Gardner came to AT&T directly from Schwab Washington Research Group, and worked with Cicconi during the Bush presidency, where Gardner was special assistant to the president and deputy staff secretary.

Cicconi's key find was 34-year-old Kevin Joseph, who left his position as senior minority counsel for the Senate

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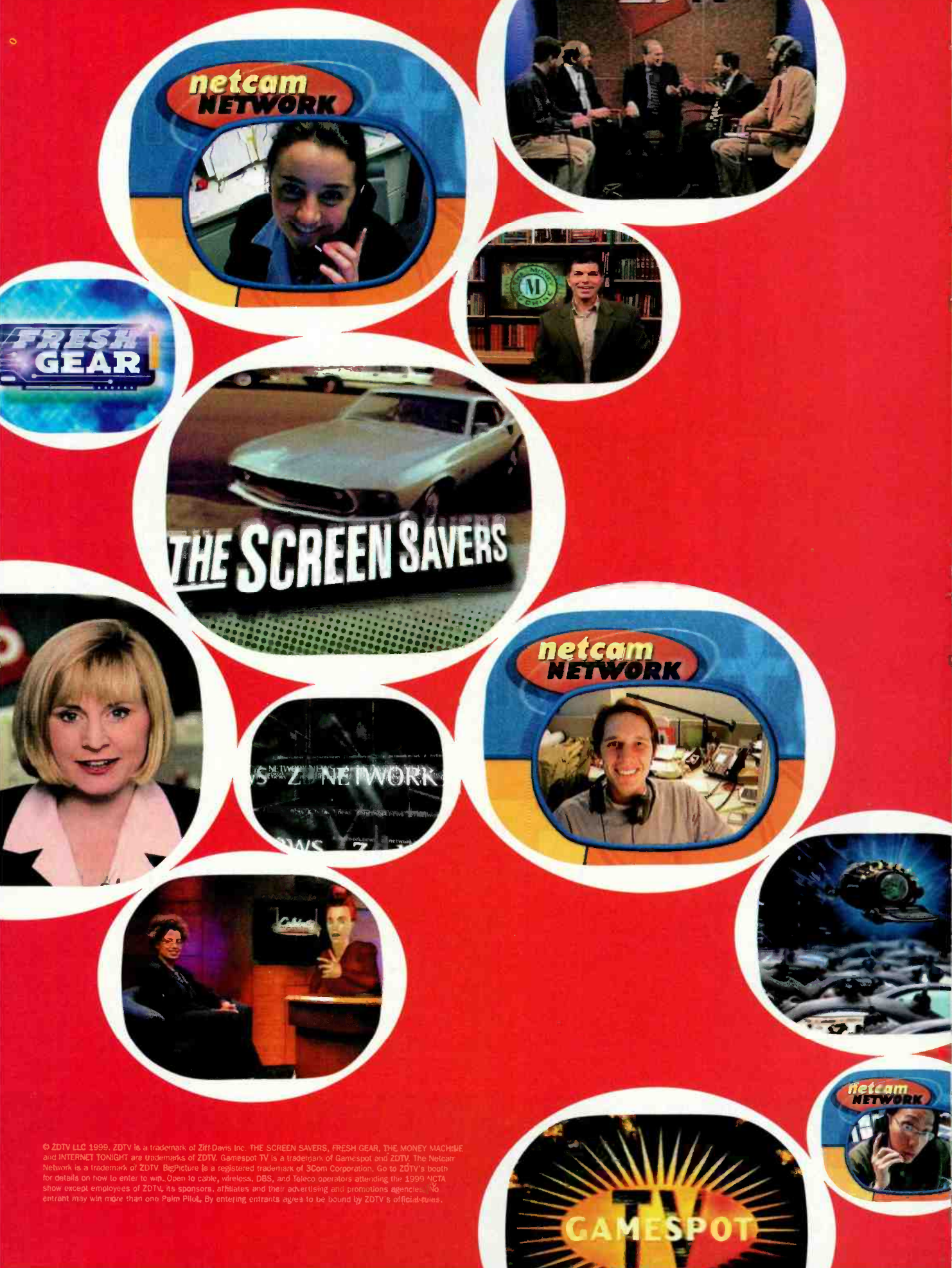
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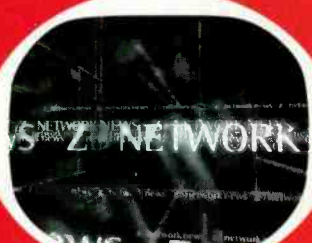
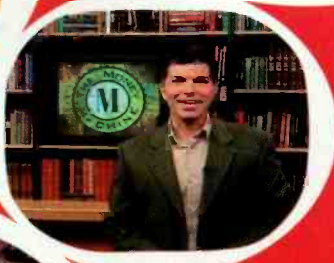
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Commerce Committee to join AT&T. Joseph had worked on the Hill for 11 years, and had assisted Senator Ernest Hollings (D-S.C.) through two campaigns.

"Kevin Joseph was a really smart hire," says former FCC Chairman Reed Hundt. Joseph also played an integral role in the rewriting of the 1996 Telecommunications Act and as a result arguably is on a first-name basis with every telecom lobbyist in town.

Last October, Cicconi also added several of his former Akin, Gump colleagues to AT&T's lobbying roster: James "JJ" Johnson, Stephanie Markiewicz and Peter Jacoby.

Johnson had been with Akin Gump since 1991. Prior to that, he served as deputy director of congressional affairs for former Senator Robert Dole (R-Kan.) during Dole's 1996 presidential campaign.

Markiewicz had been at Akin, Gump since 1993. Before she arrived at the law firm, she lobbied for the Massachusetts Turnpike Authority and later was deputy director of the Washington office for then-Massachusetts Governor Michael Dukakis.

Jacoby had been one of Cicconi's Akin, Gump associates before going over to the Clinton White House as one of the administration's congressional lobbyists in 1995.

Mary Arnold, one of Cicconi's first hires, previously was a director at lobbying firm Black, Kelly, Scruggs & Healey. Arnold worked as a floor assistant in the Senate Republican Cloakroom and was a staff member at the past three Republican National Conventions. She also worked on Dole's 1996 presidential run.

Those five joined Jot Carpenter, who has been lobbying for AT&T for several years. Carpenter previously worked for Rep. Mike Oxley (R-Ohio) and gets rave reviews from Hill staffers. "Jot is the most effective front-line lobbyist I know in the telco area," said one Hill source.

Leonard Cali is heading AT&T's efforts at the FCC. Cali had been a senior AT&T attorney at its headquarters in Basking Ridge, N.J., since 1988. Betsy Brady also represents AT&T at the FCC.

David Krone, once TCI's head lobbyist and now executive vice president for AT&T Broadband and Internet Ser-

vices, still is working his own office but says he will "probably move over" to AT&T at some point.

Krone says he works for Cicconi, but "with a dotted line to Leo" Hindery, CEO of AT&T BIS. Krone has spent the last year sealing local franchising deals for AT&T's TCI acquisition. With that merger completed, he says he plans to do the same thing with the new MediaOne systems, but his role still is a bit uncertain.

"A lot of it depends on what Leo wants," Krone says.

Other lobbyists and Hill staffers sing Krone's praises. "He is extremely bright and talented," one Senate staffer

AT&T still has a few kinks in the system.

"They are not the well-oiled machine they would like to you believe they are," one Senate staffer says. "One lobbyist doesn't always know what the other one is doing and they make conflicting commitments."

"Hiring a lot of people doesn't make them right, it just makes them loud," says Greg Simon, president of Simon Strategies and former domestic policy adviser to Vice President Al Gore. Simon, who heads the OpenNet Coalition and includes members such as America Online and U.S. West, has taken on the onerous task of trying to force AT&T to open its high-speed cable networks to competitors.

Sources speculate that to get its merger with MediaOne through the FCC, AT&T will likely have to pare down the numbers of cable subscribers it serves.

"But at the end of the day, I think that merger will occur," Hundt says. Hundt says that no matter how you slice it, the government looks at a monopoly as a corporate entity that controls 60% of a market and even with the MediaOne acquisition, AT&T will not control nearly 60% of cable.

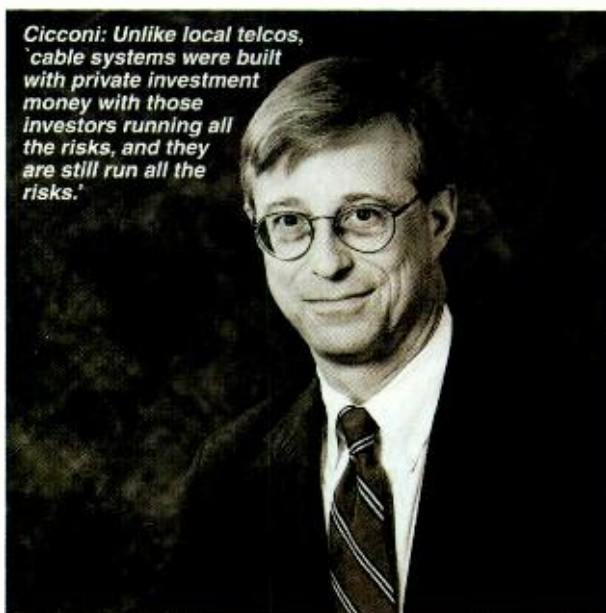
AT&T's more immediate problem is conflicting policy. "One hand, they want aggressive access to the RBOCs [regional Bell operating companies]

and on the other hand, with respect to their cable facilities, they are saying 'leave us alone,'" one source says.

Tauzin, chairman of the House Telecommunications Subcommittee, says AT&T cannot present both arguments.

"They cannot have it both ways. They are either going to be a regulated monopoly or a player in an open market. Sooner or later they are going to have to choose."

But Cicconi says both positions make sense. "There's two different statutes involved and I think the Telecommunications Act treats the incumbent monopoly telephone system owned by the RBOCs differently than it treats the cable system. And there are good reasons for that. The local telephone system in this country was built with a government-sanctioned monopoly with a guaranteed rate of return, in other words there was zero risk involved." ■



Cicconi: Unlike local telcos, cable systems were built with private investment money with those investors running all the risks, and they are still run all the risks.

says. "Everyone likes him."

AT&T also has at least 20 outside lobbyists to work on telecommunications-related issues. Among them are such high-powered names as Nicholas Wise of Wise & Associates, independent consultant Patrick Williams, who formerly was No. 2 in AT&T's Washington office, former Clinton adviser Kathleen Wallman, former deputy chief of the FCC's cable services bureau John Logan, former member of Congress Vin Weber (R-Minn.), former legislative director for Rep. Billy Tauzin (R-La.) Mimi Simoreaux, O'Brien and Calio's Nicholas Calio and Charles Melody, Wilkie Farr & Gallagher's Philip Verveer and independent consultant P.C. Koch. Blair Levin, Reed Hundt's former chief of staff, also does work for AT&T's Internet service, @Home.

Staffers on the Hill and at the FCC say that even with all its new talent and brains,

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Senior Co-Marketer

1999



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Pacific Crossing
\$850,000,000

Senior Credit Facilities

Managing Agent

Mid-Atlantic Crossing
\$260,000,000

Senior Credit Facilities

Managing Agent

Global Crossing
21,000,000 Shares

Initial Public Offering

Major Bracket Underwriter

1998

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Texas Cable Partners, L.P.
\$1,500,000,000

Senior Credit Facilities

Managing Agent

Bel Air Pictures LLC
\$200,000,000

Committed to Fund

Agent

Time Warner Telecommunications Inc.
18,081,250 Shares

Initial Public Offering

Major Bracket Underwriter

1999



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The penultimate word

Decker Anstrom is presiding at the NCTA convention for the last time this week in Chicago. Earlier this spring, he announced that he would be leaving the trade association to head The Weather Channel. But until he leaves for the Atlanta-based cable network in August, Anstrom remains the industry's most persuasive and compelling voice in Washington. In a preconvention interview with BROADCASTING & CABLE reporter Paige Albinak talked with Anstrom about TV violence, cable consolidation, digital compatibility, digital must carry and other issues of the day.

How threatened do you think the entertainment industry should be by all the activity from the Senate and the administration regarding violence in the media?

Well, I would expect that there's going to be some legislation passed this year that will deal with the question of the media's role in violence in society. I think we're unmistakably getting a message from policymakers of both parties that there's concern about violence in society and that they think the media has some responsibility for it. I think if we miss that message, we do so at our own peril.

I'm encouraged at one level, though. There seems to be widespread recognition that when it comes to television the industry has put in place a voluntary TV ratings system. The ratings and V-chip should be given a chance to work before any judgments are made about any further government intervention.

Are you getting any sense from cable executives that they're very concerned about this?

I think there is concern. I've talked to a number of our companies about this over the past six weeks now, and I think there's always a concern about any time the government thinks about injecting its own views into the decisions of people making editorial-content decisions. On the other hand, I think that there's some serious soul searching going on by a number of

people, both in broadcast and cable, about some of the programming and whether they should be more thoughtful about some of the things that they're showing or what times they're showing them. So, in some senses, I think there's a healthy, introspective process going on, where people are examining their program schedules and programming decisions.

Of course, I've seen a couple of things just in the last couple of weeks, in which several networks have made some decisions not to show certain things. I don't think that's unhealthy in

terms of the public jawboning process. The dangerous line is when the government thinks it knows how to regulate content [better than we know how to program it].

What's the First Amendment line that cannot be crossed? The First Amendment was the argument against TV ratings, but Congress and the administration and advocacy groups went ahead and made the industry do TV ratings anyway.

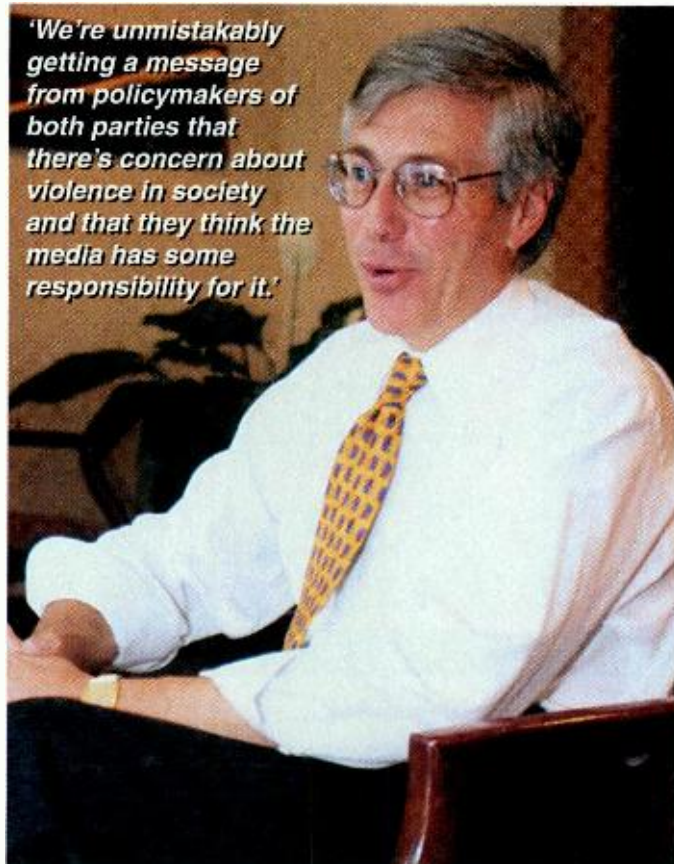
I do think there was a difference. The ratings were developed by the industry. It was a voluntary process. Some networks have chosen not to use those ratings.

But it was a pressured process.

Absolutely. There's no question that there was pressure to develop a ratings system, to find one that worked with the advocacy groups. But, again, I don't find that process fundamentally unhealthy. I think that anything that gives parents tools, in terms of making smart decisions about what their families watch, is fundamentally a good thing. We shouldn't be hesitant to give parents tools and a way that they can make decisions about what their children watch.

As I've said for some time, television, as well as all the entertainment industry, does have a responsibility here. While we will fight for freedom to say what we want to say, when we say it, that doesn't mean that we're

'We're unmistakably getting a message from policymakers of both parties that there's concern about violence in society and that they think the media has some responsibility for it.'



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free from the responsibility of how we exercise that freedom.

Do you foresee the AT&T-MediaOne deal encountering serious regulatory obstacles?

You have to look at the fundamental question, which is will the AT&T-MediaOne merger somehow enhance competition in the telecommunications marketplace? The answer to that is unequivocally yes. That being the case, I would expect that in the end this merger would be approved. In terms of broadband deployment services and local telephone services, there can't be any question that this is going to yield more choices for consumers, more competition.

What would you say is cable's position on digital TV today? And what is cable's strategy in terms of moving it forward?

I think our position has been and continues to be quite clear, which is that we believe digital TV and digital high-definition television is important. It will offer new choices to consumers. We expect to be a leader in digital TV and are doing a number of things to bring digital television to our customers.

We're obviously rebuilding our systems at a cost of billions and billions of dollars to have the capacity to carry the cable networks' additional digital and HDTV programming. If the first question is where's the programming, there's a number of cable networks that are already launching digital networks and working to resolve a series of compatibility issues. Of course, that's not the cable industry's concern specifically but we're working hard to solve the compatibility issues that exist between broadcast, cable, consumer electronic and computer industries.

We're working cooperatively with broadcasters and having retransmission consent discussions. I think it's notable that the four broadcast networks and their O&Os are in the first wave of stations who are required by the FCC timetable to go digital and you aren't hearing any complaints from them about foot-dragging. There's a difficulty there in terms of [the retransmission

consent] discussions that cable operators are having. I think the issue will be, as we go forward here and as broadcasters develop programming and as we develop capacity, will we find ways to carry the broadcasters' programming? I think that the record is pretty clear.

Where do we stand on digital compatibility among the media?

We've reached agreement with the consumer electronics industry on the connection between the digital set-top box with digital televisions. That's the Firewire or the 1394 standard. We reached agreement with Hollywood on all the copyright protection issues and the consumer electronics industry is sup-

clusion on this by the end of the year. But they may decide that they're going to put off making any decision on this. Our position, again, let me be absolutely clear, for our industry is "no, never" in terms of digital must carry. That is all we will accept. We oppose any government regulation that says that every broadcast station is more important than every cable network—that's just wrong.

You say you will not accept any compromise, so what's the outcome if the FCC doesn't rule in your favor? Do you go to court?

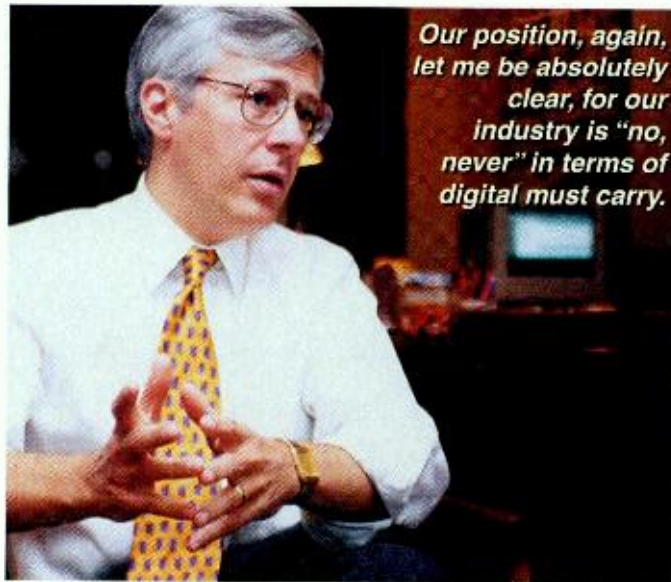
We will lobby the FCC very hard to not impose a digital must-carry rule. I suspect there will be some who would want to advise the cable industry to negotiate a compromise. I've explained very carefully to the Commission that I think we have a record of dealing in good faith on these issues. But, very simply, we don't have a compromise position on digital must carry. If the FCC, hypothetically, were to issue rules, I've made it clear we would appeal it, both on First and Fifth Amendment terms.

How long will it be before broadcasters actually have signals for cable to carry?

As we've talked to the Commission, we've pointed out that every broadcast station isn't required to have a digital signal until 2002. So it's

somewhat premature to even be thinking about whether we need the digital must-carry requirement until after 2002. Even then they have until 2006 before they're required to return the analog signal and presumably are fully operational with their digital signals. I think we could make a good case that it would be premature to look at this question until the return of the analog signals.

The problem is that people are figuring out that broadcasters don't intend to return the analog signals. So I don't know what that does to the theory of looking at it in 2006. But I think there is a sense that we're way too early in the process right now. While a number of broadcast stations have made steady progress, the reality is that most of the stations that are currently transmitting digital signals are only offering programming a few hours a week. I think



posed to sign off on that. We're systematically working through the other issues.

I think this is a shared enterprise here between broadcasting, cable, consumer electronics, and the computer industries. I've been frankly pleased that we've moved past the finger-pointing stage some months ago. I think people have rolled up their sleeves and there are very serious, ongoing discussions with NAB now on those issues.

How about digital must carry? Where do you think you are on that?

Well, as you know, I never predict what a government agency or the Congress is going to do. But, at the moment, I think it appears that the commission has started the process and has said 'We'll work with you.'

The [FCC] chairman and others suggest that they want to come to some con-

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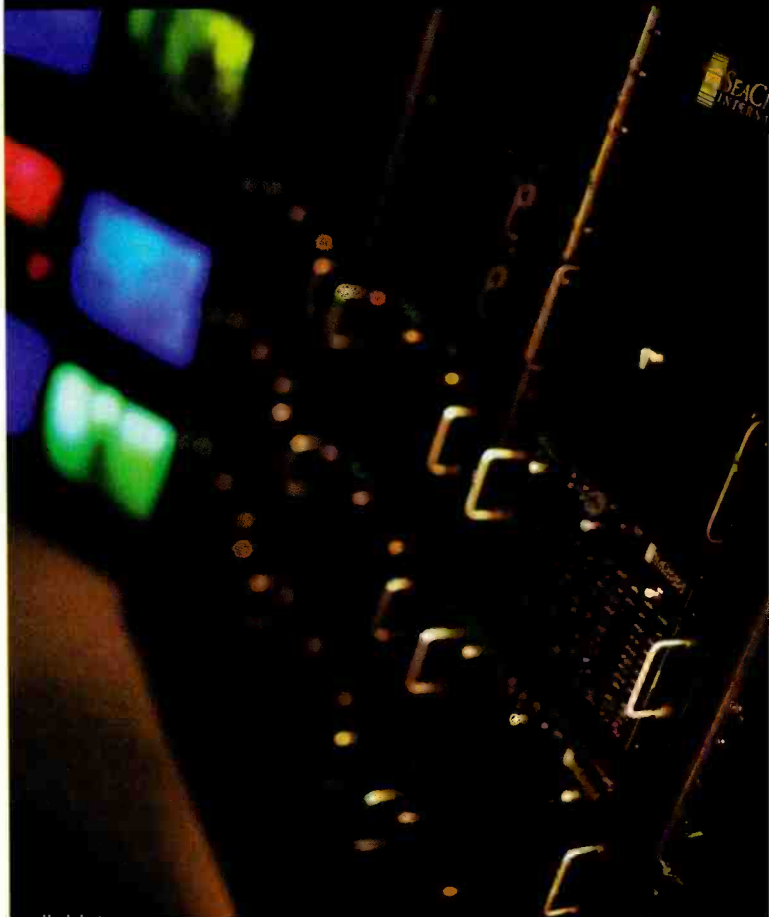


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that's why you don't hear them knocking the doors down at the FCC saying that digital must carry is important.

None of this is really ready for prime time. Broadcasters have issues they need to resolve. We have capacity issues we need to resolve. Compatibility questions need to be worked out. Plus, as I said before, I think this year we'll see some more retransmission consent deals.

To summarize it, to put the most cheery face on the digital must-carry debate, it's a solution in search of problem.

Let's go to broadband. How do you see the access issue playing out?

The thing that I'm most impressed by at the moment is that apparently AOL has decided that it will spare no expense and it will exert as much energy as it can to try to invite the government in to regulate their competitors—in this case, the cable companies. This is a debate that will go on as long as AOL wants to spend whatever it is it's spending in Washington to try to make it an issue.

I'm encouraged that at the end of January the FCC position was—and the five commissioners reiterated this—that they want to continue to monitor the marketplace, but at the moment they certainly feel that it would be premature and, at worst, unwise to bring the government in. I think Congress is interested in the evolution of these broadband services and that we will continue to see hearings. I don't get the sense that there's any rush to bring the government in.

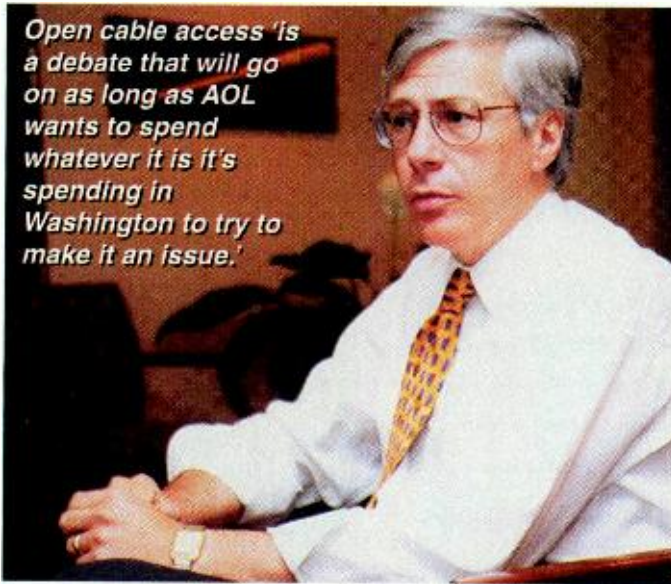
I would expect that what's happening in the marketplace is that there will be broadband deployment moving forward not only by cable, but also by the local telephone companies, by the satellite industry, by the wireless industry. I think a lot of what we and some others have said is that this promises to be a highly competitive marketplace. So when people look at the facts, I think it's less likely that the government will step in. But that's not a prediction, because I don't make them.

How long is it before services are really widespread? Right now, it's not really a market to be regulated. It's barely

begun. So how long do you think before it's fully rolled out and you can look at whether it's competitive?

If you look at the plans that we have, that the telephone companies have, that Hughes has, over the next two to three years you're going to see a lot of broadband capacity put in place. I'd emphasize not just in urban areas, but in rural and small-town markets as well. I think if we're right, and others are right, then you're going to see multiple pathways develop. Certainly all of the evidence on the record now suggests that lots of people believe they can create pathways to the home with so-called broadband service. If that proves out over the next three to five years, then we won't

Open cable access 'is a debate that will go on as long as AOL wants to spend whatever it is it's spending in Washington to try to make it an issue.'



need government to come in.

Otherwise, maybe sometime in the next three to five years you'll look at the market and say, gee, only one pathway developed for broadband, and at that point maybe the government may come and take a look.

What's your opinion on the direction of the broadcast industry? Do you think that broadcasters are threatened? Where do you think their business is going?

I'm hesitant to comment on that, but I will say this: I think historically, when you look back over the past decade, people have made some very bad predictions by underestimating the vitality of the broadcast television industry. Broadcast television, while it has more competition than it's ever had before, and while it has decreasing market

share, is still a very profitable business. I have a lot of respect for the broadcast companies, the people who are in them, and have a lot of respect for their political prowess as well. We've never underestimated them.

The interesting thing is looking at the evolving relationship between the cable and broadcast industries. On the one hand, we are increasingly competitive with each other. If you look at how the ratings have done and how that's shifted in terms of the leadership in television programming, that leadership has clearly shifted to cable—public affairs, in the area of documentaries, sports, you go across the board. I think the record of cable programming leadership positions is quite impressive. And I think that competition for eyeballs and ad dollars will continue.

On the other hand, we're finding a lot of cooperation with the broadcasters, at the same time there is competition. I think we'll find it in things like the digital networks and I think you'll find it in things like local news.

I've heard that each of the top-10 cable networks make more money than the four broadcast networks combined. Is that right?

That probably is right. But I think it's a little misleading. What they don't put into that calculation are the earnings of the network O&Os. So as a network business is CBS, the network, less profitable than ESPN? The answer to that is yes. But if you look at CBS as a company, in terms of both the network and its owned-and-operated stations, CBS, the company, is still a very healthy company.

My point is that you really have to look at broadcasting in its totality, in terms of the fundamental strength of the industry. Are there going to continue to be some changes? I'm not all that competent to speak to that. But I read your publication every week, and I'm struck by the shift in the balance of power, if you will, between affiliates and networks. The networks having to readjust their cost structures and all that. I think that's a normal part of the evolution of any business. Broadcast companies themselves, of course, are still very strong. ■

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Liberty's bells and whistles

Malone's various assets have metamorphosed into a huge cash cow

By **Bob Diddlebock**
and **John M. Higgins**

John Malone has billions of dollars in his pocket and he's still not spending it.

Since Tele-Communications Inc. was taken over by AT&T Corp. in March, Malone's primary focus has shifted from the operating portfolio of the cable systems he amassed in his years as the MSO's chief executive, to shaping the massive collection of assets he accumulated at TCI's former parent company—Liberty.

What the media industry and Wall Street executives find so intriguing is not merely Liberty chairman Malone's track record at clever financial engineering. It's that the takeover of TCI left Liberty with a huge war chest for takeovers. Though technically still a subsidiary of AT&T, Liberty maintains a certain independence and sold the long-distance carrier \$5.5 billion worth of assets, most notably its 60% stake in high-speed online service Excite@Home. The huge shares in companies that Liberty executives have acknowledged aren't a high priority to hang on to—like Sprint PCS—bring Malone's liquid holdings to about \$17 billion. That doesn't count the amount of money Liberty can borrow against its other assets, which Malone has pegged at about \$5 billion.

Malone acknowledges that one thing making him uncomfortable is that Liberty has almost no debt. After years of grappling with TCI's debt load, Malone finds himself under-leveraged, a concept that even many other corporate emperors get queasy about. Debt amplifies the key measure of any company—return on equity. After 25 years of preaching to investors about the benefits of leverage, Malone is in foreign territory.

But Malone is not making decisions in haste. His first post-TCI moves didn't touch his checking account—they were the sale of sports assets,

a quick shuffle of Internet assets, a stock-swap acquisition of a longtime backer, and actually raising—not spending—more cash.

With assets around the world, from the United Kingdom to Hollywood to Tokyo, Liberty is a dazzling, sometimes confusing, always growing work in progress. Among its prime assets are stakes in some 100 companies, including new-media investments expected to be trailblazers in interactive video, e-commerce and the convergence of TV sets with personal computers.

Liberty executives hint at no master plan. Malone is merely gardening—spading and pruning. Big moves will come as the opportunities arise.

"We have a great portfolio right now, and we get to see most investment opportunities that come down the pike," Malone told an investment conference in May. "We still have a long list of bits and pieces that are growing rapidly and are designed to go somewhere."

Everyone else is looking for a land grab. Malone expresses his focus purely in financial terms, targeting superior long-term financial growth. "That's what Liberty is all about," he says.

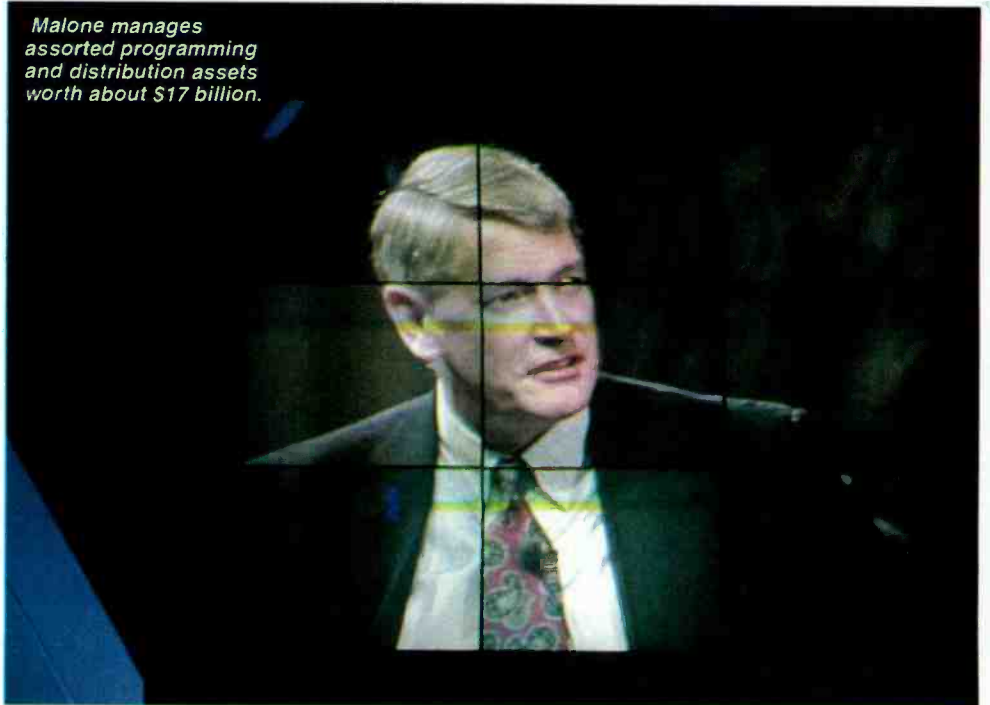
Malone and President Dob Bennett

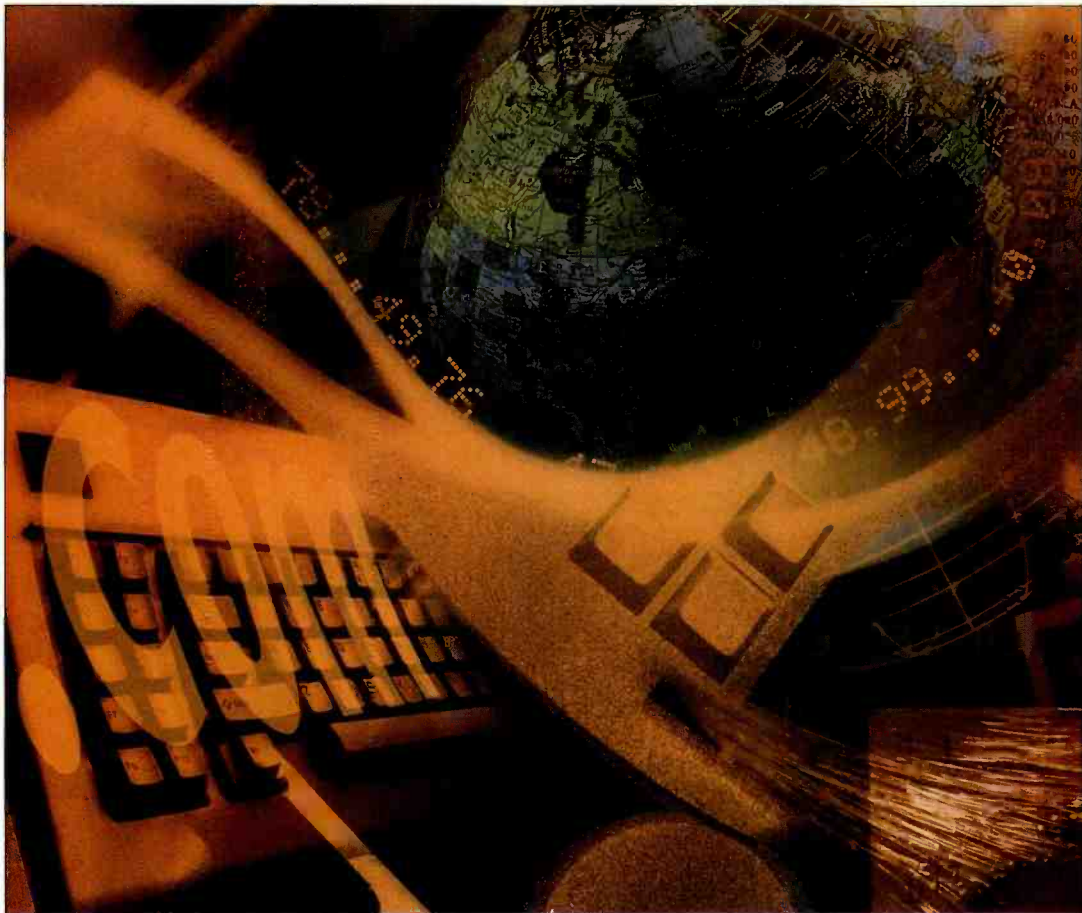
have a lot to work with: Discovery Communications. Malone has described Discovery as one of his favorite investments, in part because it's stimulating. Discovery is in its third phase of development. After building its core channel into a cash flow machine, Discovery Chairman John Hendricks used that cash in the early 1990s to buy The Learning Channel and extend the company's reach overseas, starting networks in Europe and India. After eating through \$250 million, TLC is now estimated to be worth \$1 billion.

That was the second wave. Hendricks is now on a tear buying up problem networks he believes he can fix, like The Travel Channel and CBS' Eye On People. He has an array of seven digital cable networks, which he hopes to use to take advantage of the channel capacity opening on cable systems deploying digital compression. And Hendricks is committing \$350 million to launch Discovery Health, a science-and-medicine channel aimed at taking advantage of consumer interest in health information and the explosion in drug companies' ad spending.

Investment banker Gerard Klauer Mattison pegs the value of Liberty's

Malone manages assorted programming and distribution assets worth about \$17 billion.





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stake in Discovery at \$2.6 billion this year. Next year, that could jump to \$2.9 billion.

Liberty's other investments include USA Networks, with a 21.4 % stake, valued at \$2.4 billion. USA comprises the Home Shopping Network, Ticketmaster, USA Network, Sci-Fi Channel and 12 broadcast stations—all run by the savvy Barry Diller. Even though his bid to acquire Internet portal Lycos tanked, Diller has the muscle to add \$10 to Liberty's share price in the next year, according to Mattison.

There's the company's share in Time Warner: Liberty's 9% stake is Liberty's single largest asset, worth roughly \$7.6 billion. Malone has essentially sold it. Liberty got the 114 million shares when Malone agreed to allow Time Warner Chairman Gerald Levin to take over Turner Broadcasting System Inc., of which Liberty owned a 21% stake. Because Time Warner owns so many cable systems, serving 12.9 million subscribers, Liberty was limited in how to exploit the investment. Malone was forced by antitrust regulators to accept a totally passive, nonvoting position after the Turner sale, and Liberty's continuing association with AT&T still leaves Malone hamstrung. He has now hedged the investment in a complicated deal with several institutional investors, lifting Liberty's gain to \$158.33 per share (from around \$70 now) but limiting its decline to \$67.45 per share. A source of cash, but no longer a strategic investment.

The company's investment in News Corp. is a small piece in Liberty's scheme of things. Liberty got an 8% slice of Chairman Rupert Murdoch's operation by unloading its half of Fox Liberty Sports to partner News Corp. for \$1.4 billion worth of News Corp. stock. Malone confessed that he exited because of the insane upward spiral of sports rights and the leverage of team owners. Malone and Murdoch have long been close, but this investment looks to analysts a lot like his involvement with Time Warner.

Encore Media Group is virtually Liberty's only wholly owned operation. After having difficulty getting carriage, the seven-year-old pay movie networks Starz! and Encore recently turned a positive cash flow. Thanks to carriage deals with AT&T, DBS and other MSOs, annualized cash flow should grow more than 30% this year. Encore is even more ambitious than Discovery when it comes to digital

cable, creating a slate of a dozen different movie networks for digital customers. But Encore and Starz! have fuzzy images. Encore President John Sie has repositioned the marketing of the networks over and over. A first-time ad campaign is on the boards for Encore, which has carried older movies and is now mixing in newer releases. The big bullet comes when rights deals with Hollywood networks come in next year. Think of what happens when sports rights deals come up for renewal. Applying a multiple of 16 to this



Liberty President Dob Bennett likes the company's fast-growing Internet assets: 'They trade on a different dynamic.'

year's cash flows, Mattison pegs Encore's value at \$2.1 billion.

Liberty owns 43% of QVC, the shopping networks, leaving the 57% majority owner to run it. Barry Diller gets all the sizzle at rival Home Shopping Network, but QVC has chugged along with strong, steady growth. Revenue and cash flow has grown annually at 17% and 22%, respectively, since 1995. And the company has aggressively moved into overseas markets, as well as to the Internet. But President Doug Briggs has shown no desire to create any more domestic channels after getting burned by an expensive failure when Diller was running QVC. Mattison pegs Liberty's QVC stake at \$3.9 billion.

Liberty Digital has been dubbed Malone's home for dogs and cats, but really expensive ones. When it merged with another of TCI's spawn, TCI Ventures, Liberty picked up all sorts of investments in various interactive and Internet ventures, including Priceline.com, iVillage, Sportsline USA and Drugstore.com. In January, it created Liberty Digital, hiring former E! Entertainment Television President

Lee Masters to make sense of the portfolio and expand it by pursuing interactive TV programming and digital deals.

Liberty startled investors by deciding to merge the digital unit into another, publicly traded arm, TCI Music. That company held two of Liberty's weakest investments over the years: The Box, a sort-of-interactive music video service, and DMX, a digital audio service for cable subscribers. TCI Music also held a more promising Internet music site, SonicNet. The effect was to make Liberty Digital a public company without a formal initial public offering that would raise cash, something Liberty doesn't need.

Internet sizzle being what it is, TCI Music's stock jumped tenfold from \$6 per share to \$57, before scaling back to \$26. That boosted the company's valuation past \$10 billion at one point. As Liberty's Bennett says of Internet assets, "They trade on a different dynamic."

So far Masters has cleaned up the portfolio by pushing most of TCI Music's operations into an online venture with MTV, which may in turn go public. He was stuck with DMX, a company that has burned through \$170 million with only a small commercial music business to show for it.

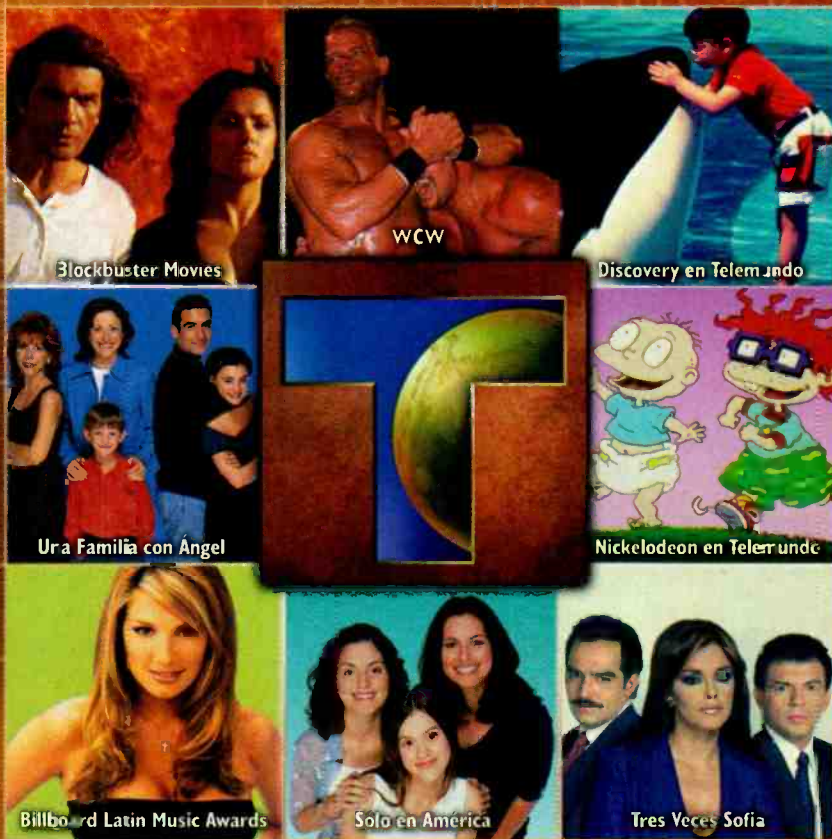
One asset to keep an eye on is ACTV Inc. Though the interactive programming company has been around for almost a decade and generates very little revenue, ACTV recently bought a patent for an embedding process that works inside a TV program, a key element of interactive TV plans. ACTV is now positioning itself as a provider of software tools to interactive programmers.

Liberty's stake in TV Guide Inc., 44%, is valued at \$2.5 billion. This could be the real sleeper in the bunch, an asset that Bennett has called "gigantic." CEO Pete Boylan's portfolio has it all: brand names, underutilized database assets, and interactivity sizzle. The portfolio includes *TV Guide* magazine; the TV Guide Channel; TV Guide Interactive; Superstar/Netlink, the C-band satellite programmer; and TV Gaming, an interactive horseracing channel that's a particular favorite of Malone's.

The company has a 24% stake in Sprint PCS, which is building the first nationwide, all-digital wireless telephone system. It already counts more than 2.5 million customers and was recapitalized late last year. ■

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*source: 1997 Simmons Hispanic

What is Liberty Media?

U.S. Programming

ENTITY	OWNERSHIP
BET Holdings II, Inc.	35%
BET Cable Network	
BET Action Pay-Per-View	
BET on Jazz	
Canales ñ	100%
Court TV	50%
Discovery Communications, Inc.	49%
Discovery Channel	
The Learning Channel	
Animal Planet	
Discovery People	
Travel Channel	
Animal Planet Asia	25%
Animal Planet Europe	
Animal Planet Latin America	25%
Discovery Asia	
Discovery India	
Discovery Japan	
Discovery Europe	
Discovery Turkey	
Discovery Germany	25%
Discovery Italy/Africa	
Discovery Latin America	
Discovery Latin America Kids Network	
People & Arts (Latin America)	25%
Discovery Channel Online	
Discovery Civilization	
Discovery Health	
Discovery Home & Leisure	
Discovery Kids	
Discovery Science	
Discovery Wings	
Discovery en Español	
E! Entertainment Television	10%
Style	
Encore Media Group	100%
Encore	
MOVIEplex	
Thematic Multiplex (aggregate units)	
Love Stories	
Westerns	
Mystery	
Action	
True Stories	
WAM! America's Kidz Network	
STARZ!	
STARZ! Multiplex (aggregate units)	
STARZ! Theater	
BET Movies/STARZ!	88%
STARZ! Family	
STARZ! cinema	
International Channel	90%
MacNeil/Lehrer Productions	67%
Odyssey	33%
QVC Inc.	43%
QVC Network	
QVC-The Shopping Channel (UK)	
QVC-Germany	
iQVC	
Telemundo Network	50%
Telemundo Station Group	25%
Time Warner Inc.	9%

TV Guide, Inc.	44%
TV Guide Channel	
TV Guide Interactive	
TV Guide Sneak Preview	32%
UVTV	
Superstar	
TV Guide Magazine	
TV Guide Online	
The Television Games Network	

USA Networks, Inc.	21%
HSN	
America's Store	
ISN	
HSN en Espanol	11%
HOT (Germany)	9%
Shop Channel (Japan)	
SciFi Channel	
USA Network	
USA Broadcasting	
TicketMaster	
Studios USA	
TicketMaster City Search	14%

Foreign Programming

ENTITY	OWNERSHIP
Flextech PLC (UK)	37%
Bravo	
Challenge TV	
KinderNet	12%
Living	
SMG	7%
Trouble	
TV Travel Shop	
UK Arena (UKTV)	18%
UK Gold (UKTV)	18%
UK Gold Classics (UKTV)	18%
UK Horizons (UKTV)	18%
UK Style (UKTV)	18%
UK Play (UKTV)	18%
Jupiter Prog. Co., Ltd. (Japan)	50%
Cable Soft Network	
CNBC Asia/Business News Japan	10%
Golf Network	35%
Discovery Japan	49%
J-Sports	67%
The Shop Channel	41%
MultiThématiques, S.A.	30%
Canal Jimmy (France)	
Canal Jimmy (Italy)	
Ciné Cinémas (France)	
Ciné Cinémas (Italy)	
Ciné Classics (France)	
Ciné Classics (Spain)	15%
Ciné Classics (Italy)	
Forum Planète (France)	
Planète (France)	
Planète (Poland)	
Planète (Germany)	
Planète (Italy)	
Seasons (France)	
Seasons (Spain)	
Seasons (Germany)	
Seasons (Italy)	
The News Corp. Ltd.	8%
Pramer S.C.A. (Argentina)	100%
America Sports	

BIG	
Canal a	
Cineplatea	
CV SAT	
IDEAS	
Magic Kids	
P&E	
The Premium Movie (Australia)	20%
Torneos y Competencias, S.A. (Argentina)	40%

Internet and Interactive

ENTITY	OWNERSHIP
Liberty Digital, Inc.:	
TCI Music, Inc.	94%
DMX	
THE BOX SET	
THE BOX—International	
SonicNet	
Addicted to Noise	
Streamland	
AT&T Access Agreement	100%
Academic Systems Corp.	5%
ACTV, Inc.	12%
Digital Health Group	100%
drugstore.com, Inc.	2%
HomeGrocer.com, Inc.	2%
iBeam Broadcasting Corp.	7%
Interactive Pictures Corp.	4%
iVillage, Inc.	3%
KPCB Java Fund, LP	5%
The Lightspan Partnership, Inc.	8%
priceline.com Inc.	2%
Sportsline USA, Inc.	3%
Total Entertainment Network, Inc.	19%

Cable, Telephone, Satellite

Bresnan Int'l Partners (Chile) LP	100%
Metrópolis-Intercom, S.A.	30%
Cablevisión S.A. (Argentina)	28%
Jupiter Telecom (Japan)	40%
Princes Holdings Ltd (Ireland)	50%
Sky Latin America	10%
Telewest Communications (UK)	22%

Other

Antec Corp.	19%
General Instrument	21%
Sprint PCS Group	24%
TCI Cablevisión of Puerto Rico	100%

Liberty Media ownership percentage is indicated next to parent company. If the percentage in a subsidiary varies from the parent company, it is noted next to the subsidiary in lighter type.

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Ignoring conventional wisdom that bigger is better, MSOs profit in rural markets while offering state-of-the-art technology

By Price Colman

Michigan's Upper Peninsula seems an unlikely staging area for the telecommunications revolution, but it's coming, courtesy of veteran cable entrepreneur William Bresnan.

The UP, as it's widely known, is rugged, remote, and in some places there are fewer people per square mile than many cities have per square foot. The economy runs on "sticks and stones"—lumber and mining—although recreation and tourism are increasing. For Bresnan and his team, the UP is also a laboratory for 21st century telecommunications networks.

"In the UP, we have deployed a lot of fiber, particularly for school interconnects, distance learning, and other educational applications," says Lenny Higgins, Bresnan Communications' senior vice president for telephone and data services. "The UP is our technology test bed."

Bresnan Communications

is one of a handful of smaller operators bucking conventional wisdom and traditional cable economics to deliver cutting-edge services—high-speed data, digital cable and soon cable telephony—to small-town America. These companies have discovered there's nothing preventing them from doing what the biggest multiple system operators are doing: using a combination of fiber-optic lines and traditional coaxial cable to connect systems in hybrid fiber-coax networks (HFC). Thus operators are enabled to consolidate headends.

"You don't have to be big to be good," says William C. Stewart, president-CEO of Butler, Pa.-based Armstrong Cable Services.

In the same way that large cable operators are using "super-headends" to deliver cable and advanced services to large, population-dense clusters, the Bresnans, Armstrongs and a few others are using what are essentially super-regional headends.

The headend is the nerve center for a cable system. Giant dish antennas capture programming signals beamed from satellites. Once captured, the sig-

nal is processed, advertising is inserted and what were once airborne signals go out over the cable "pipe."

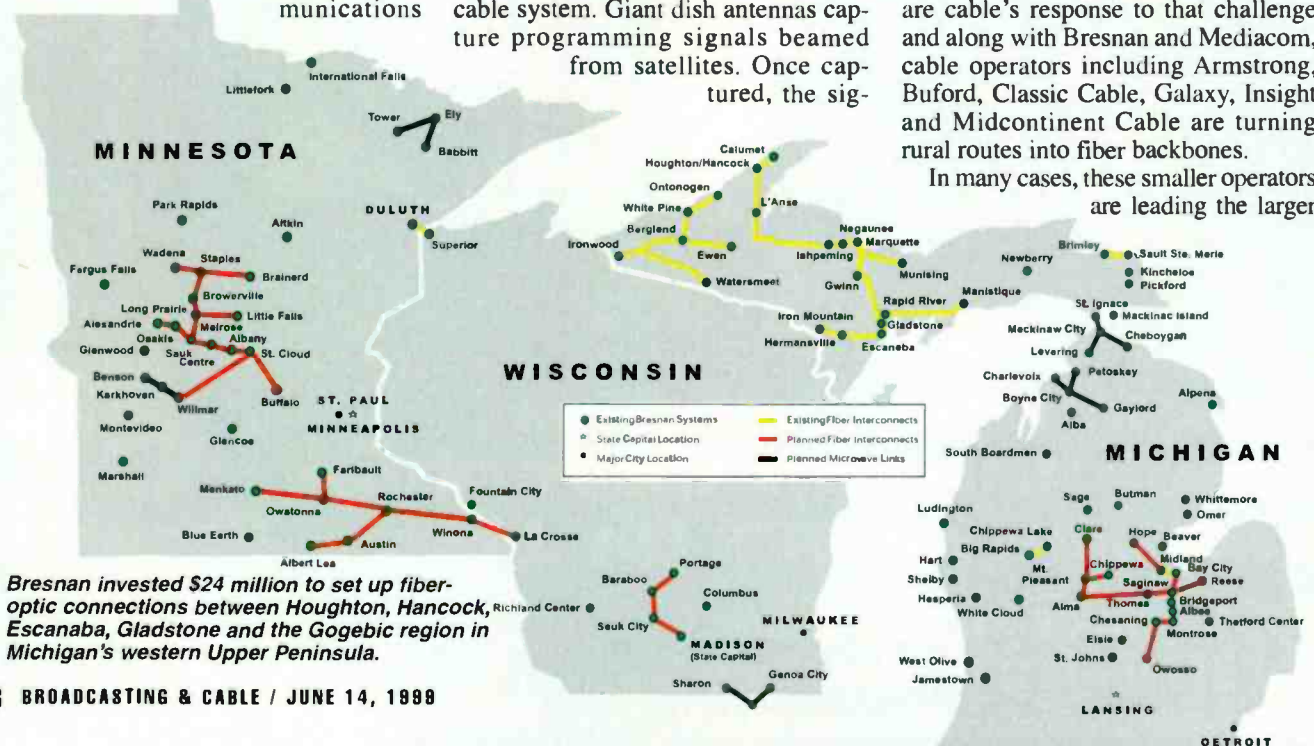
Historically, that pipe has been coaxial cable but increasingly, it's a fiber-optic conduit that delivers a clean digital signal to a node. At the node, the signals are sent down coaxial cables to specific homes.

But headends and their requisite hardware are expensive—anywhere from \$40,000 or \$50,000 for a small one, to millions for a big, state-of-the-art operation. By consolidating headends and geometrically increasing the number of subscribers served by a single headend, a cable operator cuts equipment, personnel and management costs and spreads his investment over a much larger base.

Any savings are plugged right back in—for buying sophisticated equipment and software to deliver new revenue-generating services. Some of those services are enhancements of cable's core video business—more pay-per-view channels, digital cable, video on demand. The cable industry is particularly enthusiastic about the high-speed data business, arguing that cable modems offer the best price-value relationship. While the Baby Bells will dispute that argument, they've been slow to respond with high-speed data services.

Cable telephony is more of a question mark, although early results from large operators such as MediaOne and Cox are promising. The new services demand a bigger pipe. Fiber-optic lines are cable's response to that challenge and along with Bresnan and Mediacom, cable operators including Armstrong, Buford, Classic Cable, Galaxy, Insight and Midcontinent Cable are turning rural routes into fiber backbones.

In many cases, these smaller operators are leading the larger



Bresnan invested \$24 million to set up fiber-optic connections between Houghton, Hancock, Escanaba, Gladstone and the Gogebic region in Michigan's western Upper Peninsula.

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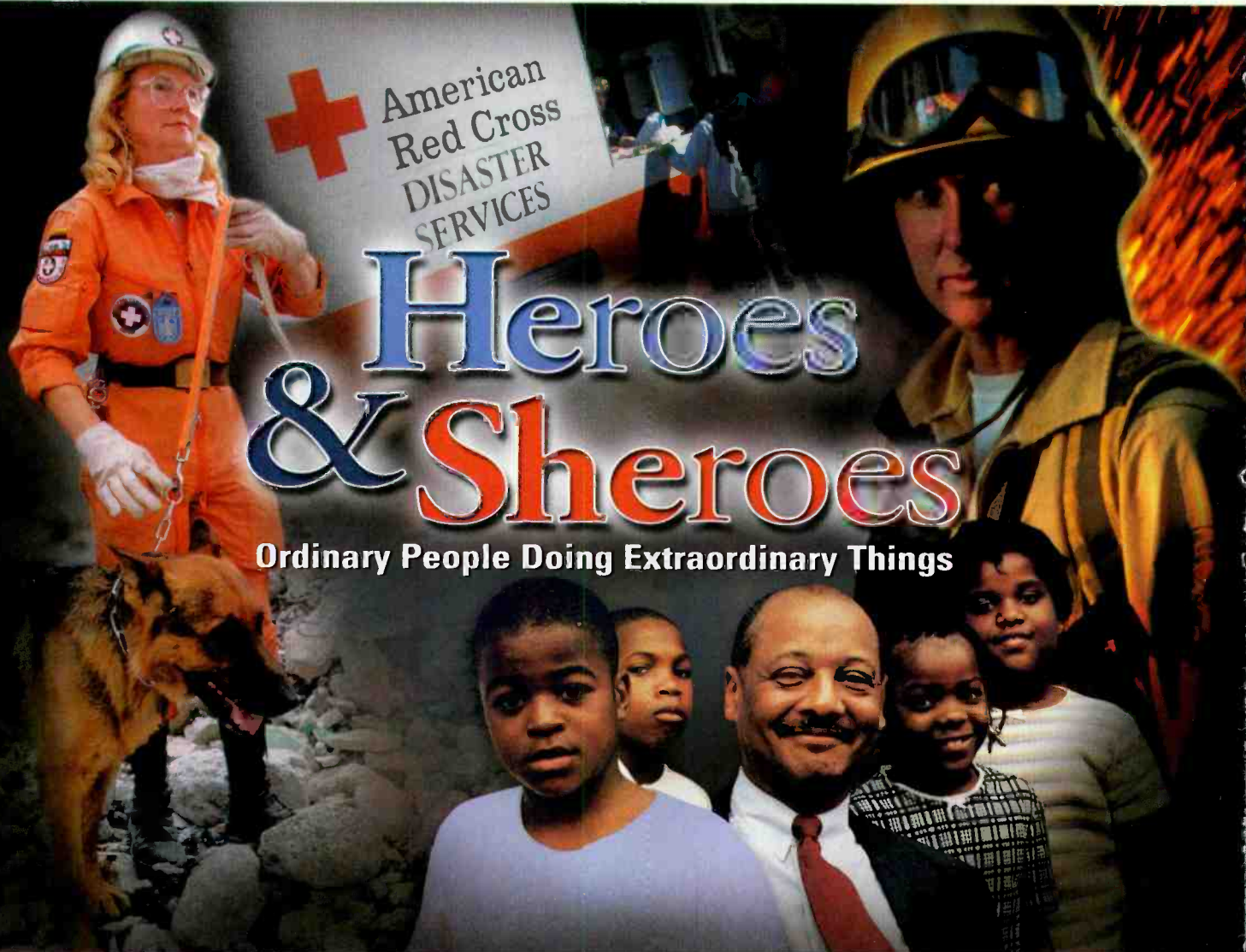


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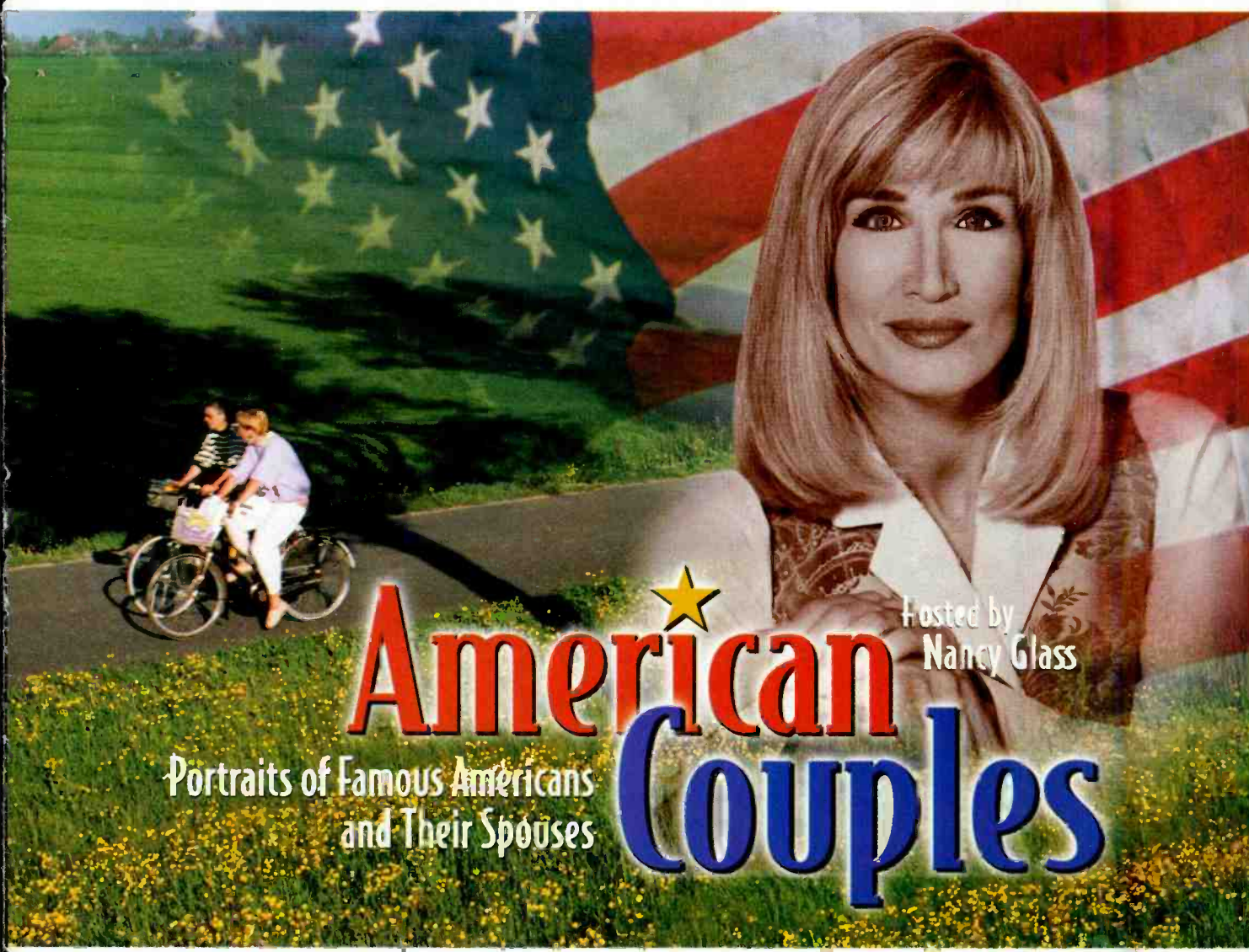
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cable pack. Most began installing fiber in the mid '90s, though Galaxy started in the late '80s. Meanwhile, decreasing prices for fiber and related equipment such as lasers are enabling smaller operators to reduce the number of homes per node (thus ensuring capacity well into the future), and quickly launch new services. In the process, those operators are connecting hundreds of small communities, their schools and in some cases businesses to each other and emerging technology.

"When we're done with the inter-

connects, we'll have over 70% of our customers on five headends," says Bresnan Communications founder and Chairman Bill Bresnan. "We have attractive demographics and the competitive situation of more rural markets, but we have the size in those headends almost like urban markets."

Over the past four years, Bresnan Communications has spent \$24 million to dig hundreds of miles of fiber-optic lines into the UP's rocky earth. Those fiber lines now connect the four largest communities in the western half of the

peninsula, from Houghton and Hancock at the northern tip to the Gogebic region in the west, to Escanaba and Gladstone in the south-central part of the peninsula.

"Our fiber interconnect stretches from north to south about 210 miles and about 130 miles from east to west," says John Dagenais, Bresnan's regional vice president for the Upper Peninsula. "Some communities that had 17 channels now have 70 channels," he says. "Another big thing is economic development. Each community out there is trying to get new businesses into the

Cable country

Building a state-of-the-art system in rural markets takes a highly trained staff

As the cable industry evolves from pay-television provider to one-stop-telecommunications service, it's encountering a new set of operational requirements.

Building the networks, connecting them, selling new services such as data and voice, hooking up those services, billing, maybe even billing in real time, full-time customer service—it's a plateful for any operator.

For smaller operators that are juggling upgrades and new service launches as they're acquiring systems, the challenges can be particularly daunting.

"It's not surprising when you think about it," says Bresnan Communications founder and Chairman Bill Bresnan. "Here are several new lines of business and new technology hitting the industry all at once and we're trying to roll it out all at once."

While there are plenty of technical hurdles, particularly with software integration, the operational issues boil down to a single element—people.

"There's a big gap getting people who can set up cable modem equipment in a headend," says Lenny Higgins, Bresnan senior vice president for Telephone and Data Services. In preparing to launch BresnanLink, the company's high-speed data service in Michigan's Upper Peninsula, Bresnan discovered that its own technicians often were more adept than supposed experts from the headend equipment supplier.

That's nice for the corporate ego maybe, but it's a problem for a company with a fairly lean staff to begin with. What small companies lack in people and money, they often make up in agility and creativity. Bresnan's response to the shortage of qualified labor was to enlist local educational institutions to help prepare the work force. With the current big push in cable for modem service, companies from Bresnan to AT&T are finding home installations a major bottleneck.

"The biggest challenge we've faced in this process is the same challenge [AT&T Broadband & Internet Services President] Leo Hindery has spoken about—how many times you have to visit people's houses," says Higgins.

Home installation of cable modems typically requires two technicians—one with cable expertise, the other a

computer jock. In some instances, cable operators are finding recruits within their own ranks eager and prepared to do both.

"We have been able to identify numerous people in our systems who have an interest and just can't wait to go out and make an install," says William C. Stewart, president and CEO of Butler, Pa.-based Armstrong Cable Services. "It's now to the point where we have cable installers capable of making high-speed modem installations."

Bresnan's operational model is "to acquire and operate systems that are non-metro, in close proximity, interconnect them with fiber and gain economies of scale in bringing advanced and cutting-edge information and entertainment services to bear," says Michael Bresnan, executive vice president.

Michigan's Upper Peninsula doesn't necessarily come to mind as the ideal laboratory for developing such a model, but that's where Bresnan's core systems were in the mid-'90s, so that's where the company built its proving ground for next-generation telecommunications networks and services.

"Some of the biggest challenges were the distances," says John Dagenais, Bresnan's regional vice president for the Upper Peninsula. "From the north end to south end, it's about 185 miles. There's a lot of terrain that's hilly and rocky. There were some real nightmares in getting cable into ground.

"We had a stretch of about 60 miles where there were heavy rocks and we had to use jackhammers. The normal depth is 3-4 feet, but in some rocky areas we could go only 12 inches."

The vaunted efficiency and durability of fiber cut the need for as many network maintenance technicians. But those needs quickly popped up elsewhere. The silver lining is that people who might otherwise have lost jobs through headend consolidation are finding ample opportunities.

"We're selling a lot more things, visiting a lot more houses, taking longer in the house, taking a lot more phone calls," says Higgins. "We had to increase staff at the system level."

—Price Colman

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area. We have kind of a unique thing where we have city managers and city officials promoting the cable company. The economic development folks are selling areas saying we have technology other areas don't."

The cable industry's fibering of America is, in some senses, old hat. The industry has been talking about it since the late 1980s and doing it since the early '90s. But it's only in the past four to five years that fiber costs have dropped enough to let mid-size and smaller operators play the big boys' game.

Just in time, as it turns out. The 1996 Telecommunications Act has its detractors, but competition is arriving, albeit more slowly than many envisioned. The DBS industry is adding subscribers at rates double those of a year ago while cable has seen internal subscriber growth taper down to 2% or less. Other competitive video providers—upstarts such as RCN and Knology and to a limited degree Baby Bells—are attacking cable's big-market turf.

These days, the toughest challenge many mid-size MSOs face is whether to grow or get out. Bresnan and its fiber-focused kin have responded by growing, at least for now.

Staying in requires aggressive creativity. In the UP, Bresnan turned cable's traditional economic formula on its head, focusing initially on institutional customers and using them as the springboard for new-product launches in business and consumer markets.

"Without business and school deals, we probably wouldn't have done it," Bresnan says. "If you look back to when we laid the first fiber, about four years ago, at that time, we couldn't have done it based on traditional cable services we had available. [Business and schools] didn't pay for it all. But their contribution was large enough that it was attractive to build on speculation."

"We put out bids for a distance-learning system in 1994," says Dan Sternhagen, director of Michigan's Regional Educational Media Center Number One in Houghton-Hancock, Mich. "Bresnan won all of that bid for fiber and the laser equipment that lights the fiber. We put in our own video-distance learning

classrooms. It ended up being a partnership with both of us benefiting. They got fiber put into various communities and we got fiber to the schools."

As HFC comes to the country, it's changing lives and livelihoods.

Brian Horst, city manager for Gladstone, Mich., population 4,565, retired to the UP with his wife in the early 1990s after 23 years as an Air Force pilot. When Bresnan embarked on the UP upgrades in 1994, many Gladstone residents, including Horst, were unsure what they were getting into. Horst quickly became a convert.

"Originally, we had no idea about

he recognized the potential for near-instant communications between headquarters and a satellite plant.

"Along with the charm and back-country atmosphere of the UP, we have a hybrid fiber-coax network that puts us on par with almost any city in the country," says Horst. "It enables us to touch anywhere in the world.

There are substantial challenges to offering big-city telecommunications services in small-town America. But one that's largely absent is competition. True, satellite is making inroads into cable's video business while the Baby Bells and long-distance companies own the voice business, for now.

Conversely, the Internet game is largely wide open and cable operators in rural areas have a distinct edge. Not only is the cable platform widely considered superior, but cable operators installing fiber in rural America also enjoy a strong time-to-market advantage. Moreover, cable operators are the only players capable of offering one-stop shopping—video, data and voice from a single source.

"In the UP, for example, Ameritech does not have an office," says Bill Bresnan, disbelief creeping into his voice. "The UP is 350 miles long and they don't have a single office. While we have been going after high speed and advanced technical services, they have cut back. That's why we said early on, we're after secondary and tertiary markets."

Competition won't be absent forever, of course. But the challenges phone companies face in competing are substantial. Telcos' digital subscriber line (DSL) technology works well up to about 3 miles from the closest central office. But transmission speeds deteriorate quickly from that point on. Thus, a technology that's adequate for population-packed urban and suburban areas is handicapped over the long distances of rural operations.

"Here are the politicians talking about 'poor rural America,'" says Armstrong's Stewart. "Well, it's not 'poor rural America' if they're living in Armstrong areas. Our systems are mainly rural and blue collar. On the other hand, you won't run into many in our size that are 81.1% penetration of homes passed." ■



Bresnan: 'We have attractive demographics and the competitive situation of more rural markets, but we have the size in those headends almost like urban markets.'

anything called convergence and what it would mean to us long-term," says Horst. "People were thinking only about cable TV service. But as I started to understand it and what it could mean, I became kind of an evangelist for the cable system. Single-line service with cable TV, data and telephony is just around the corner."

BresnanLink, Bresnan's high-speed data service, is already there and its impact is evident. Recently, the head of an engine manufacturing company from one of the former Soviet republics inspected Gladstone for a potential plant site. During his visit, Horst used the Internet to do homework on the visitor's headquarters city. When Horst reported back temperature and weather in the city, surprise quickly turned to comprehension for the businessman as

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- The Adult's Cartoon Channel

Cable struggles with IP telephony

Many companies want in, but are waiting for industry pioneers to take the next steps

By Craig Kuhl

Cable operators are already intrigued by the prospects of delivering telephone calls on the same copper wires that bring subscribers MTV, ESPN and high-speed Web sites. But they practically drool over the economics of borrowing technology from the Internet to IP telephony.

But while AT&T Corp., in particular, is touting the prospects of IP telephone, the technology is far from being perfected. A year ago, industry executives were predicting that IP, or Internet protocol, telephone service over cable would be ready by summer 2000. And some trials are currently expected to launch by then. But analysts see more delays before cable operators can commence a wide consumer rollout.

"I think it remains a 2001 thing," said Sandford Bernstein & Co. analyst Tom Wolzien. "There is so far no indications that it isn't going to work. But it's sort of a next-stage cost-saving effort."

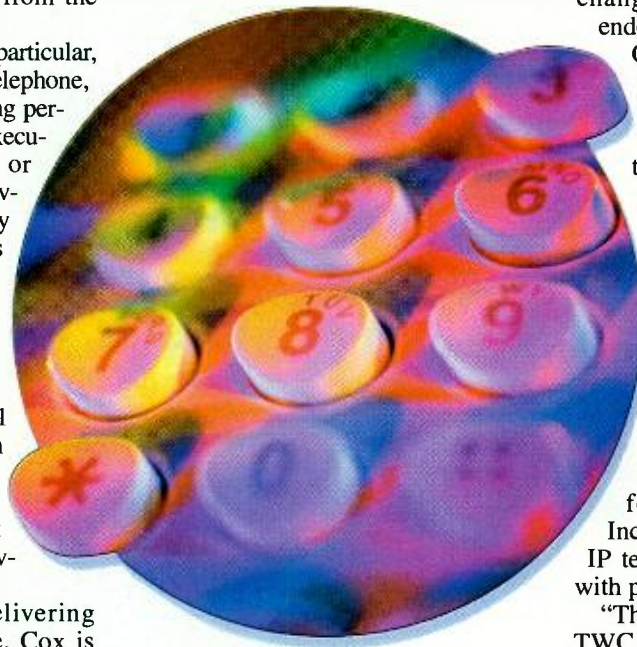
Operators are already delivering telephone service over cable. Cox is successfully selling it in San Diego County, Calif. and MediaOne has rolled out in Atlanta. But those calls are "circuit-switched"—they traffic voice over cable to a conventional telephone switch, which treats it much like an ordinary phone call. That requires the installation of special equipment in each subscriber's home.

The major allure of IP telephony is that it should be cheap. The network is cheaper to build because specialized phone switches can be replaced by routers commonly used on Internet networks.

In consumers' homes, operators

won't need to install special one-purpose equipment on the side of the house. IP telephone calls would run through the next generation of set-top converters. Operators plan to deploy those anyway to sell fat digital cable packages rich with new channels and which allow high-speed Internet surfing.

IP phone calls won't actually travel



from New York to Los Angeles on the Internet, but will travel over a separate network using the net's approach to transmission. That means important phone calls could be prone to the kind of stalls Web surfers encounter.

IP telephony and its promise of expanded video, telephone and data services streaming through its "packet" cable technology is leaving a wake-up call to telecommunications and multimedia companies.

Yet with IP telephony's emergence as the next great application, it must still contend with yellow caution lights.

Adding back-up power to keep the network running during outages is a key issue. Also, services such as caller ID, call waiting, last call return and others are not yet available with IP telephony. A standardized architecture is needed.

And the advanced set-top converters that were supposed to be available last fall haven't arrived off General Instrument Corp.'s assembly lines, much less been deployed to cable subscribers.

Even how to keep track of the length of customers' calls hasn't been resolved. "A big problem in all this is billing," Leslie Ellis, an analyst for Paul Kagan Associates, said. "It's kind of important."

"Equipment vendors are deciding on technical standards, and for IP to work, there must be a completely open environment," says Mark Siegel, spokesman for AT&T's IP telephony unit. AT&T is insisting on various architectural changes to the IP platform recently endorsed by the PacketCable group at Cable Television Laboratories Inc., and is one reason IP telephony is idling.

Nonetheless, the giant telecommunications company added an exclamation point to its entry into the IP telephony business recently when it signed a 20-year exclusive deal with Time Warner Communications (TWC). The joint venture allows AT&T much needed access to TWC's 20 million cable homes. When combined with AT&T's 15 million homes through its partnership with the former Tele-Communications, Inc. (TCI), the company could take IP telephony into 35 million homes, with probably more to come.

"This joint venture with AT&T and TWC is currently the most active IP company," says Ellis. "And AT&T gets the spigot at the hub." Kagan projects that the venture will cost \$4.38 billion in capital expenditures, based on 25% penetration it expects from the 35 million homes passed.

Investing capital in the equipment and system upgrades required to reach IP telephony-readiness is less daunting than most companies had first thought, however. To get there, cable systems must upgrade exactly as if they were preparing for cable modem services. That means upgrading to 750 MHz, cleaning up the plant and adding DOCSIS (Data Over Cable Service Interoperability Specifica-

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tion) equipment.

"We have business and technology requirements like reliability, network powering, and 15 features not offered by IP that are offered by switched circuits," says Jeff Turner, director of IP telephony for MediaOne Group Inc., which was recently acquired by AT&T Corp. "But there really isn't a whole lot of capital investment needed. In the IP world, you don't have to buy switch chassis, only work stations, and you don't have the same fixed costs, so the economies become such where you can make money with less scale," he adds.

Yet determining just what scale translates to healthy revenues is another IP issue. Says Siegel: "The big challenge is scale. No one has attempted to deploy IP telephony on this scale before (AT&T's 10-market trial). There are challenges with order-taking, billing, customer care, installations, maintenance, after-sale care and more. So we essentially have to build an infrastructure."

The basics of IP telephony were developed at the Rand Corporation as a defense technology. It uses "packets" of information which are broken up into smaller pieces and separates voice and data streams, which are routed to new paths. "It's a fascinating environment," says Frank Christofferson, project director of multimedia services at CableLabs.

"Imagine light jumping around, some short, some long. And instead of lots of data in one place, there's lots of little pieces of data being sent very fast, with dedicated lines coming into a big box. Plus, the packets are intelligent and can break up voice and data and send them to different destinations, allowing for faster, lighter services," explains Christofferson.

These types of IP services are grabbing the industry's attention. Adds Christofferson: "Packet technology (IP) is the cornerstone for future services like e-shopping, education online and e-commerce. It can bring the speed of light to these services."

For AT&T, however, that speed won't be evident in its IP launch plans. "It will be a great business, but it's very important to have the network architecture. It will be less costly, more efficient, more flexible and can deliver to customers new

services like universal messaging," says Siegel. "Plus, it will be easier to enter the market because the use of capital will be more efficient and cost effective."

For IP telephony to reach its potential, however, most IP executives admit that the issue of network powering must be solved. "Vendors will sell a network interface unit for about \$400 for network telephony. But low-powered devices are a problem in an IP environment because personal computers are a big load on power, so the box needs to be plugged into a reliable power source. I don't see that happening before next year," predicts Turner.

The NIU, he adds, has cost implications as well. "The NIU is the single biggest piece of capital cost we incur on the customer side," Turner says. "It would help to fold the cable modem and NIU into one box for about \$250." That translates to roughly \$450 less than the current price of a set-top box and NIU.

Though collapsing those two pieces of hardware into one unit isn't likely to happen anytime soon, IP telephony technology is more affordable than ever.

"In the old days, it would take \$5 million for a telephone switch and common carrier status to enter the IP business. Now, with legislative changes and the barrier of entry dropping to about \$15,000, it's much easier to get into the phone business," says Robert Rosenberg, president of Insight Research Corp., a telecommunications marketing research firm in Parsippany, N.J.

Rosenberg adds that IP telephony is simply a personal computer with a router to the front end. The key, he says, is the software to set up and tear down phone calls and billing systems. "Phone service and bundled services can reside on a file server," he says.

Though IP telephony's simplicity may be debated, few argue about its revenue potential. "We're talking about displacing the traditional, operational characteristics of telephone service with a more dynamic telephone and data revenue opportunity. The corner

dry cleaner can offer telephone service," Rosenberg says.

Yet despite IP telephony's rising star status as a potential revenue giant, global companies such as 3Com Corp. are cautiously watching IP's trek through the standards protocol gauntlet and its test marketing by AT&T.

"The uncertainty with protocol is holding off things a little bit," says Niraj Jain, director of strategic marketing for 3Com. "We're looking at AT&T's protocol and its trial with TWC, which is very important to us. We have to learn from it, and develop relationships because we expect to be a major player in IP telephony."

Exactly when 3Com, and most other companies, actually start playing in the IP telephony business will depend on how quickly a standard architectural approach to the technology is established, and at what cost. Says Jain: "We expect IP to be a natural enhancement to data over the cable platform, and it's a beachhead to greater opportunities and a huge market, with significant revenues for us. The one uncertainty, however, is when."

IP telephony's promise of voice, data and video bundled services, and the impressive revenues it is expected to generate, is leaving most potential IP players in a hurry-up-and-wait mode. Yet most are willing to show patience. Concludes Rosenberg: "The deal is—voice is a small and diminishing part of total

network traffic. Over time, voice will grow only moderately in the very low double digits. But data is growing in triple digits. The message is: phone companies and others will move towards IP for business and residential services, but not tomorrow."

With the technology already in place for online services such as e-commerce, shopping, auctions and more, and the barriers to entry falling, IP telephony and its packet cable

approach could eventually spawn entire new industries, and benefit even the smallest businesses. "It will benefit any business with a product to sell. It's perfect for the entrepreneurial mindset."

Whether that mindset has the patience to negotiate through the barriers such as protocol, power sources and trial marketing periods should separate the IP players from the spectators. ■



Christofferson: 'IP is the cornerstone... It can bring the speed of light to these services.'



Turner: 'You don't have the same fixed costs, so...you can make money with less scale.'

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A race with two tortoises

Cable, despite modem speed, falters in face of service woes; telcos founder in filling breach

By Richard Tedesco

Even though the stakes are high, the race between telephone and cable companies to deliver high-speed Internet access isn't too exciting.

So far, says Bruce Leichtman, of the Boston-based Yankee Group, the contest pitting the cable modem against telephone's various digital subscriber line (DSL) offerings has been characterized by "slow deployment on both sides" and sluggish demand at current prices.

"It almost seems as if cable and the telcos are in a race to lose the high-speed access game. Cable's fumbling is countered by telco's foundering," says Gary Arlen, president of Arlen Communications, a Bethesda, Md., consulting company.

The cable modem is nominally the faster deliverer of Internet content. It's advertised at 10 Mb/s, but the real throughput rates vary widely, from 1 to 2 Mb/s to 200 to 400 Kb/s. Cable companies typically charge existing customers \$40 per month for access. Non-cable subscribers pay \$50 or \$60 per month.

@Home, operated by a group of MSOs including Tele-Communications Inc., Comcast and Cox, and Road Runner, operated by Time Warner and MediaOne, are the major high-speed cable modem services.

The price of a DSL connection—ADSL (asymmetric digital subscriber line)—depends on the speed. For instance, US West offers a 256 Kb/s link for \$29.95 per month and a 1 Mb/s hookup for \$120. US West customers must pay extra for Internet access through the telco or some other Internet Service Provider. However, Bell Atlantic and PacBell are now packaging ISP access with their DSL service.

A Bell Atlantic customer can sign up for Internet access and a 640 Kb/s link for \$49.95 per month—comparable to what he would pay for cable service. For either cable or telco service, installation costs about \$100.

The services are still in their infancy. As deployment of cable modems in the U.S. nears 600,000, DSL modems number fewer than 100,000. And for the moment, growth is slow.

rarely hitting double-digit percentages.

Other factors have presented impediments. In some markets, man hours required for installation have created lags of two or three weeks between the time customers order and receive modem service. And the inconsistent quality of actual cable modem access speeds has raised the specter of cable companies' historically poor overall service performance.

Arlen points to cable's "immense" installation problems and throughput rates as low as 200 Kb/s as pitfalls providing potential openings for telcos in a



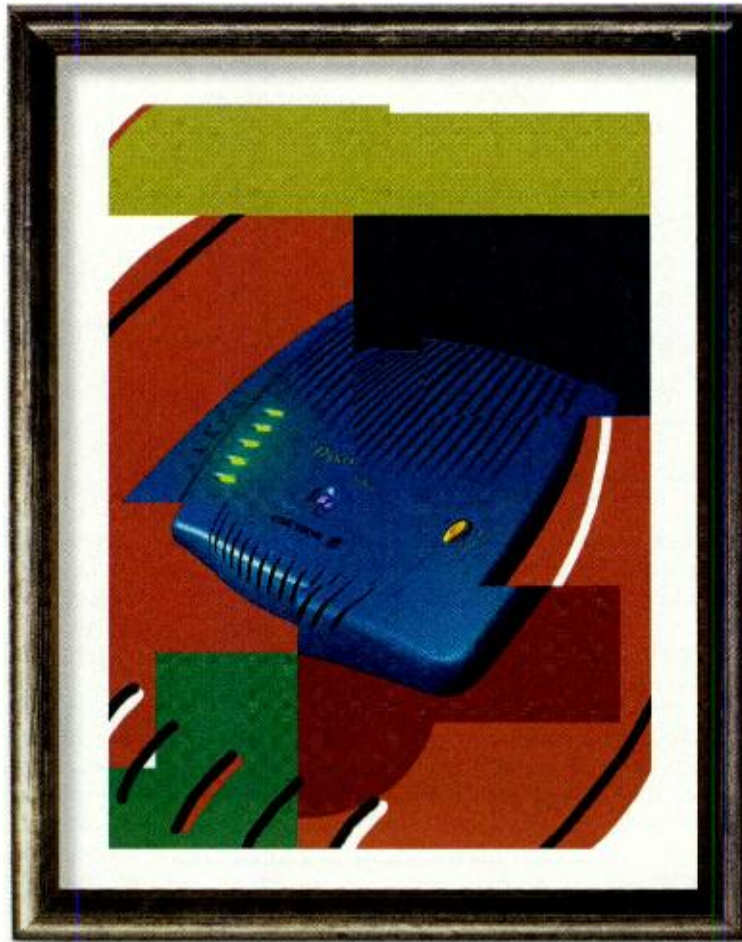
One reason is the costly monthly ticket. The Yankee Group's most recent survey indicates that while 38% of PC owners want high-speed Net access, only 16% are willing to ante up \$50 a month pay for it. "Fifty dollars is not consumer pricing," says Leichtman. "Eventually they're going to have to get down to consumer-based pricing."

Cable operators have, in fact, controlled the market rollouts and penetration of high-speed services such as @Home and Road Runner to ensure that they could handle the demand for installation and maintenance. High prices have effectively limited the market to early adopters, with penetration

marketplace where cable now enjoys a clear lead. "At some point, you're going to tick people off when they're paying \$40 or \$50 a month," he says.

But telcos have been slow to take advantage of whatever openings cable operators have left them. DSL service has only seen widespread introduction over the past several months. And the telcos have only recently begun to make DSL a more consumer-friendly service than a business-oriented one.

Telcos have also been reluctant to jeopardize lines of service that provide Internet access in business environments. Leichtman notes telcos are reluctant to cannibalize high-capacity T-1 lines and other, sim-



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ilar commercial connections.

But some analysts see pitched battles ahead, based largely on service reputations. In Atlanta, Bruce Kasrel, analyst for Forrester Research, figures it will be an even fight between Cox Cable and BellSouth which both enjoy relatively good customer-service reputations. He notes Bell Atlantic's service record as it goes up against MediaOne in Boston. And he thinks Pac-Bell could put the kibosh on TCI in the San Francisco Bay area. "TCI is a

struggling company when it comes to service. Everyone knows it. They know it. And that shows when you try to get into new markets," Kasrel says.

PacBell has technicians specializing in DSL installation in order to derive benefits from cable's service woes, according to Soo-Jung Smith, director of DSL product marketing for PacBell parent SBC. But she says SBC is not looking to push comparisons with cable modems.

"At this point we are not trying to point out technical differences between DSL and cable modems. We are simply trying to emphasize that DSL offers high-speed data access to consumers and business users," she says.

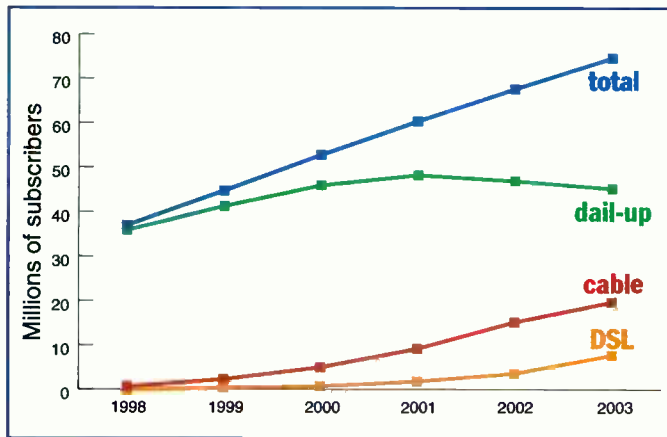
In fact, SBC and other telcos haven't promoted DSL service at all, preferring to let pent-up demand for high-speed Net access drive their markets. But Southwestern Bell will start promoting DSL with newspaper inserts in some markets early next month, coinciding with the start of head-to-head competition with cable modem services in San Antonio and Houston.

SBC has initiated the broadest rollout of DSL service among the Baby Bells thus far. It expects to make DSL available to 9.5 million households and businesses by year's end, expanding service from California and Texas into Missouri, Kansas, Oklahoma and Arkansas. It projects 200,000 subscribers.

It will also offer upgrades to America Online subscribers among 8.4 million households in its operating regions by year's end. AOL tags a \$20 monthly charge to its customers; it also has a similar deal in place with Bell Atlantic.

US West has also generated momen-

Internet access penetration



Source: Forrester Research

tum, with more than 6 million DSL access lines in 40 cities, and more than 30,000 subscribers for the service thus far. The Denver-based telco aims at adding 125,000 DSL customers this year, according to Mike Rouleau, US West vice president of marketing. It's offering modems for \$45 through July and a \$69 self-installation fee to go with its reduced \$29.95 access fee.

"We are actually trying to drive more

"It almost seems as if cable and the telcos are in a race to lose the high-speed access game. Cable's fumbling is countered by telco's foundering,"

Gary Arlen, president of Arlen Communications

of a consumer price point. We believe that reduction in price really gives us access to a much broader market," says Rouleau.

It also helps it going head-to-head with Road Runner in Minneapolis and @Home in Omaha and Phoenix. In those markets, US West is trying to exceed the competition's service areas while emphasizing support for work-at-home applications.

Bell Atlantic, GTE and BellSouth are reluctant to discuss details of their DSL businesses, declining to specify current subscriber counts or projections.

Bell Atlantic expects to pass 8 mil-

lion households with DSL service by year's end, according to a Bell Atlantic spokeswoman. It has enjoyed its strongest penetration rate in Washington, where it first introduced its Infospeed DSL service last year. Bell Atlantic recently launched the service in Boston and plans to bring it to New York City this month.

GTE expects to have DSL service available to more than 10 million households by the end of the year, according to a GTE spokesman, who says Los

Angeles, Dallas-Fort Worth, Seattle and the Tampa-Clearwater, Fla., area are the largest of its 35 DSL markets. It has deals in place with 180 ISPs.

BellSouth provides modems to ISPs, which market the service's FastAccess ADSL service, and pay flat monthly fees for access to BellSouth's lines. Atlanta, New Orleans, Charlotte, N.C. and Jacksonville, Fla. are the largest of the markets in which it's made service available thus far. It expects to be in 30 markets by year's end, with most of those launching this month.

The latest entrant into the DSL market could make the biggest impact: AT&T announced plans in late April to introduce DSL service in 40 markets over the next year. The telecommunications giant plans to provide service at throughput rates between 144 Kb/s and 1.5 Mb/s, using its own facilities and those of other DSL carriers.

But the present gap between cable modem and DSL customers is likely to widen in the near term, despite telcos' efforts to accelerate DSL penetration. Cable will build on the lead by adding markets as it increases penetration in markets where modems already exist.

The advent of DOCSIS (data over cable service Internet specification) modems that can be used in any cable system is expected to spur the market when they hit retail outlets.

The Yankee Group projects national DSL subscribership at 250,000 by year's end, rising to 700,000 by the end of 2000. It foresees cable modem penetration hitting the million-subscriber mark by year's end, doubling to 2 million subscribers in 2000. ■

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TCA Cable's Conroe, TX General Manager and "Coach" Randy Taylor huddles with the rest of the team. Listed from top, clockwise: Sufian Almasalha, Lead Technician; Fred Fox, Chief Technician; Norma Williams, Lead CSSR; Randy Taylor; Stacy Alexander, Office Manager and Steve Donato, Lead Installer.



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The missing DTV link

Cable, Hollywood and set manufacturers at odds over interface standards

By Glen Dickson

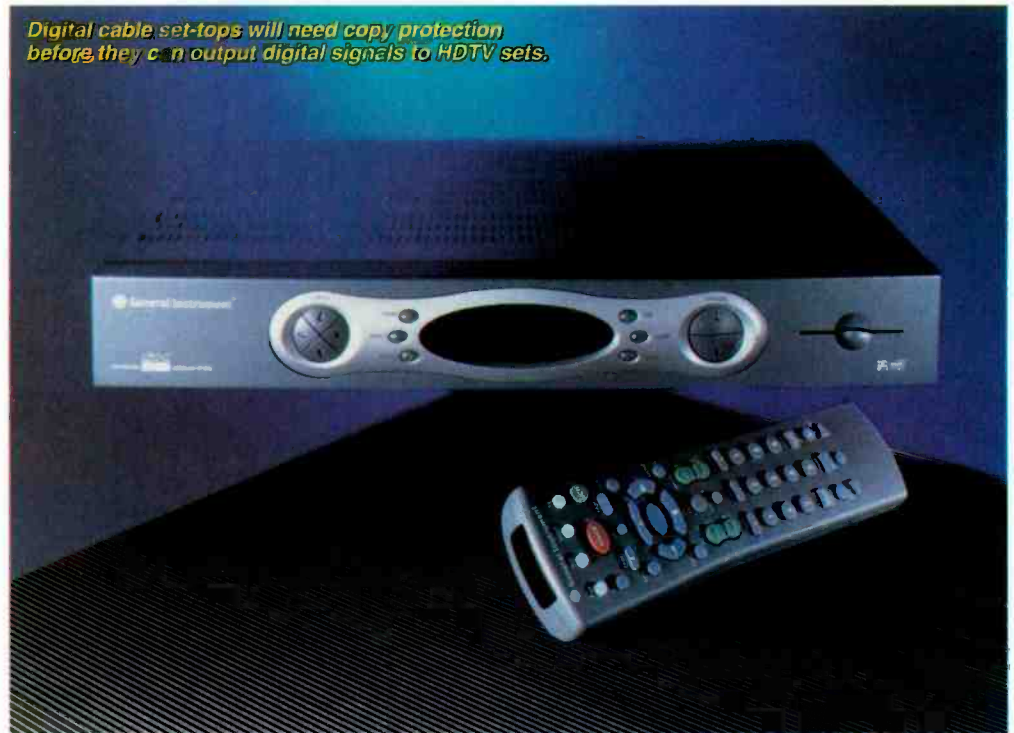
Digital television broadcasting is slowly gaining momentum. More than 60 U.S. stations are currently broadcasting DTV, and that number should double this fall when DTV stations in the 11-30 markets go on air. More than 25,000 digital displays and receivers have been sold—albeit, not all together. And major broadcast networks CBS and ABC have struck underwriting deals with set makers to offer prime time series and sports, respectively, next fall.

However, compatibility problems between digital television sets and cable systems continue to be a problem in establishing a digital television standard, and could severely slow consumer demand for expensive new HDTV sets. At issue is the interface between DTV sets and cable set-tops and the copy protection method that will control the flow of content along that interface.

As the cable, consumer-electronic and entertainment industries have continued to try to reach a technical agreement on how this interface will work, manufacturing deadlines to get cable-compatible DTV products to market in 1999 have passed. The problem is serious enough to warrant the attention of the FCC, which has asked the three industries—equipment manufacturers, filmmakers and cable—to deliver a timetable for solving compatibility problems by July 1 (*BROADCASTING & CABLE*, May 24).

“Unfortunately, what makes this inherently difficult is it’s not just up to the set makers to decide,” says Michael Petricone, director of technology policy and deputy general counsel for the Consumer Electronics Manufacturers Association (CEMA). “There has to be

Digital cable set-tops will need copy protection before they can output digital signals to HDTV sets.



agreement among a number of different industries with different technologies and different capabilities. It’s a Rubik’s cube of an issue.”

Simply carrying DTV signals over cable pipes isn’t a technical puzzle. Time Warner is already doing it in New York and Los Angeles by passing CBS’ 8-VSB DTV signals through upgraded parts of its systems. Customers with HDTV sets then plug their cable wires into the antenna jack to receive the signal. Time Warner is handling HBO’s hi-def feed the same way. Cablevision also uses 8-VSB to send its high-definition MSG Network programming through its system.

Using 8-VSB is an interim solution, however, and MSOs would like to use cable’s more efficient QAM modulation scheme to handle DTV signals. QAM modulation is the same scheme used in the seven million digital cable set-tops that have been deployed nationwide, and MSOs can remodulate a DTV signal to 64- or 256-QAM at a cost of less than \$10,000 per broadcast channel. Using 256-QAM allows a

cable operator to fit 38.8 Mb/s, or two 19.4 Mb/s HDTV channels, inside a 6 MHz cable channel. Time Warner Cable has already successfully used 256-QAM to carry HBO in HDTV through its Tampa, Fla. system.

However, digital television sets don’t currently have QAM demodulator chips in them, and existing digital set-tops won’t decode HDTV. That means MSOs will have to buy new digital set-tops to support HDTV—set-tops that will produce an analog or digital output that will connect to an HDTV set for display. And there’s the rub.

What happens to the content that travels over that connection has raised concerns with Hollywood studios that want to protect their copyrights (and are looking forward to selling MSOs the future rights to pay-per-view HDTV movies). Once an HDTV signal leaves the set-top box to travel to the HDTV set, it is “in the clear” and ripe for bootleggers who want to make illegal copies. A digital connection will allow for perfect copies to be made, and even an analog output of a high-

definition movie will produce a copy of outstanding quality compared to analog television, sources say.

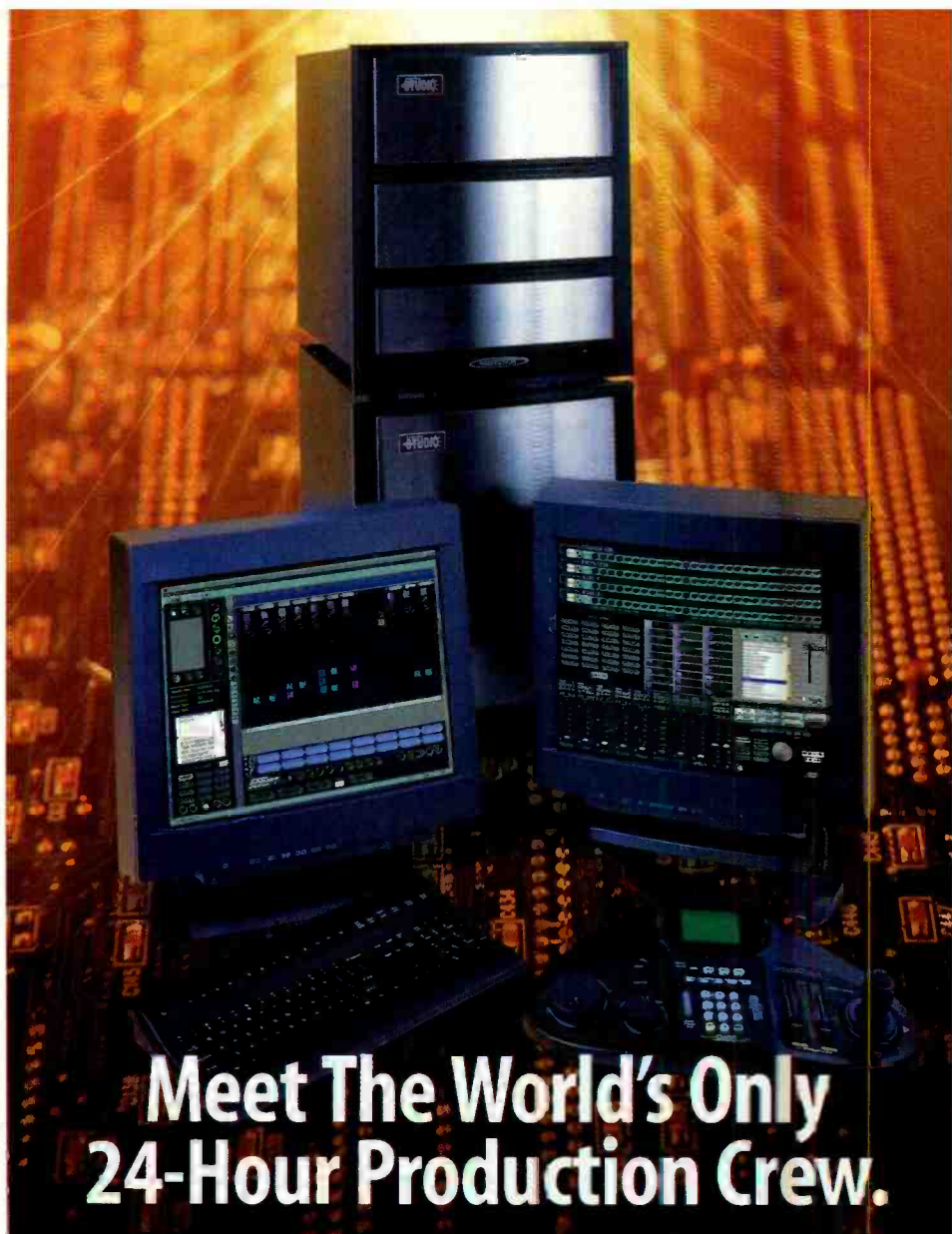
Time Warner, for example, has ordered a handful of high-definition set-top boxes from Scientific-Atlanta. The Explorer 2000HD set-tops, which cost between \$1,000 and \$2,000, will demodulate a QAM HDTV signal, decode it, and output a baseband analog, or "component video" signal that can be fed into an HDTV set for display. That analog output, however, doesn't have copy protection. So while Time Warner can use the boxes to deliver CBS hi-def broadcasts and HBO movies, which don't have an early release window, those boxes won't be able to deliver pay-per-view movies.

The goal of Time Warner and other MSOs is a set-top with a digital connection that has copy protection, or better yet, a cable-ready DTV set. Last November, CEMA and the National Cable Television Association (NCTA) reached an agreement on the first solution, naming the Firewire, or IEEE 1394, connection as the preferred link between digital set-tops and digital TVs. At the time, the cable and consumer electronic industries also expressed support for a copy protection scheme called Digital Transmission Content Protection, also known as 5C, which was developed by Sony, Matsushita, Intel, Hitachi and Toshiba. CEMA and NCTA said they were hopeful that 5C-compliant DTV sets might hit stores in fall 1999.

Since then, Firewire and 5C have been ratified by the Society of Cable Television Engineers (SCTE) as a standard, and 5C has also been included in CableLabs' OpenCable initiative to create retail set-top boxes. While the MPAA hasn't endorsed 5C—it can't because of antitrust laws—some of its member studios have expressed support for the system. The NCTA expects 5C-compliant cable boxes to hit the market in 2000.

"Our position on copy protection is to support any copy-protection system the MPAA is comfortable with," says Dr. William Check, NCTA vice president of science and technology. "We're going to proceed with 5C, since that's the one that appears to meet the needs of the MPAA."

So what's the problem? Well, studios have privately expressed concern about



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the scope of content that 5C lets them protect. One source says 5C's licensing authority is offering it for use on pay-per-view movies and pay TV, but not on Internet applications. And another content protection system called XCA has been thrown into the mix by Thomson and Zenith—two of the U.S.'s biggest television set makers.

XCA is a smart-card-based system that doesn't require Firewire, although

it could work over that connection. Thomson and Zenith says XCA is a cheaper solution that will do a better job of regulating digital recordings than 5C, and has broader applications beyond cable TV. While Zenith and Thomson executives say that studios are considering both 5C and XCA as possible copy protection solutions, they acknowledge 5C's considerable momentum and say they're open to

working alongside the system.

"I think XCA and the 5C proposal are not at loggerheads," says Thomson spokesman David Arland. "They probably need to operate together. XCA is a global solution for recording, playback, satellite, terrestrial broadcasting and cable, while 5C is only a cable solution."

Although Thomson and Zenith demonstrated XCA at NAB '99, they aren't currently licensing the systems. Firewire chips and 5C licenses, on the other hand, are available.

"I think XCA is interesting, and the issues we have with XCA may well be answered," says Chris Cookson, chief technology officer for Warner Bros. "But I don't know how they'll be dealt with. There are time-of-deployment questions I'm concerned about."

Still unanswered questions about the entire cable/DTV interface have kept 5C proponents from delivering 5C-capable sets this year. Sony, Panasonic and Mitsubishi all say they won't have 5C, Firewire-enabled sets until 2000.

"With 5C not formally accepted by Hollywood, there's a danger in supporting that kind of engineering effort and putting that kind of cost into a product," says Marty Zanfino, manager of product development for Mitsubishi. "The early implementation of Firewire and 5C is not inexpensive." He estimates that it would add a couple hundred dollars in cost to an HDTV set.

One way of eliminating the cost of Firewire is to build a cable-ready HDTV set that incorporates content protection, QAM decoding and the conditional access that cable operators need for pay-TV services. That's a strategy being pursued by several set manufacturers, including Panasonic. According to Dr. Paul Liao, president of Panasonic Technologies, the company plans to build an integrated HDTV set that will incorporate the OpenCable "POD," or point-of-deployment module, a renewable PC card that provides conditional access functions for cable subscribers.

"We are strongly supporting 1394, but we don't think it should be mandatory to call a TV cable-ready," says Liao. "The cable-ready set will have a POD slot, and will accept pay-per-view and subscription services. You may have to pick up a phone and dial back for a two-way connection for services like pay-per-view." ■

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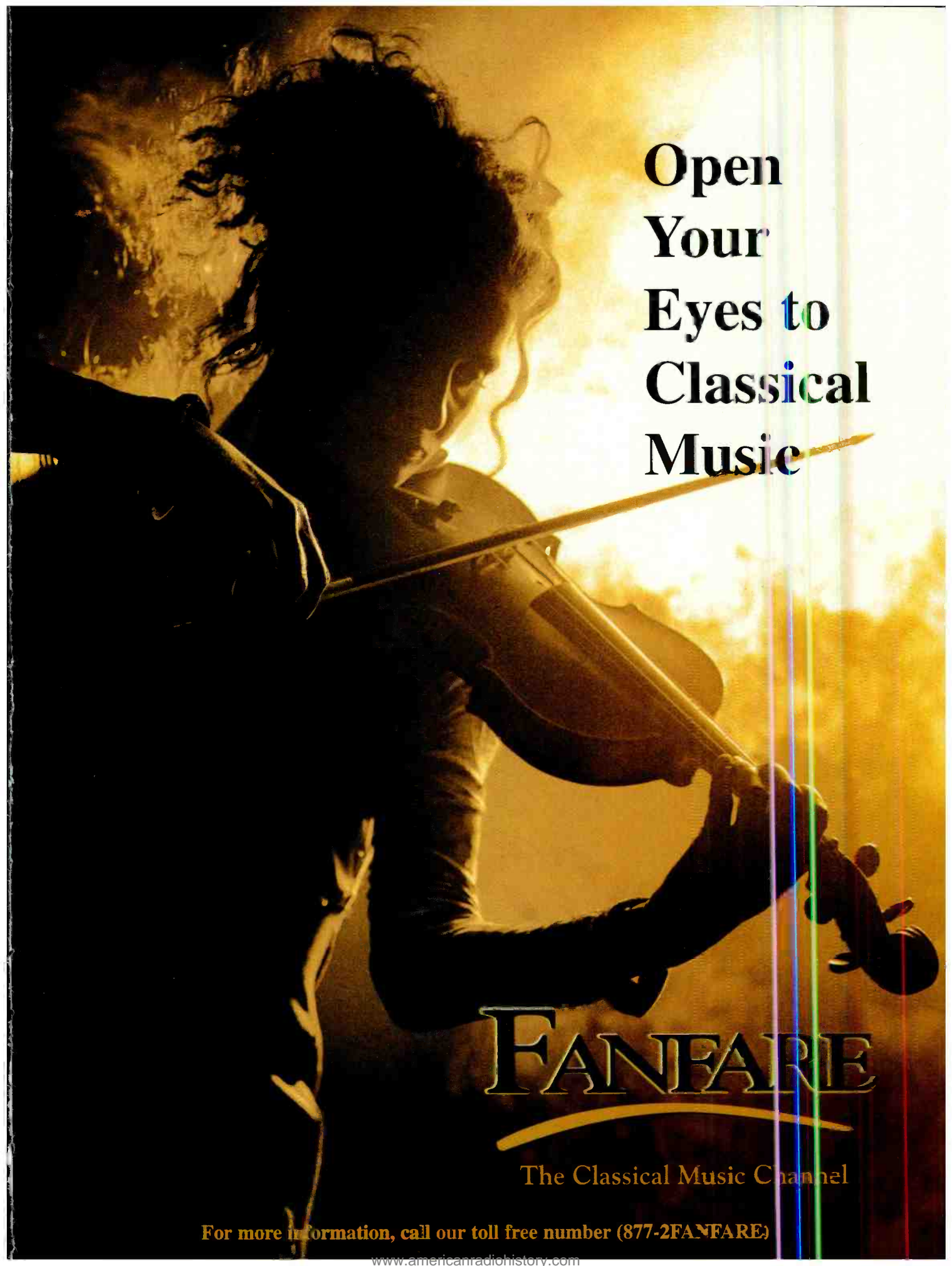
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A violinist is shown in profile, playing a violin. The scene is backlit by a bright, golden light, creating a silhouette effect. The violinist's hair is dark and curly. The violin and bow are clearly visible against the bright background.

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Undercover: Don't overdo it

Investigative journalists, at annual conference, fear an increasingly hostile legal climate

By Bill Kirtz, special correspondent

Stations considering hidden cameras, confidential sources or controversial projects got an oft-repeated message at the Investigative Reporters and Editors convention: Think before you act.

More than 900 journalists attended the Kansas City, Mo., meeting, June 3-6, where several sessions addressed how broadcasters can protect themselves legally during undercover shoots. Lynne Dale, who wore a wig camera several years ago to produce ABC's *Prime Time Live* investigation of the Food Lion grocery chain, called such tactics the "nuclear bomb of journalism," to be dropped "only if there's no other way to tell the story."

ABC is appealing the award of damages for fraud, trespass and invasion of privacy associated with that Food Lion story. The substance of the story was not at issue; rather, it was the means by which the story was obtained. Dale, now with *Dateline NBC*, noted that court decisions upholding subjects' privacy rights are making her and colleagues at other networks "more timid. We're producing shows for juries, not audiences, now. It's very bad."

Kansas City media lawyer Bernie Rhodes said the less an investigator misrepresents and the more one shoots in public or quasi-public places where there's no legitimate expectation of privacy, the better off one will be if charged with intrusion or fraud. He said the Food Lion case doesn't concern the legalities of undercover reporting, but does show that judges and juries will punish reporters who misrepresent themselves. (One *Prime Time Live* reporter had indicated she had had meat-wrapping experience.)

Presenting oneself as a member of the public isn't misrepresentation, he said, but don't lie about your profession. To test racial discrimination in apartment rentals, for example, a journalist can put "writer, not reporter," in the occupation section of an application form—or simply leave it blank.

Rhodes cautioned that showing raw footage to anyone for comment forfeits

a reporter's rights to withhold outtakes if the reporter is asked for them under subpoena. Show them only what you're planning to air, he said.

As two *Atlanta Journal-Constitution* reporters face jail for protecting confidential sources in the Olympics bombing, *Newsweek's* Michael Isikoff advised IRE members to consider more closely the limits of such agreements. Isikoff's reporting in the Monica Lewinsky scandal triggered Julie Hiatt Steele's suit against him for breach of contract for allegedly breaking an "off the record" agreement—even though she admittedly and intentionally lied to

voice-mail messages and helped General Motors get a *Dateline NBC* apology for the story about its trucks. He said, "Subjects are more sophisticated in dealing with the media these days. You're being watched more carefully, which is a good thing in a free society."

Basile sees a "Food Lion trend: If you're unfair, we'll have an easier time suing you. Subjects are more and more aware that they have rights that are not trumped by the First Amendment."

Two top network producers advised reporters to keep their cool and their patience when tracking corporate targets. CBS' *60 Minutes* investigative

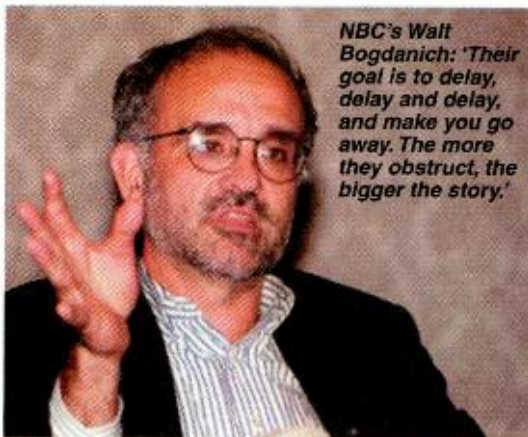
producer Walt Bogdanich and *Dateline NBC's* executive producer Neal Shapiro noted that anything said in anger—even to the most obstructive corporate minion—can come back to haunt you. They were two of many speakers who underscored the danger that any offhand remark or marginal note on a document indicating dislike or disbelief can lead a jury to infer journalistic bias.

Probing large companies requires patience, said Bogdanich, who while with

ABC News helped expose cigarette makers' control of nicotine levels. "Their goal is to delay, delay and delay, and make you go away. The more they obstruct, the bigger the story."

Shapiro stressed the need to anticipate news executives' reservations about hard-hitting projects. He tells staffers to create a worst case scenario—"What will the other side say about our reporting?"—so he can allay higher-ups' fears. He also said television should figure out ways to tell "paperwork" stories better. "We tend to shy away from stories without great video, confrontational sound bites and great victims. We do great broadcast reporting that often doesn't get the same play as print, although it's every bit as hard and we find out just as much."

Several producers complained about the difficulty of getting such projects on the air. David Gelber, executive producer of CBS' *Ed Bradley on Assign-*



NBC's Walt Bogdanich: 'Their goal is to delay, delay and delay, and make you go away. The more they obstruct, the bigger the story.'

him. "Does a lying source deserve protection?" he asked. "We have to keep our promises, but be careful about what we promise and be clear about just how far the deal will go."

San Francisco media lawyer Roger Myers said reporters should seek written or taped agreements from anonymous sources stating that they will testify in support of a story and acknowledging awareness that their confidentiality won't be protected if they provide false information. Many speakers, including a lawyer experienced in suing news organizations, noted that targets of investigative reports increasingly are becoming more adept and aggressive about fighting coverage they deem unfair.

James Basile, a Washington-based lawyer with Kirkland & Ellis, helped Chiquita Brands International sue the *Cincinnati Enquirer* for using stolen

ment," said: "We're operating in an incredibly hostile environment for serious documentaries. More and more, magazine show topics fall into the 'what about me?' category. "Things are no better on public television, said

two *Frontline* producers. "We face exactly the same pressures as the networks," June Cross complained. Sharon Tiller, senior producer for special projects, called it "the kiss of death" to sell a long project as a docu-

mentary. Instead, she advised "sell it as a news magazine piece. And "it's important to sell it to the right people—the sales and promotion departments. If the sales department thinks it can sell it, you've got a show." ■

LIN's plan to buy Petry undone

Despite months of talks, parties fail to agree on terms of 'megarep' merger

By Steve McClellan

LIN Television won't be acquiring Petry Media Corp. after all. The deal was terminated after the two sides couldn't come to terms, the parties said last week.

Originally, Petry (which also owns Blair Television) was to be acquired by Chancellor Media, which owns both Katz Television and Seltel. The plan was to create a rep group that would be managed by Petry CEO Thomas Burchill.

But several months ago, Chancellor reorganized and made a pledge to Wall Street to keep focused on radio. The pending acquisition of Petry was assigned to LIN Television, but after months of talks the parties couldn't agree on a new plan.

In a memo to staffers last week, Petry's Burchill indicated that Petry would consider buying Katz and Seltel

if they become available. The two reps are the only remaining non-radio assets of Chancellor, and that "raises some question about their future status," he wrote. "If either becomes available for sale, we would be interested in pursuing a combination that makes sense."

There were regulatory problems with the proposed acquisition: The Justice Department had concerns that Hicks Muse, through its control of Katz and Seltel parent Chancellor and LIN, would gain unfair leverage in the rep business. Sources familiar with the talks said it appeared Justice was prepared to OK the deal if Chancellor spun off Seltel and steps were being taken to do that. Whether efforts to spin off Seltel will continue now that the Petry deal is dead is unclear. Seltel President Jack Higgins couldn't be reached at deadline for comment.

Asked last week if there were ongoing talks to buy Katz or Seltel, Burchill said, "I think everybody is sort of catching their breath. Who knows if there would be discussions in the future. In this era of station consolidation, a combination with Katz makes sense. It gives the companies critical mass to face the regulatory challenges that will probably come from either a cap [on ownership] that gets raised or more network acquisitions of prime market stations. So, I just think it's a good long-term move. If the opportunity presents itself down the road, we would look at that."

For now, Petry will focus on exploiting the best sales market in years, said Burchill. "We feel the next 18 months is going to be one of the strongest advertising climates in the past 25 years. So we want to capitalize on that and we think we are well positioned to do so." ■



GET WITH THE PROGRAM

By Joe Schlosser

Producer vows to keep 'Crow' flying

The future of syndicated action series *The Crow: Stairway to Heaven* is up in the air after Universal TV executives announced they won't be bringing the series back for a second season. But Edward Pressman, the show's executive producer, has vowed to keep *The Crow* in syndication and is currently trying to get new backers for the series. *The Crow: Stairway to Heaven*, which is based on the theatrical film that starred the

late Brandon Lee, was developed and launched by PolyGram Television last season. PolyGram was acquired earlier this year by Universal Television, where executives say they are not bringing the show back for "a combination of domestic and international factors."

\$1M jackpots drive Philbin vehicle

ABC Entertainment Chairman Stu Bloomberg unveiled plans last week for a new prime time game show hosted by Regis

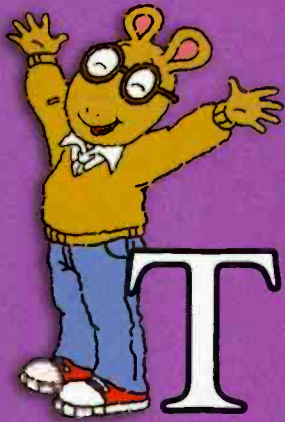
Philbin. *Who Wants To Be a Millionaire* is based on the popular British game show of the same name. It is scheduled to debut with a 14-day run this summer, likely in late August. After the show's debut, ABC executives say it is unclear where the prime time series will fit into the network's fall plans, but sources say it could be used as a stopgap for any faltering new shows. *Millionaire* gives viewers and audience members the chance to win up to \$1 million by answering various trivia questions.

ABC's timely event taps Jennings

ABC said last week that Gary Smith will be the producer of the network's 22-hour millennium special. Smith produced the network's bicentennial special in 1976. The special will be hosted by AEC News anchor Peter Jennings. The program is scheduled to air live starting the morning of Dec. 31, 1999, and continue through the dawn of the year 2000 (complete with a Dick Clark-hosted countdown). The broadcast will be anchored from the network's new studio overlooking Times Square. ABC News has also set up a millennium news desk to cover millennium-related stories, including Y2K.

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Salem renders unto Caesar

Filing offers insight into the modus operandi of Christian radio broadcaster

By Elizabeth A. Rathbun

Unlike a traditional radio company, religious broadcaster Salem Communications Corp. relies largely on the sale of chunks of airtime to make money, rather than on the sale of advertising.

More than 50% of Salem's 1998 gross broadcast revenue came from the sale of nationally syndicated and local "block program time" to religious groups. That was one of the insights in a June 4 company filing with the Securities & Exchange Commission. Local advertising provided 30.6% of revenue, and national ads, 5.2%.

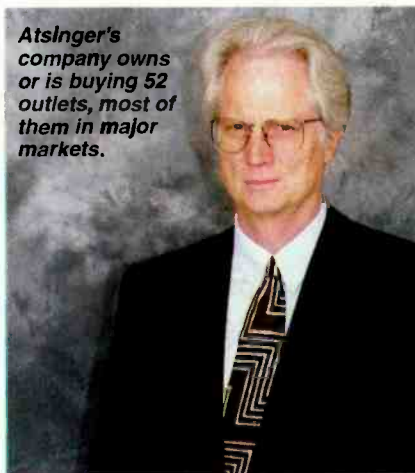
The filing details Salem's plans to go public, probably by the end of this month, and provides a detailed look at the heretofore-closed world of a Christian radio broadcaster, in this case the nation's largest both in number of stations and audience coverage. Camarillo, Calif.-based Salem owns or is buying 52 radio stations, mostly in major markets. The company owns stations in nine of the top 10 markets and 14 of the top 20 and intends to keep buying stations in the top 50 markets, both where it already has stations and in new cities.

The offering will be comprised of 7.5 million shares of stock (1.5 million from current shareholders) priced at \$19-\$21 per share. The stock will be sold on the Nasdaq National Market under the symbol "SALM." Salem plans to use the estimated \$111.3 million in net proceeds to repay debt and fund recent station purchases.

Upon completion of the offering, President Edward G. Atsinger III, Chairman Stuart W. Epperson and Nancy A. Epperson, Epperson's wife and Atsinger's sister, will control about 90% of the company. Salem executives and analysts working on the company's initial public offering could not comment for this story because of SEC restrictions.

Other analysts say it is a good time for a radio company to go public. Last month, Radio One Inc. upped its offering price from \$17-\$21 to \$24. Its shares are now trading at around \$40. Also last month, Clear Channel Communications filed to sell 18 million more shares and Citadel Communications Corp. filed to sell 10 million more.

Atsinger's company owns or is buying 52 outlets, most of them in major markets.



"There's a clear appreciation in the market for radio deals," says CS First Boston's Harry J. DeMott. "The business remains incredibly strong"—strong for niche broadcasters like Radio One, which targets African Americans, and perhaps Salem.

However, Salem's success will depend on a variety of factors, such as demographics, ratings and growth potential, according to analysts.

"I don't think you can get the same sort of demographics going for you" like a Radio One can, DeMott says. "Religion is a lifestyle choice.... You might not get as much homogeneity."

Nearly four of 10 adults listen to Christian radio in a typical week, according to a January survey by Barna Research Group Ltd. Most listeners are

Protestant women age 50 and older and are politically conservative.

As for ratings, Salem does not subscribe to Arbitron. Instead, buyers of block time rely on the number of telephone calls taken and product sales made.

And "What is the growth in religious radio?" DeMott asks. Indeed, while 69% of adults surveyed last year by Barna described themselves as "religious," just 43% said they attend church services in a typical week, the same percentage as in 1997, and 39% characterized themselves as born-again Christians, down from 43% a year earlier.

Salem's dependence on brokered time also concerns DeMott. "That does not seem like the greatest of growth vehicles," he says.

Nationally syndicated program producers buy 13-, 26- or 52-minute blocks from Salem for shows airing Monday-Friday. Local groups primarily buy time on weekends. Infomercials also run on weekends.

Salem's primary format is dubbed "teach and talk," or talk with religious and family themes. Key offerings come from Focus on the Family and Insight for Living, which have been running daily shows on Salem stations since 1977. The company's Salem Radio Network, which boasts more than 1,100 affiliates, supplies 20 daily and weekly shows as well as three religious music formats and family-oriented national and international news. ■

NewsNet nets stations

NewsNet Central is creating a news syndication service combining on-air and online content.

The San Francisco-based start-up plans to deliver a daily menu of two-and-a-half-minute health, travel and technology features to local stations, as well as providing text versions of the stories for station Web sites. NNC has 175 contracts in place with local stations, according to Alan Horlick, NNC president and CEO. "We want to give stations content to win their sweeps and drive people to their Web sites," says Horlick, former president and managing director of NBC Europe and CNBC Europe.

NNC has had a beta test in place with 22 stations since April, according to Horlick, who says the health service is set for introduction early this summer, the travel service in late summer and the technology service this fall. Eventually, Horlick says, in addition to the online text version, NNC will deliver video versions for streaming online. The features are being sold on a barter basis, with stations and NNC each getting a 30-second spot of ad time to sell.

—Richard Telesco



STATION BREAK

By Dan Trigoboff

Charity ends at Nashville homes

The founder and head of Feed the Children fired his Nashville staff and shut down its distribution center there after a TV station found out that workers were feeding themselves. Instead of sending all donations to crisis centers like Kosovo or post-bombing Oklahoma City, many donations were going to the workers' homes. The offenders, it turned out, were upper-level administrative employees, "not the low-paid warehouse workers," said WTVF(TV) News Director Mike Cutler. The station followed the workers home, and saw them unloading not only "boxes and boxes of food" but also new clothing with tags still attached from stores that donated them. With clothing, said Cutler, "The argument about 'food spoiling' didn't fly." Longtime station reporter Larry Brenton had gotten a tip and passed it to Jennifer Kraus, who ran with it. Immediately pursuing the tip, Cutler said, there was enough suspicious activity to warrant continuing the report.



WTVF(TV) Nashville found some unintended recipients of charitable donations.

Kraus found employees—many of whom said they had told Feed the Children founder Larry Jones about the abuses to no avail—and they cooperated with the TV investigation. The station also went to the Tennessee Bureau of Investigation to see if the offenses went further than the warehouse. The TBI found boxes of clothing and other identifiable donations in staff homes. So far, no indictments have been issued. Meanwhile, Feed the Children is taking an inventory to determine its losses.

Iowa kennel has bone to pick

The owners of an Iowa kennel that went out of business after a Des Moines station's 1997 report of substandard care has sued the station for defamation, false light, privacy invasion and interference with prospective business. New York Times-owned WHO-TV says it will fight the suit, and stands by the story. In the piece, D-N Kennels was shown to be dirty and overcrowded. Attorneys for the station said a hidden camera

was used to show the kennel to viewers the way customers off the street would see it. Much of the information used by the station's report, attorneys said,

came from government records. "The story is based on government documents and first-hand observations," said *New York Times* attorney Adam Liptak. "We're quite comfortable we got it right."

A new form of penance in Houston

The former promotion manager of KNWS-TV Houston was ordered by a judge to attend a Rice University football game Sept. 25, wearing a sign that says "I am a liar, a coward and a thief. I rigged the Channel 51 contest so my mother-in-law would win the pickup truck and give it to me." In addition to providing an alternative to the Rice marching band's halftime show at its game against Navy, Tim Trostle was given 60 days in jail and a \$10,000 fine for his organized criminal activity conviction. The \$27,000 truck was given away during a Rice football game last year, after prosecutors said Trostle stuffed the ballot boxes to favor his mother-in-law, Pamela Jones. Jones was arrested after police were tipped that the contest had been rigged, but charges against her were dropped because she cooperated with police.

Boston anchor takes summer sabbatical

WCVB-TV viewers will have to do without Boston news fixture Natalie Jacobson until the fall. Jacobson says she wants to spend more time with

her 76-year-old father and her 18-year-old daughter, and plans to take a sabbatical until Sept. 20. Jacobson has been one of Boston's most popular broadcasters for more than 20 years. Her husband and co-anchor, Chet Curtis, will remain on the air.

Poll: Michigan backs prosecutors

News organizations with photos and videotape of the riot in East Lansing after Michigan State University lost to Duke University in the NCAA Basketball Tournament's Final Four last March should turn over the material to prosecutors, according to a recent survey. Eleven Michigan news organizations—including TV stations WJBK-TV, WKBD and WXYZ-TV in Detroit, WRTV-TV in Flint, WILX-TV and WLNS-TV in Lansing, WWMT in Kalamazoo and WZZM-TV in Grand Rapids—have been fighting subpoenas for the material against prosecutors in Ingham County. The prosecutors want to use the photos and video to identify rioters.

A majority of respondents in a statewide poll from Lansing-based research firm EPIC/MRA also said the media should give the prosecutors what they want, and that it would not compromise the media's ability to protect sources. The media disagree, arguing that complying with the prosecutors turns news organizations into agents of the state. The next hearing is scheduled for June 23.

All news is local. Contact Dan Trigoboff at (301) 260-0923, e-mail dtrig@erols.com, or fax (202) 463-3742.

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MAY 31-JUNE 6

Broadcast network prime time ratings according to Nielsen Media Research



PEOPLE'S CHOICE

ABC didn't fare too well this week, but top-10 editions of '20/20' gave the network enough of an edge to win Friday and tie Wednesday.

Week 37	abc	CBS	NBC	FOX	U/P/N	WB
	6.5/11	7.0/12	5.9/10	5.9/10	1.3/2	2.8/5
MONDAY	8:00 24. 20/20 7.4/13	57. Cosby 5.4/10	41. Dateline NBC 6.1/11	49. Magic's Biggest Secrets Revealed 5.8/10	112. Dilbert 1.5/3	86. 7th Heaven 3.6/7
	8:30	41. King of Queens 6.1/11		122. Home Movies 1.0/2		
	9:00 41. ABC Monday Night Movie—Mary Reilly 6.1/10	12. Ev Lvs Raymd 8.6/14	62. NBC Movie of the Week—Thanks of a Grateful Nation, Part 2 5.3/9	41. Ally McBeal 6.1/10	115. The Sentinel 1.4/2	102. Buffy the Vampire Slayer 2.1/3
	9:30	12. Becker 8.6/14				
	10:00 37. CBS/Time 100: Heroes of the 20th Cent 6.6/12					
10:30						
TUESDAY	8:00 14. Home Imprvmt 8.5/15	18. JAG 7.8/14	64. 3rd Rock fr/Sun 5.1/9	74. King of the Hill 4.5/8	108. Moesha 1.8/3	99. Buffy the Vampire Slayer 2.3/4
	8:30 37. The Hughleys 6.6/11		63. NewsRadio 5.2/9	68. King of the Hill 4.8/8	105. Clueless 2.0/3	
	9:00 22. Spin City 7.5/12	11. CBS Tuesday Movie—Heart of Fire 8.8/15	35. Just Shoot Me 6.8/11	80. The PJs 4.1/7	111. Malcolm & Eddie 1.6/3	110. Felicity 1.7/3
	9:30 49. Sports Night 5.8/9		35. 3rd Rock fr/Sun 6.8/11	82. The PJs 4.0/6	112. Between Brothers 1.5/2	
	10:00 72. NYPD Blue 4.6/8		8. Dateline NBC 9.4/16			
10:30						
WEDNESDAY	8:00 24. Dharma & Greg 7.4/14	76. The Nanny 4.4/8	20. Dateline NBC 7.7/14	65. 1999 Essence Awards 5.0/9	106. 7 Days 1.9/4	97. Dawson's Creek 2.5/5
	8:30 31. Two Guys, A Girl 7.0/13	68. The Nanny 4.8/9	21. World's Most Amazing Videos 7.6/13		99. Star Trek: Voyager 2.3/4	90. Charmed 3.0/5
	9:00 17. Drew Carey 7.9/14	33. 60 Minutes II 6.9/12	9. Law & Order 9.2/16			
	9:30 28. Whose Line Is It 7.3/12	76. Chicago Hope 4.4/8				
	10:00 4. 20/20 9.9/17					
10:30						
THURSDAY	8:00 4. 20/20 9.9/17	6.9/13	9.8/18	5.7/10	1.5/3	2.6/5
	8:30 87. Alma Awards 3.5/6	46. Promised Land 5.9/11	3. Friends 10.0/20	46. World's Wildest Police Videos 5.9/11	112. UPN Thursday Night Movie—Star Command 1.5/3	99. Wayans Bros 2.3/5
	9:00 24. Diagnosis Murder 7.4/13	14. Jesse 8.5/16	1. Frasier 10.2/18	57. Fox Files 5.4/9		95. Jamie Foxx 2.7/5
	9:30 53. John Stossel Special: Power of Belief 5.5/10	28. 48 Hours 7.3/13	6. Will & Grace 9.8/17			90. Steve Harvey 3.0/5
	10:00		2. ER 10.1/18			96. For Your Love 2.6/5
10:30						
FRIDAY	8:00 6.7/13	6.4/12	6.6/13	3.0/6	1.3/3	
	8:30 67. Two of a Kind 4.9/11	65. Kids/Darndest 5.0/11	39. Dateline NBC 6.4/14	93. World's Funniest! 2.9/6	115. Am Greatest Pets 1.4/3	
	9:00 57. Boy Meets Wrld 5.4/11	72. Candid Camera 4.6/10	30. NBA Playoffs—San Antonio Spurs vs. Portland Trailblazers 7.2/14	90. Mad TV Primetime 3.0/6	115. Am Greatest Pets 1.4/3	
	9:30 40. Sabrina/Witch 6.2/12	24. Unsolved Mysteries 7.4/14			119. Love Boat: The Next Wave 1.3/2	
	10:00 49. Brother's Keeper 5.8/11	33. Nash Bridges 6.9/13				
10:30 10. 20/20 8.9/17						
SATURDAY	8:00 3.1/7	4.8/10	6.2/13	4.9/11	KEY: RANKING/SHOW TITLE/PROGRAM RATING/SHARE • TOP TEN SHOWS OF THE WEEK ARE NUMBERED IN RED • TELEVISION UNIVERSE ESTIMATED AT 99.4 MILLION HOUSEHOLDS; ONE RATINGS POINT IS EQUAL TO 994,000 TV HOMES • YELLOW TINT IS WINNER OF TIME SLOT • (NR)=NOT RANKED; RATING/SHARE ESTIMATED FOR PERIOD SHOWN • *PREMIERE • SOURCES: NIELSEN MEDIA RESEARCH, CBS RESEARCH • GRAPHIC BY KENNETH RAY	
	8:30 93. Am Fun Hm Vid 2.9/7	76. Early Edition 4.4/10	(nr) NBA Playoffs—New York Knicks vs. Indiana Pacers 8.6/20	82. Cops 4.0/9		
	9:00 97. The Big Moment 2.5/6	70. Martial Law 4.7/10	74. Wrld's Am Vid 4.5/9	70. Cops 4.7/10		
	9:30 88. ABC Saturday Night Movie—Street Fighter 3.3/7	57. Walker, Texas Ranger 5.4/11	80. Profiler 4.1/8	57. AMW: America Fights Back 5.4/11		
	10:00					
10:30						
SUNDAY	7:00 6.1/11	8.4/15	7.0/13	4.9/9	1.8/3	
	7:30 79. Wonderful World of Disney—Principal Takes a Holiday 4.2/8	4. 60 Minutes 9.9/20	18. NBA Playoffs—San Antonio Spurs vs. Portland Trailblazers 7.8/16	85. World's Funniest! 3.7/8		119. The Parent 'Hood 1.3/3
	8:00	7. Touched by an Angel 9.6/18		52. The Simpsons 5.6/11		115. The Parent 'Hood 1.4/3
	8:30			53. Family Guy 5.5/10		102. Sister, Sister 2.1/4
	9:00 16. 20/20 8.4/14	31. 53rd Annual Tony Awards 7.0/12	45. 3rd Rock from the Sun 6.0/10	53. The X-Files 5.5/9		102. Smart Guy 2.1/4
9:30					106. Zoe Dunc Jck Jn 1.9/3	
10:00 22. The Practice 7.5/13		46. Mad About You 5.9/10			108. Unhap Ever After 1.8/3	
10:30						
WEEK AVG	5.9/11	6.8/13	7.2/13	4.8/9	1.6/3	2.3/4
STD AVG	8.0/13	8.9/15	8.8/15	6.9/11	2.0/3	3.2/5

Dobbs enters space race

CNN business anchor takes on another uncertain venture as he tackles the Net

By Deborah D. McAdams

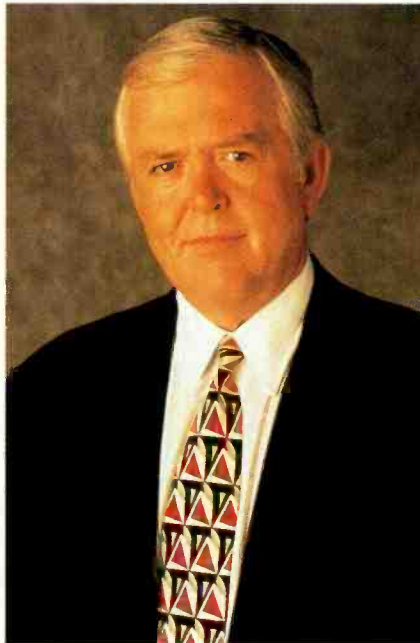
Lou Dobbs is casting his lot with the dot-coms just as the category takes a slide on Wall Street.

After a stormy 20 years anchoring *Moneyline News Hour*, the veteran reporter has walked away from a multi-million dollar contract with Time Warner to head up a Web site under construction at www.space.com.

Dobbs shook up colleagues at CNN last week when he announced his departure from television. Recent clashes with CNN's U.S. President Rick Kaplan were blamed, but Dobbs said differences with Kaplan weren't a factor in his decision to leave.

"We had our reps buy space.com a year ago," he said. "My thinking all along was that I would be a passive investor, but the truth is, my interest goes beyond being a passive investor...It's the most exciting story of the new millennium. I'm a journalist, and I can't resist the biggest story of all."

Dobbs is undeterred by the steep drop in many Internet stock prices since mid-April. "I believe that Space.com will be one of the most important content sites on the Web within a matter of months," he said. "In terms of how the capital markets behave, I am not at all concerned."



Dobbs: 'It's the most exciting story of the new millennium. I'm a journalist, and I can't resist the biggest story of all.'

Space as a commerce category is a fairly risky venture, according to Adam Schoenfeld, a new media analyst with Jupiter Communications, Inc.

"Space as a Web play seems to be a very narrow niche to me, and an impossible market to size," Schoenfeld said. "You can gauge a lot of anecdotal inter-

est in it, but I don't think it's one of the things people look to every day, and that is one measure of Web success in any market. You want people to go there every day."

However, if anyone can make space fly in cyberspace, Schoenfeld said it's probably Dobbs.

"He has a lot of credibility in my mind," Schoenfeld said. "He's been way out in front of media executives in understanding what the Internet is and what it means to do content online. He's a visionary, and he has to be taken seriously."

Harvard, the Massachusetts Institute of Technology, Stanford and the Rockefeller family are on board, providing start-up funding through their respective venture entities. Dobbs, for his part, is a man accustomed to achieving the unlikely.

"First we were told it was impossible to put up a 24-hour news organization on television," Dobbs said. "Then we were told it was impossible to do it on cable. Then we were told after it did survive a year, 'It's not viable.' Then when we did business as a daily feature, even many people within CNN thought there was no place for business news. They said it was boring."

"I'm a man who is used to crushing skepticism," he said. ■

'Moneyline' won't sink without anchor

Turner executives closed three major advertising deals for *Moneyline News Hour* within 24 hours after veteran anchor Lou Dobbs announced he was leaving the show, said Larry Goodman, president, sales and marketing for news.

"We had a bunch of stuff on the table that was pending," he said, declining to discuss the size of the deals, all with financial services customers.

"They came in, in spite of the fact that Lou had already announced his departure. People were buying CNN first and *Moneyline* second. We felt pretty good about that."

Moneyline, which usually generates about a 0.5 rating, won't fall, said one media analyst.

"The news is really the star," he said. "When the stock market goes crazy, people are going to watch *Money-*

line. When the Asian market crashes, people are going to watch *Moneyline*."

Meanwhile, Jeff Gralnick, executive vice president of CNN Financial News, will be searching for a replacement for Dobbs, both within the network and outside.

"The mandate is to do the right thing and I can't hurry into the wrong thing. We've got a very strong group of people within FN (CNN Financial News)," he said.

For the time being, Gralnick will tap *Moneyline* regulars Jan Hopkins, Donald Van de Mark and Terry Keenan, plus CNNfn news anchors Tony Guida and Jacqui Cafferty. Willow Bay, current anchor of the former *Newsstand* series, will also be brought into the anchor rotation.

"We want to try a series of combinations to see what works best for us and for the audience," Gralnick said.

—Deborah D. McAdams

Headline News streamlines

All-news channel tries to "Get-to-the-point" with new format, less repetition

By Deborah D. McAdams

When Bob Furnad took the reins of CNN Headline News two years ago, he wanted to make his own mark on the network. Furnad's sleeker, stripped-down Headline News debuts June 15 with a promotional tagline exhorting it as "Get-to-the-point News."

"A year ago, we started looking at ourselves," said Furnad, a 16-year veteran of CNN, now president of Headline News. What they found, he said, was the youngest demographic of all the news networks—3-1/2 to 6 years younger than NBC and MSNBC, their nearest competitors. "Time optimizers," Furnad called them. These view-

ers will sit through one story they don't like, "but they hit another story they don't like and they're likely to go somewhere else."

Consequently, story packages will turn over 50% faster, and similarly themed stories will not run back-to-back. There will be no repeated headlines within the 12-1/2 minute top story roundup, and the "superticker" will continue to roll through commercials.

Perhaps the biggest change is the division of the 24-hour period into a 6 a.m.-noon and 6p.m.-midnight cycles. That replaces the continuously repeating 30-minute summary started by the network 15 years ago.

Under the new format, no stories will be repeated between blocks, and

each block will be defined by graphics, colors and a different anchor.

Sources say stagnant ratings prompted CNN to spend several million dollars on the revamp, but Furnad disputes that assertion. The 25-54 demo is up by 20%, he said, and subscribership increased by 3 million over two years.

However, A.C. Nielsen data shows overall ratings at the network have fallen steadily over time, with cable competitors MSNBC and Fox News continuing to grab more of the news audience. The renovation will be trumpeted by a multimedia ad campaign that plays on nursery rhymes and old Burma Shave jingles. "Turtle beats hare," one billboard will read, with the next one saying, "Stuns crowd." ■

DirecTV's car line

Sat TV provider invests \$50 million in auto radio service

By Elizabeth A. Rathbun

It's no big leap from a TV in the living room to the radio in your car, according to DirecTV.

The home-satellite TV provider is investing \$50 million in XM Satellite Radio Inc. to help launch the subscription-only, satellite-to-car radio service. XM will till DirecTV's subscriber base of more than 7 million (including Primestar) and benefit from DirecTV's billing, encryption and customer-service expertise. In return, DirecTV will get about five of XM's 100 digital-quality channels for its own audio programming, XM President Hugh Panero said.

"We really see this as a natural extension of our leadership in developing and delivering satellite-delivered entertainment," DirecTV spokesman Bob Marsocci said. "We see many benefits and opportunities with this investment." That includes creating content for XM channels, he said.

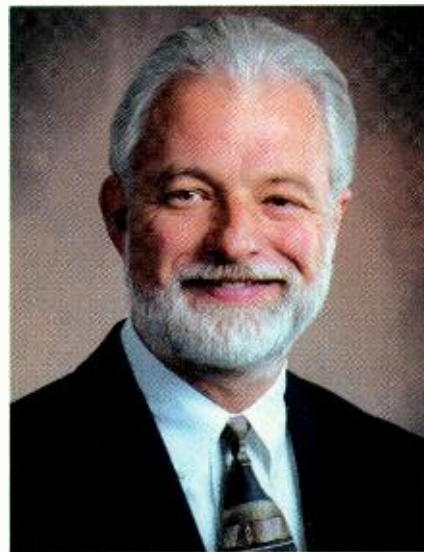
Added DirecTV President Eddy Hartenstein: "XM will offer commuters fresh, new satellite-direct audio entertainment options much like

DirecTV has done in delivering unparalleled choices in multichannel entertainment."

"What they're doing is thinking long-term," toward the day five or six years from now when satellite-TV subscription growth tapers off, William B.F. Kidd, vice president and senior analyst with CE Unterberg, Towbin, said of Hughes. "It's a smart move to see other business lines to sustain growth."

Under one scenario advanced by analyst Robert B. Kaimowitz, managing director of ING Baring Furman Selz, charges for both DirecTV and XM service could be combined on one bill. XM expects to charge less than \$10 per month for its radio service. DirecTV customers provide a perfect pool of potential XM subscribers because they're used to getting better-quality entertainment service over satellite. "They're already over that hump," Kaimowitz said.

Other new XM partners also were announced last Tuesday. Together, the \$250 million they pledged seems to get XM off the ground. Service launch is



Hartenstein: 'XM will offer commuters fresh, new satellite-direct audio entertainment options much like DirecTV has done...in multichannel entertainment.'

not scheduled until the end of next year.

DirecTV's ultimate parent, General Motors Corp., invested \$50 million and said it will exclusively offer AM-FM-XM-compatible radios in its cars and trucks starting with model year 2002. GM is the nation's largest auto maker.

Another investor, Clear Channel Communications Inc., the nation's third-largest radio group in terms of revenue (according to BIA Research), invested \$75 million. Like DirecTV, Clear Channel will get some XM chan-



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nels; cross-promotional opportunities likewise will be explored. Besides its 625 radio stations, Clear Channel owns 19 TV stations and has some 302,000 billboards in the United States and overseas.

Another \$75 million is coming from an investment group comprised of Columbia Capital, Madison Dearborn Partners and Telcom Ventures LLC.

In related action last week, main XM shareholder American Mobile Satellite Corp. (of which Hughes owns about 20%) bought the remaining 77% of equity and debt interests in the company from WorldSpace Inc., which plans to offer a satellite-to-car service overseas.

The announcement of \$250 million worth of investments marks "a major milestone for...the satellite radio industry," Kaimowitz said. Kaimowitz covers DirecTV and XM's only competitor, CD Radio Inc., which plans to launch its service at the same time as XM. And the fact that GM will offer XM in its cars is "huge...the brass ring." ■

AT&T's got the unbundling blues

Oregon court throws a wrench into company's plan

By Price Colman and Bill McConnell

In its legal battle with Portland, Ore., over open access, AT&T is facing a situation with Vietnam War-like overtones: A battle the company thought was an easy win is turning into a morass AT&T can't seem to exit without serious repercussions.

Although Internet access is the focal point, AT&T officials privately acknowledge the implications are more far-reaching. The great fear is that

they'll be forced to open their cable network to all competitors, including those in voice and video, as well as data.

That would mean the long-distance giant spent \$119 billion on cable properties only to have squatters given legal access.

AT&T sued officials in Portland and surrounding Multnomah County earlier this year after they required AT&T to open part of its cable network to competing Internet service providers such as America Online. Even though the Federal Communications Commission decided in January that the nascent cable broadband market should not be burdened with unbundling requirements now, Federal District Judge Owen Panner's June 4 ruling gives Portland that authority.

AT&T says the ruling is a catch-22 because the company's contract with @Home grants @Home exclusive distribution rights on AT&T's cable network.

"They have put in place an ordinance we cannot comply with legally or technically," says James Cicconi, AT&T's general counsel. "It is not a condition with which we can comply and still deploy the @Home offer. The real losers in this decision, until it's overturned, are the people of Portland."

In response to AT&T's vow to withhold @Home, Portland officials are considering opening the city's non-exclusive cable franchise to a second operator.

"Since AT&T announced the policy to not offer @Home, there's been some discussion about [searching] for another cable operator," says Marshall Runkel, assistant to Portland City Commissioner Erik Sten, the commission's liaison with the Mount Hood Cable Regulatory Commission. Revoking AT&T's 100,000-subscriber franchise is another option, Runkel says.

AT&T's threat puts the company on shaky legal ground, says Washington attorney Nicholas Miller of Miller &



CABLE'S TOP 25

PEOPLE'S CHOICE

While the New York Knicks scored well on court, TNT scored well in the cable ratings. The NBA playoff game ranked No. 2, with a 6.1 rating/10 share.

Following are the top 25 basic cable programs for the week of May 31 - June 6, ranked by rating. Cable rating is coverage area rating within each basic cable network's universe; U.S. rating is of 98 million TV households. Sources: Nielsen Media Research, Turner Entertainment.

Rank	Program	Network	Day	Time	Duration	Rating Cable U.S.	HHs (000)	Cable Share
1	WWF Wrestling	USA	Mon	10:00P	65	6.7 5.1	5041	11.1
2	NBA/Knicks/Pacers	TNT	Tue	8:28P	186	6.1 4.6	4589	10.0
3	WWF Wrestling	USA	Mon	9:00P	60	5.8 4.4	4363	9.0
4	NASCAR/MBNA Platinum..	TNN	Sun	12:30P	240	4.5 3.3	3317	11.9
5	WWF Wrestling	USA	Sun	7:00P	60	4.0 3.1	3059	7.8
6	WCW Monday Nitro Live!	TNT	Mon	8:00P	60	3.7 2.8	2806	6.3
7	WCW Thunder	TBS	Thu	9:04P	66	3.5 2.7	2724	6.1
8	Movie: 'Lone Star'	TNT	Sun	8:00P	180	3.4 2.6	2599	5.7
9	WCW Monday Nitro Live!	TNT	Mon	9:00P	60	3.1 2.4	2350	4.9
10	WCW Monday Nitro Live!	TNT	Mon	10:00P	64	3.0 2.3	2249	5.0
10	Rugrats	NICK	Sat	9:30A	30	3.0 2.2	2229	10.3
12	Rugrats	NICK	Tue	7:30P	30	2.9 2.2	2171	5.3
12	Movie: 'Secret Between...'	LIF	Sun	4:00P	120	2.9 2.1	2137	7.0
12	Toon Heads	TOON	Sun	9:00P	30	2.9 1.6	1623	4.5
15	Movie: 'Striking Distance'	USA	Fri	9:00P	120	2.8 2.2	2143	5.1
16	WCW Thunder	TBS	Thu	8:05P	59	2.7 2.1	2068	5.2
16	MLB/Mets/Yankees	ESPN	Sun	8:00P	203	2.7 2.0	2022	4.6
16	Law & Order Marathon	A&E	Mon	5:00P	60	2.7 2.0	2001	6.8
16	Law & Order Marathon	A&E	Mon	7:00P	60	2.7 2.0	1991	5.5
20	Hey Arnold	NICK	Wed	8:30P	30	2.6 2.0	1955	4.4
20	Law & Order Marathon	A&E	Mon	3:00P	60	2.6 2.0	1949	6.9
20	Hey Arnold	NICK	Wed	8:00P	30	2.6 1.9	1934	4.6
20	Rugrats	NICK	Wed	7:30P	30	2.6 1.9	1920	4.9
20	Law & Order Marathon	A&E	Mon	4:00P	60	2.6 1.9	1913	6.8
20	Law & Order Marathon	A&E	Mon	6:00P	60	2.6 1.9	1905	5.8
20	Tom & Jerry	TOON	Sun	9:30P	30	2.6 1.5	1486	4.0

Van Eaton, part of Portland's legal team. "They risk violating antitrust laws if they use threats to force cooperation with monopolistic behavior," he says.

While granting a second franchise may be little more than saber-rattling—competitors attracted to the market would already be there—it underscores what could be at stake for AT&T.

Other cities may be emboldened to impose unbundling on the company's pending merger with MediaOne now that a federal court has supplied legal rationale, Miller says. "Cities with Media One franchises can't avoid the issue," he says. "This really is a catalytic event in terms of forcing federal and local officials to figure out what the policy ought to be."

Cicconi is confident AT&T will win on appeal, though he acknowledges Panter's ruling was a surprise. "Did we expect this? No," he says. "In a case you don't even consider to be close on the law, you don't expect the court to reach such a result."

But Miller and David Olson, director of the Mount Hood Cable Regulatory Commission, are equally confident Panter's decision will be upheld.

"They will lose on appeal," Olson says. "The messaging from AT&T to shareholders and financial analysts had only to do with saving the stock price. The chances of being overturned in the 9th Circuit are very unlikely. AT&T and its attorneys have entirely botched

the case, misread the law, misread the record and for the sake of their business plan have entirely bollixed the case. At this point, the judge has agreed with us that the emperor has no clothes."

It could easily be a year before there's a decision on the appeal and in the meantime, Miller says, the Portland decision is essentially the law of the land in nine western states including California, Oregon and Washington. "A lot of business decisions will be made during the next year," he says.

The nature of the debate has moved beyond the simple question of whether bundling can be required to how it should be implemented, says Scott Cleland, an analyst with Legg Mason's Precursor Group. "At least for the next year or two, local guys know they have authority. [FCC Chairman William] Kennard already says he has authority," he says. "Now the debate will be about whether this is good public policy and how to make open access rules technologically feasible." ■



Cicconi: "In a case you don't even consider to be close on the law, you don't expect the court to reach such a result."

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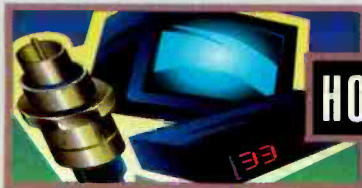
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HOOKED UP

By Nolan Marchand

CAB expects record-breaking summer

Basic cable prime time viewership will surpass the four major broadcast networks for the first time this summer, the Cable Advertising Bureau predicts. According to CAB estimates, ad-supported cable's average U.S. household prime time delivery for June through August, 1999, will reach 25.1 million—9% more than the same period last year. Ratings are projected to rise 7%, or 1.7 points to 25.2, while share will be up 6%, or 2.6 points to 46.8. Conversely, the CAB anticipates an 8%, or 1.8 million household delivery drop in aggregate viewership for ABC, CBS, NBC and Fox.

USA Networks names programmer

Tim Krubsack has been tapped to fill the newly created position of director, nonscripted and off-prime programming at USA Networks. Krubsack will be in charge of reality and alternative programming for both USA Network and the SciFi Channel. He'll also be responsible for identifying new producing, writing and directing talent. Krubsack was most recently an associate producer and production manager for the MTV series *Road Rules*, and associate producer for *The Real World/Road Rules Challenge*.

News America adds Planetrx

News America Digital

Publishing, News Corp.'s digital ventures unit, acquired a minority stake in online pharmacy PlanetRx. PlanetRx gets cash and promotion on Fox outlets for the next two years, according to James Murdoch, NADP president. He says the move complements the imminent launch of The Health Network, a joint venture between Fox's fit tv and America's Health Network. NADP is planning to build more of a presence for News Corp. in sports, finance and other areas through internal development and similar acquisitions, Murdoch says.

Systems serve up Food to 40 million

Food Network has reached the 40 million mark. The Scripps Network-owned cooking channel is now available to 40 million subscribers, thanks to a June 1 launch on a Cox Communications system in Las Vegas to 250,000 homes. Additional carriage on deck for Food includes a 220,000-subscriber Media One system in Minneapolis/St. Paul; a 180,000-subscriber Charter Communications system in St. Louis; and two AT&T (TCI) systems, one in Merrillville, Ind., with 100,000 subscribers; the other a 180,000-subscriber system in Salt Lake City.

MediaOne launches telephone service

MediaOne is launching its digital telephone service

in eight Massachusetts communities including Newton, Needham, Wellesley, Watertown, Dedham, Sherborn, Weston and Wayland. With the addition of the 70,816 homes in those communities, MediaOne Digital Telephone Services is available to 40 Massachusetts communities encompassing 326,000 households. MediaOne plans to offer local telephone services to more than 1 million households in its Northeast service area. MediaOne also offers telephone service over its cable plant in Atlanta; Jacksonville and Pompano Beach, Fla.; Los Angeles; and Richmond, Va.

Oxygen adds senior executives

Internet and cable network start-up Oxygen Media has added several senior executives to its sales and marketing team. As expected, Mary Murano joined Oxygen as the senior VP for affiliate sales. She was formerly executive VP, distribution and affiliate marketing at AMC Networks. Laurie Benson was named senior VP for advertising sales. She was formerly VP, advertising sales of Home & Garden Television. Tricia Melton has been named VP for consumer marketing. She joins Oxygen from the Food Network. Michael Boyd was appointed VP for distribution marketing, joining from Discovery Communications.

Senior management changes at TV Guide

TV Guide Inc. executives Joe Kiener and Peter C. Boylan III are assuming additional responsibilities and titles after the departure of Anthea Disney, who had been TV Guide Inc.'s chairman-CEO. Kiener, who had been president of TV Guide Inc. and chairman of TV Guide Magazine Group, will take over Disney's position. Boylan, previously executive VP of TV Guide Inc. and chairman-CEO of TV Guide Entertainment Group and United Video Group, was named president-chief operating officer of TV Guide Inc., reporting to Kiener. Kiener and Boylan retain their board positions. The exit of Disney, a veteran News Corp. executive who had helmed TV Guide Inc. in the four months since its merger with United Video Satellite Group, had been planned from the beginning but apparently was accelerated. It's unclear whether that was because Disney had accomplished her mission of replicating the TV Guide brand in online and interactive program guide environments or because the executive triumvirate of Disney, Kiener and Boylan was unwieldy. Disney, who's highly thought of at News Corp., was named executive VP with responsibility for multimedia content and distribution.

Worldgate crosses into China

WorldGate has reached an agreement with the Chinese government that will allow it to launch its Internet-over-TV service this summer in the Hunan province.

Exciting cable operators

Pushing rollouts of high-speed Web service is just part of new Excite@Home exec's job

By John M. Higgins

Exclusive access to a cable operators' customers doesn't do Excite@Home much good if the high-speed Internet service can't reach subscribers.

So while friction with challengers attempting to get access to cable operators' data pipe is catching the most attention these days, new Excite@Home President George Bell's big task is to get the service rolled out and keep users interested in the Internet service's content.

For all the cable industry and stock market's enthusiasm regarding the @Home Internet service, the company has been pretty slow to actually get customers. Customers who do get the service installed have complained loudly of problems. That has some MSOs complaining as well, notably Cablevision Systems Corp., whose CEO James Dolan has complained about Excite@Home executives' lack of "focus."

And even the customers who are happy don't spend much time browsing @Home's content, the most valuable part of most Internet companies. They go off to surf the rest of the Net, leaving @Home behind. That, in turn, could create problems holding on to customers.

"Bell's got to come up with content to put across this stuff," says Sanford Bernstein & Co. analyst Tom Wolzien. "Will people get high-speed merely to get high-speed? Or do they want special content to come with it?"

Now that At Home Corp.'s \$7 billion acquisition of Excite Corp. has put Bell in charge of the combined companies' operations, he acknowledges that he's got a lot of work ahead of him. He defends @Home's service, saying that many of the system clogs stem from "customer abuse," such as subscribers running servers offering pirated MP3 music files to all comers.

But that's not the company's only response. "Our challenge is to meet and exceed subscribers' expectations,"



Bell: 'I don't relent on a business where a customer gets to vote all the time on whether to stay with you for another month.'

says Bell, a former TV and magazine executive. "I don't relent on a business where a customer gets to vote all the time on whether to stay with you for another month."

But the company hasn't been meeting Wall Street's expectations. @Home serves around 460,000 cable customers, about half what analysts were predicting a year

ago. Penetration of @Home affiliated systems that have been upgraded to carry high-speed Internet is a measly 2.3%. And the greatest successes are found in Canada with Rogers Cablesystems, not with U.S. affiliates like AT&T Corp., Comcast Corp. or Cox Communications.

The key obstacle to @Home's growth is that operators simply aren't turning the service on in many systems. Rebuilds are still in progress. Installations are slow and expensive, with a cable tech and a computer tech in many cases spending four to six hours hooking up a single customer. Until cable modems are widely and cheaply available in computer stores, operators carry a lot of capital cost in leasing subscribers' equipment.

Once operators actually roll out the service, Bell said Excite@Home needs to improve methods of motivating a system to push it.

At the same time, Excite@Home plans to find ways to develop Web-based marketing assets. Its most likely customers, after all, are already surfing the Internet heavily. "We need to think about how to use the Web in more efficient ways," Bell said.

The key to the Internet service's growth, he contends, is exploiting Excite's existing content and user base. The "portal" has 28 million registered

users dropping in at least monthly for news, stock quotes or to use the search engine at the core of its operation.

Bell is in an unusual situation. Usually if the CEO of a selling company even bothers to pretend he's sticking around, he gets a board seat, maybe a do-nothing vice chairmanship and a quick payout on his stock options.

But Bell is staying on as president and essentially the combined companies' top operations officer. Chairman and CEO Tom Jermoluk remains but takes more of a "strategic" role in Excite@Home, leaving much of the day-to-day on Bell shoulders. Excite@Home executives maintain that this is a long-term arrangement.

"The thing that I bring to it is the perspective that comes more from the marketing and media side," Bell said. ■

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TW weatherizes Tampa

With WSI, cable system offers digital weather channel as complement to news channel

By Glen Dickson

Time Warner Cable has teamed with Weather Services International (WSI) to launch a 24-hour weather channel as part of its digital service in Tampa, Fla.

Bay News 9 Weather Now by Intellicast is designed to complement the system's existing local news channel, Bay News 9, by providing local and national weather with updates every five minutes.

The weather service includes local weather maps prepared by Bay News 9 meteorologists; local radar; national weather maps with voiceovers by WSI; resort forecasts; weather almanac information (tides and sunrise/sunset); and airport delay updates.

According to Bay News 9 VP and General Manager Elliot Wiser, the service will be upgraded this summer to include video inserts with Bay News 9 talent as well as commercial content. Bay News 9 Weather Now won't have long-range forecasts or severe weather coverage. That will remain on parent channel Bay News 9.

"We don't want to cannibalize our very successful news channel," says Wiser.

Instead, Wiser sees the new weather service as a brand extension of Bay News 9, much as CNN Headline News is a brand extension of CNN. "That's one of the things that's exciting about digital tiers," he says. "You're able to do things like this."

Time Warner and WSI will be demonstrating the Tampa service to Time Warner operators this week at the NCTA convention in Chicago, and Time Warner plans to roll out similar local weather channels in other markets using WSI's technology, says Kirk Varner, vice president of news services for Time Warner Cable. While Varner won't disclose which Time Warner markets will get the Intellicast service next, likely suspects are Orlando, Fla., Rochester, N.Y. and New York City, which all have 24-hour cable news channels, and Austin, Texas, which is getting a 24-hour news channel this summer.

"Our desire is to take the 24-hour

local news content and expand on that," says Varner. "Or in some markets where we have not put a news channel, this is a way to get original content."

The WSI Intellicast service is also a way for Time Warner systems to compete against The Weather Channel's local forecasts, which air every 10 minutes. "The main difference between what we see at The Weather Channel and what we see on this service is that it's obviously more geared to the local area," says WSI VP of Operations Jim Menard. "This is basically weather on demand. Certain pieces of local information are always showing up on the sides, continuously."

While WSI is also a weather data supplier to The Weather Channel, that's not stopping the Billerica, Mass.-based

cable systems reaching 2.5 million total subscribers have installed AccuWeather's "Local Cable Weather" product. Myers says the AccuWeather hardware costs \$4,800 to install and the monthly service fee is based on system size. A service for a 100,000-subscriber system runs about \$1,000 per month.

"They can sell ad banners and pay for the cost in a matter of days to break even," says Myers. "Its advantage over The Weather Channel is [operators] have to pay The Weather Channel and they only get a limited number of local avails."

In the face of increasing competition for local weather, The Weather Channel has developed its own local cable weather product, Weatherscan, that it markets as an additional service to its 24-hour national network. Different versions of Weatherscan can support local weather, local radar, lifestyle information, traffic updates and Spanish-language information.

Weatherscan, however, is only available to a system if it already carries The Weather Channel 24-hour network. Like the network, Weatherscan offers operators two minutes of local avails per hour. Two versions of the service—one offering local forecasts and one offering local radar—are being offered free to affiliates until 2002. The more advanced Weatherscan services are available for "pennies per month per sub," says Bahn Stanley, executive VP of local, digital and new media for The Weather Channel.

"Weatherscan was announced based on demand from customers who like to have a dedicated channel for local information," Stanley adds. "It differentiates them from the satellite product, and [operators] are looking for programming to fill up their channel capacity as they rebuild and move to digital."

While Stanley acknowledges the competition from WSI and AccuWeather, he doesn't think those local services compete with The Weather Channel's core programming. "We think about what consumers like," says Stanley. "Some people just want local weather, but a lot of them want an explanation of the weather. We're trying to meet both those sides." ■



The service includes local weather maps prepared by Bay News 9 meteorologists; local radar; national weather maps with voiceovers by WSI; resort forecasts, weather almanac information.

company from going after the local cable market. WSI has also developed a generic local cable product that it will be showing at NCTA. Like the Time Warner service, it runs on a headend server that can be updated remotely by WSI via satellite or land lines and can be easily configured to include local branding and advertising content. Menard says WSI is also interested in marketing local cable weather products to digital broadcasters, who could offer a 24-hour weather service as part of their DTV multiplexes.

AccuWeather, WSI's chief competitor for both weather data and weather graphic systems, is also targeting cable operators. According to AccuWeather President Dr. Joel Myers, some 20

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CBS returns to Loral satellites

Will use Telstar transponders for affiliate programming distribution and SNG

By Karen Anderson

CBS has a new satellite home: Loral Skynet. Under a long-term deal announced last Thursday, the network will use the Telstar system to send programming to affiliates and to exchange news among them.

The network will use seven C-band transponders on Telstar 6 and three C-band transponders on Telstar 4 to distribute programming to affiliates, including all National Football League games. CBS will use two Ku-band transponders on Telstar 6 satellite for Newspath, which provides its affiliates and overseas partners with live and breaking news.

CBS was a Loral customer in the "early days" before it moved its traffic to PanAmSat's Galaxy satellites, says Loral Vice President of Sales and Marketing Joan Byrnes. "CBS was a really

good customer. They moved onto another satellite system, but we always tried to maintain good relationships with them." CBS worked with Loral over the past year to develop digital satellite newsgathering, although it was no longer a customer, Byrnes adds.

Loral's gain is PanAmSat's loss. The network had been leasing transponder space on its Galaxy 4 and Galaxy 7 birds and moved to Galaxy 6 and 7 as a temporary solution when Galaxy 4 failed in May 1998. CBS still has space on PanAmSat's birds for Newspath and has entered a long-term agreement with GE Americom for extra space on GE-5.

According to CBS Executive Director of Affiliate Services Mel Olinsky, neither GE Americom nor PanAmSat was able to accommodate CBS' plans for news and programming distribution, in part because

launches were delayed as a result of hardware problems. Olinsky says the network maintains strong relationships with both PanAmSat and GE Americom, but "was forced to make other arrangements."

"On the occasional use side, it's no big deal," Olinsky adds. "But we needed long-term capacity. We're looking at 14, 15 years down the road to the end of life of the satellite and for us to make some decisions and to get something now because we have some immediate projects that are in the works."

CBS will also gain additional transponder space by migrating Newspath from C-band analog to Ku-band digital. "It's one more step in the transition to digital where we can control our destiny better by using our own capacity up in space rather than having to buy capacity when there's breaking news," Olinsky says. ■

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Digital TV at 2,000 feet

Chicago stations consider tower on what would be world's tallest building

By Karen Anderson

A consortium of Chicago broadcasters' search for a permanent home for their digital television antennas may take them to new heights.

The Chicago Digital Broadcasters Committee is talking to developers of what would be the world's largest building. European American Realty last Monday filed plans with the Chicago zoning administration to build a 112-story skyscraper that would stand 1,537 feet tall at 7 South Dearborn Street and would be topped by two 463-foot towers.

"Our intent is to bring digital transmission—the best digital signal—to

the Chicago viewers as soon as possible," says Fran Preston, WLS-TV programming director and spokeswoman for the broadcasters' consortium. "And wherever that best signal is going to emanate from, we want to be part of it; this looks like an exciting project on the world's tallest building, and that's why we signed this nonbinding term sheet."

While broadcasters say European American Realty's proposal is encouraging, they say they are not close to a deal. "Nothing's changed," says WGN-TV chief engineer Mark Drazin. "We're just glad to see that there's some movement here and we will watch expectantly."

One station source says the committee is concerned that the developers'

press release, which said they have an agreement "backed by a nonbinding term sheet" may be misleading. "Stations have not made any official backing and are neutral at this point," the source says.

European American had no comment.

WLS-TV's Preston adds that many stations who already have analog antennas on Sears Tower are continuing to negotiate for additional antenna space there to support DTV. Even if the European American building is approved, Preston says it would be about three or four years until it is built. "We intend to be up on Sears Tower before that," she says. "The two really don't cancel each other out." ■



CUTTING EDGE

By Glen Dickson

Tek to consolidate, cut 200 jobs

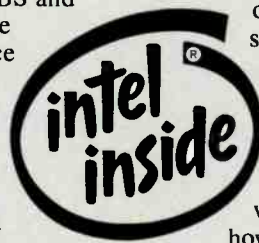
Amid rampant speculation that its Video and Networking Division will be sold or spun off to management, Tektronix has decided to consolidate the division's operations in Grass Valley, Calif., where Tektronix' Grass Valley switchers and routers are currently manufactured. The move will result in the closing of the Profile video server manufacturing plant in Beaverton, Ore., and the elimination of 175 to 200 jobs, according to Tek VND President Tim Thorsteinson. One hundred of the layoffs will be in Oregon, where only a small Profile engineering team will remain. While Thorsteinson says the consolidation

is designed to streamline VND's operational costs and make its manufacturing and customer support more efficient, analysts say the move simply makes it more attractive to a potential buyer. "This makes it much easier for them to sell it," says Timothy Carley, an equity analyst with D.A. Davidson & Co. in Portland, Ore. "The likelihood that they keep the division is slim to none; I think it either gets sold or spun out."

PBS to expand enhanced DTV

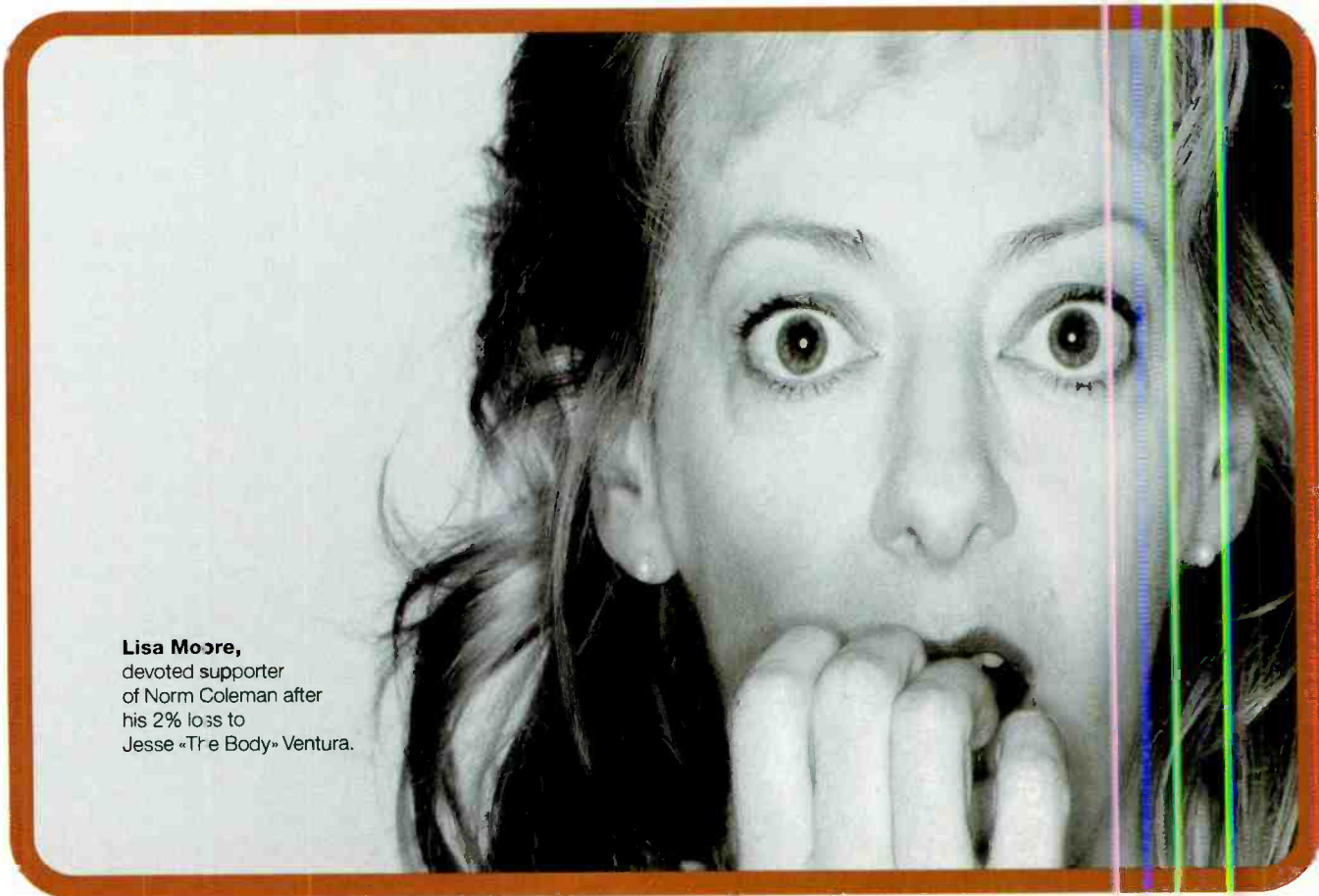
PBS says it will collaborate with Intel Corp. to start broadcasting enhanced digital television content 24 hours a day next spring. Accord-

ing to PBS Executive VP John Hollar, PBS and Intel will create tools to produce enhanced content that will be delivered with multiplexed standard-definition program streams as well as HDTV programming. The two companies have already collaborated on two enhanced programs: a documentary on Frank Lloyd Wright and the children's show *Zoboomafoo*. Hollar says PBS' enhanced content sent in the DTV spectrum may not always be directly related to programming, but may instead be "PBS-style content" such as Web material that "rides along" with DTV program streams for



reception by personal computers.

Hollar says that PBS producers are creating 240 Web sites this year alone, which would be prime candidates for enhanced broadcast. PBS is developing a minimum of four SDTV services including PBS Kids, a children's educational channel; a "lifelong learning" channel with self-help and how-to programs; a more formal adult education channel aimed at distance learning; and perhaps a channel of time-shifted prime time programming. PBS is also confident of being able to fit both an HDTV picture and ancillary data within the 19.4 Mb/s DTV broadcast stream. "Our engineers are developing a bit budget, and they're pretty comfortable a data space will be available even in a hi-def broadcast," says Hollar.



Lisa Moore,
devoted supporter
of Norm Coleman after
his 2% loss to
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Disney recasts Web tactics

Disney tries to stay in the online race by buying Infoseek and pooling its Internet assets

By Richard Tedesco

It's not a happy kingdom in the realm of Disney's Internet business. Its Go Network hasn't sparked the Web traffic it was supposed to, and Disney is looking to light a fire under its six-month-old search engine.

Disney's perceived need to impose a new order is likely to translate into tighter control over Infoseek and its other Internet assets. That was the import analysts saw in Disney's announced intention last week to buy the 57% of Infoseek it doesn't own and spin its Net assets into a tracking stock.

At issue is the lackluster performance of Go against the rising profiles of Yahoo and Excite in the super competitive online portal space. "There is a measure of dissatisfaction with the progress of the Go Network to date," says Chris Charron, Internet analyst with Cambridge, Mass.-based Forrester Research.

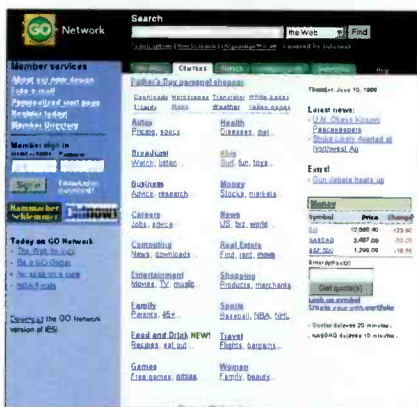
Charron sees Disney's play to acquire all of Infoseek as a tactic to re-energize the Go Network.

While Yahoo and America Online continue to distance themselves from the rest of the portal pack, Go is still in a tight third-place tussle with Excite for mid-tier supremacy, Charron says. "The race is close to being over, but it's not over yet."

Disney's scenario is to pay for the balance of Infoseek with a class of Disney stock that would track a combination of Internet assets, including Infoseek, Disney.com, Disney Blast, ESPN.com and the ABC properties. It's the same strategy NBC and CBS are pursuing with the imminent creation of stock issues based on their respective Internet assets.

"It creates a public vehicle, and you don't dilute the Disney stock or the Disney brand," says Rich MacDonald, an analyst for J. P. Morgan & Co. "Disney.com, ESPN.com and ABCNews.com are really strong sites. That value is going to find its way back into the market."

But there also is a perceived undercurrent of a clash of corporate cultures at work. "There's probably some dissatisfaction because you have a big media



Go hasn't gotten the response Disney hoped for since its launch.

company against an entrepreneurial company," MacDonald observes.

Harry Motro, Infoseek president and CEO, put a positive spin on the talks with Disney last week, describing them as an effort to "extend the vision of our strategic relationship" as they sought to

pool their Net assets "further integrating and leveraging these properties."

Meanwhile, Jake Winebaum, chairman of Buena Vista Internet Group, resigned his post to start an Internet venture company with Sky Dayton, chairman of Earthlink Network, an Internet service provider. The sudden departure of Winebaum, who oversaw the Go Network, further suggests Disney's dissatisfaction with its performance. (Steve Wadsworth, senior vice president and CFO for BVIG, replaces Winebaum.)

Analysts, pointing to low traffic for Go and NBC's Snap portal, also question any network's ability to create and sustain new brands on the Web. "The TV networks have an excellent complementary promotional vehicle, but they can't just take a new brand and launch it," says Peter Krasilovsky, an analyst with the Kelsey Group in Princeton, N.J. "The portal marketplace hasn't been a big winner for these guys." ■

Amazon gets more tuneful

Amazon.com is digging deeper into the online music business, offering free digital music downloads for Net surfers.

Making some full-length tunes available for free signaled the online music retailer's intention to segue into the digital delivery mode for paid music downloads when that becomes a reality. After entering the business just one year ago, Amazon.com is currently vying with CDNow.com to be the Internet's leading music retail outlet.

Established online music sellers could enjoy a distinct edge in the market when music downloading clears copyright hurdles posed by the major record labels and their secure digital music initiative. "It certainly indicates how broad the distribution of digital music is going to get," says Kevin Hause, digital media analyst for International Data Corp. (IDC). "Once we have the stands in place and the record companies get behind this, the market is going to favor the large online sites and players such as Amazon."

Last week Amazon.com made 20 full-length tunes available for digital downloading in the Liquid Audio and MP3 formats from a number of artists, including Lyle Lovett, Randy Newman, Cowboy Junkies, Sarah McLachlan and Robert Cray. The high-quality downloads—including some tunes not yet released—are a step up from the low-grade 30-second samples Amazon had been offering.

"Free downloads are a great way for listeners to discover new music and a superb way to promote artists and their CDs," says Jennifer Cast, general manager of Amazon.com's music store.

Amazon.com made \$50 million in music sales between June and December last year, compared to the \$56 million in sales for the full 12 months recorded by CDNow, which has since merged with N2K Music Boulevard.

—Richard Tedesco



PBS



DIRECTV



KRON



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HP's new MediaStream servers show that no other broadcast product manufacturer has a better understanding of the trends in broadcast technology than HP. To receive a copy of HP's white paper, *Five Hot Trends That Will Impact Your Broadcast Business*, and to get a head start on the future of broadcasting, call us at 1-800-452-4844, Ext. 630. Or visit our Web site:

<http://www.hp.com/go/broadcast>

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SITE OF THE WEEK

www.comedycentral.com



Comedy Central Viacom/Time Warner New York

Site features: Archive of streamed clips from several Comedy Central series, including headlines from *The Daily Show with Jon Stewart*, *South Park*, *Dr. Katz*, *Upright Citizens Brigade* and *The Odd Couple*; games, including an *Absolutely Fabulous* interactive shopping spree game; merchandise store

Site launched: July 1995

Site director: Larry Lieberman, vice president, strategic planning

Number of employees: 4

Site design: in-house

Streaming technology: RealVideo

Traffic generated: averaging 20 million page views monthly from 2.5 million visitors

Advertising: banner ads, sponsorships

Revenue: projecting \$1.5 million in '99 ad revenues; sold \$1.5 million in merchandise over past year

Highlights: Downloads of South Park images and the clever things those kids say continue to be biggest draw, along with the headlines from the Daily Show; recent South Park movie sweepstakes contest drew 750,000 entries

—Richard Tedesco

Road Runner gets video legs

ChannelSeek deal boosts video links to streaming sites

by Richard Tedesco

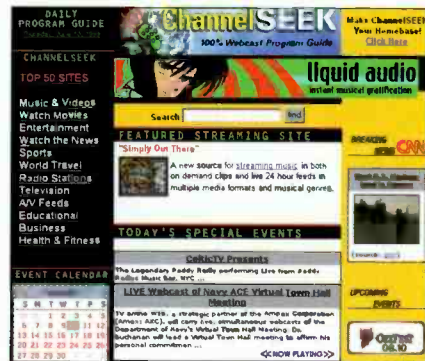
Road Runner struck a deal with ChannelSeek last week to give Road Runner subscribers ready access to video entertainment online.

Road Runner and ChannelSeek, a Web video aggregation site, will create a version of ChannelSeek customized for high-speed broadband delivery. ChannelSeek offers access to concert Webcasts from the House of Blues and RollingStone.com along with content from CNN Interactive, TV on the Web, Pseudo and other video streaming sites.

Road Runner, the Time Warner/MediaOne high-speed Net access service, has been enlivening its video links lately with other deals, including a strategic partnership with Launch Media, one of the Internet's premier new music venues, and Brilliant Entertainment, which produces multipath animation online.

Launch programs concert Webcasts, artist interviews and music videos. Brilliant's interactive animation movies feature pop cult characters, including Xena the Warrior Princess and Popeye.

All three deals are aimed at drawing



ChannelSeek streams Webcasts of concerts from House of Blues.

a younger demographic tuned into music content and cutting edge animation, according to Rebecca Paoletti, vice president of programming for Road Runner. "Programming that's kind of edgy and in-your-face is a good way to get kids on board," she says.

Paoletti says Road Runner is looking to showcase partners with new and innovative content and technology to build its audience.

Launch will encode its video content, including concerts, artist interviews, music videos and downloadable music tracks, at 300 kb/s to optimize delivery over Road Runner.

Road Runner currently claims more than 250,000 subscribers.

Launch, which also has a similar partnership in place with @Home, claims more than 1 million registered users for its site (www.launch.com). ■

News Corp.'s online prescription

News Corp. wants to cultivate a healthy following online. News America Digital Publishing took a minority stake last week in PlanetRx, an online pharmacy, as a counterpoint to its imminent on-air launch of The Health Network this summer.

"It complements the health-and-wellness channel," says James Murdoch, president of NADP, News Corp.'s digital media arm.

Health sites are increasingly popular destinations for Web surfers.

Murdoch says the deal, which involves a cash payment to PlanetRx and two years of promotional time on News Corp. outlets, also reflects News Corp.'s online commitment. NADP will seek to build on its online sports content and will develop financial content and other subject areas through international development and minority equity plays, according to Murdoch.

The deal comes on the heels of News Corp.'s joint venture, which will combine Fox's Fit TV with America's Health Network in The Health Network. AHN's site, AHN.com, will be relaunched as TheHealthNetwork.com next month.

NADP operates the Fox News Online and Fox Sports Online sites and is working on broadband applications for its Web properties. —Richard Tedesco

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RADIO

HELP WANTED MANAGEMENT

WMKY General Manager: Morehead State University invites applications for a position as WMKY General Manager. *Responsibilities:* Oversees the day-to-day operation of WMKY Radio; provides direction and supervises staff; ensures a program product pertinent to the needs of the community and excellence in its presentation and content; maintains the financial integrity of the station through budget development, management, and aggressive expansion of marketing, underwriting, membership, and fundraising programs; ensures compliance with local, state, and federal regulations; and performs other job-related duties. *Qualifications:* Bachelor's degree in communications, management, administration, or related field. Minimum of five years of broadcast experience, preferably in public radio, with significant supervisory responsibilities. Must be well organized and able to deal with a variety of tasks simultaneously. Familiarity with public broadcasting. *Desired Qualifications:* Master's degree in communications or related field. Experience in grant writing and/or broadcast sales. Successful experience in community outreach and fundraising. To ensure consideration, submit letter of application, resume, official transcripts, and references by July 16, 1999 to: Office of Human Resources, Attn: WMKY. Gen. Mgr. #260, Morehead State University, HM 101, Morehead, KY 40351. MSU is an EO/AA employer.

Due to growth and acquisitions in Peoria and Champaign IL, we need another good *General Manager and Sales Manager* If you have prior management experience, we'd like to hear from you. We're a radio/newspaper/direct mail company that's been in business 27 years. We don't hire often but our managers tend to stay and succeed. Bonus, 401(k), stock option. Resume to: Jim Glassman, President, Community Service Media, Box 3335, Peoria IL 61612 or fax 309-694-2233. EOE F/M.

HELP WANTED SALES

General Sales Manager: Midwest Radio Group. Small market AM. Located on beautiful Lake Michigan. Send three references and resume to Box 01551 EOE.

HELP WANTED TECHNICAL

WMNF-FM, Tampa, Florida, seeks *Radio Chief Engineer* for one person engineering department. Community, noncommercial. Lots of volunteers and vitality. Includes computer supervisory work. Call 813-238-8001 for information packet. Application review begins June 17.

HELP WANTED NEWS

WNYC/Public Radio International - Producer, Hot Ticket We seek a producer for a new weekly national public radio program on Arts and Culture. This position is located at WNYC, New York, with a combined weekly come of over 1 million, one of the most successful public radio organizations in America. Excellent editorial, organizational, and managerial skills required. Applicants should have five years progressively responsible broadcasting experience producing a weekly show. B.A. in Communications or job-related field required. Digital audio experience required. Arts background or knowledge desirable. Pay range \$50 - \$55k. **Hot Ticket Producer Search,** Livingston Associates, 4005 Iva Lane, Fairfax, Virginia 22032. For full consideration we must receive materials by July 9, 1999. Phone inquiries are welcome, call Tom Livingston, (703) 978-6970.

KQED-FM, San Francisco, Deputy News Director Become part of one of the most exciting stories in public radio in one of the most attractive cities in the world. With a news staff of 20, KQED-FM is one of the leading public news organizations in the country. The Deputy News Director is responsible for the editorial integrity and quality of our broadcast product. We are looking for a strong journalist with demonstrated leadership and people skills. Phone inquiries are welcome. Call Tom Livingston at 703-978-6970. To apply send a resume, cover letter and list of at least four professional references to: KQED Deputy News Director, Livingston Associates, 4005 Iva Lane, Fairfax, VA 22032.

HELP WANTED MARKETING

Research Manager: Katz Radio Group, the premier radio rep firm, seeks an individual with a minimum 2-4 years broadcast research or marketing experience. Along with managing a staff, this position requires ability to provide training, strategic sales support and strong agency/client contact. Send cover letter with resume and salary requirements to: Katz Media Group, Human Resources Department, 125 West 55th Street, NY, NY 10019 or fax: 212-424-6110. EOE.

SITUATIONS WANTED MANAGEMENT

Current Vice President/General Manager of six station group located in the Midwest. We started five years ago with a stand alone AM. Stations are almost sold. Young, aggressive and ready to take on new challenges in same capacity. I value and respect good people and have always worked to create a Team Philosophy. Looking for something in the Orlando area. TV considered. Please respond to
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HELP WANTED HOST

Host: Hot Ticket [working title] is a new, weekly arts and culture program for national distribution originating in New York City. Slated for launch in autumn 1999, the program is a co-production of Public Radio International and WNYC Radio. PRI, based in Minneapolis, Minnesota, is the foremost national distributor of cultural radio programs serving 629 public radio affiliate stations. WNYC is the #1 public radio station in the country with two stations that serve one million listeners. The program is centered on issues and ideas in the arts and culture, and will take listeners behind the scenes and under the surface. We hope to create a national conversation about the arts which is as vital as discussions about politics and sports. We are seeking an energetic, passionate communicator who can moderate discussions, conduct interviews, write copy and contribute ideas for the program. The candidate should be curious, intelligent, provocative, and have a sense of humor. Excellent writing, speaking and listening skills required. Candidates should have a minimum of five years broadcasting experience. A commitment to the arts is essential. To apply, send letter, resume and tape to: Gerri Ippolito, Human Resources Director, WNYC Radio, One Centre Street, 26th Floor, New York, NY 10007. For full consideration we must receive your materials by July 9, 1999. Only candidates selected for interview will be contacted.

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*****Vice President Domestic & International Sales:** A leading international television distribution company is seeking an experienced sales executive. Responsibilities include Cable, television, and home video sales in North and Latin America. The successful applicant will have a proven track record of selling and packaging product, and experience in pre-sales. Please fax resume to E. Coast office 703-256-7183.***

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Send resume/tape to: Box _____, 245 West 17th St., New York, New York 10011

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Sales Manager: The Bay Media Network seeks experienced motivated professional for immediate opening at cable insertion, local origination station and internet site. Small market; tremendous potential. Call GM at 301-475-7900; e-mail pedersen@thebaynet.com. Beautiful Chesapeake Bay location.

National Sales Manager Paramount Stations Group, WUPL-TV, UPN 54, seeks an aggressive leader for the position of NSM. Responsible for maximizing national sales efforts by working closely with national rep firm. Candidate must have good communication and organizational skills with a minimum of 3 yrs. local sales or national rep experience. Send or fax resume to: Human Resources, WUPL-TV, 3850 N. Causeway Blvd., Suite 454, Metairie, LA 70002 or 504-828-5455. WUPL is an EOE.

National Sales Manager, WFTX-TV, Ft. Myers/Naples Fox 4, an EMMIS Communications station in beautiful Ft. Myers/Naples, FL is searching for an exceptional, highly motivated individual to aggressively market our station at the national level. Candidates must possess top-notch negotiating skills, the ability to package and price inventory effectively and maintain strong working relationships with the national market place. 2-3 years national experience at the station or rep level preferred. Please forward resume to: Donita Todd, WFTX-TV, 621 SW Pine Island Road, Cape Coral, FL 33991. No calls please. EMMIS Communications is an equal opportunity employer.

Local Sales Manager (99-21) K-EYE TV, the soon-to-be CBS O&O in Austin, TX, one of America's fastest growing markets, is seeking a Local Sales Manager. Minimum of 3-5 years broadcasting management experience preferred with a successful track record in achieving billing and new business development goals. A team builder is needed with strong organizational, negotiation and presentation skills. The position calls for directing the daily activities of the local sales staff, managing multiple sales and promotional projects, and developing marketing strategies to achieve goals and maximize revenue. An excellent working knowledge of inventory management, Nielsen ratings, TV Scan, CMR, and marketing research is required. Send resume to: Tom Heston, VP Sales, Keye-TV, 10700 Metric Blvd., Austin, TX 78758. EOE.

Local Account Executive position available at WUPV in Richmond, VA., one of the fastest growing UPN affiliates in the country. This highly motivated sales person should have a minimum of two years experience in local television sales. Please send or fax resume to Sally Dayton-LSM, 4120 E. Parham Rd., Richmond, VA 23228. Fax: 804-672-6571. EOE.

Domestic & International Sales Executive: A Distribution Company is looking for aggressive Television Programming Sales Executives to operate out of New York. Requirements: At least 3 years experience in Television Sales, Basic clientele contacts, self motivated, organized, proficient in computers (PC computer skills include: Word, Excel for Windows). Some travel required. For immediate consideration, please fax over your resume to: (212) 242-0808.

HELP WANTED SALES

Internet Account Executive (99-22) : K-EYE TV, the soon-to-be CBS O&O, in Austin, TX is seeking an Internet Account Executive. Need a highly motivated, well-organized self-starter willing to take the initiative to manage, market and sell one of the country's most successful local television web sites (www.keye.com). Requirements include a thorough hands-on knowledge of the Internet, web browsing, e-mail, FTP, Telnet and other protocols as well as web site development, including site functionality with links, graphics and layout. Proficient in using File Maker Pro, Power Point, Excel and Word. Excellent writing and presentation skills with a minimum of 2-3 years successful selling experience in Internet sales preferred (web development or consulting). Knowledge of TV, marketing or media advertising sales a big plus. College degree required. Send resume to: Tom Heston, VP Sales, KEYE-TV, 10700 Metric Blvd., Austin, TX 78758. EOE

General Sales Manager Pappas Telecasting seeks a sales leader for its "Nebraska Television Network" stations. The network consists of two heavily news oriented ABC affiliates and two emerging FOX stations (LMA) in the Lincoln/Kearney/Hastings (101) market. Our ideal candidate will have strong leadership and organizational skills for use in directing the exciting growth of our stations. A strong local/regional and developmental bias along with 5 years experience in sales management will give you the background for success in this job. General sales management experience would be a plus...but an able and ready local manager might be successful. This is a terrific opportunity to have a major role in an exciting, growing situation. Please apply to: Stephen Morris, General Manager, Nebraska Television Network, Box 220, Kearney, NE 68848. (308) 743-2494. Pappas Telecasting is an equal opportunity employer.

Account Executive The WB affiliate in Austin, TX has an immediate opening for an aggressive highly motivated local account executive. Must be a high achiever with outstanding communication and presentation skills. The ability to develop significant new business is a must. Preferred applicants will have 2-3 years TV sales experience and computer proficiency. Familiarity with VCI, TvScan, and Marshall Marketing a plus. EOE. Please, no phone calls. Send resumes to: Local Sales Manager, KNVA-TV, PO Box 490, Austin, Texas 78767.

HELP WANTED TECHNICAL

Technical Director/Master Control Operator KNTV, the ABC television affiliate in San Jose, California, has an immediate opening in the engineering department for a full-time Technical Director/Master Control Operator. Qualified applicants must have experience with live, on-air switching of newscasts, plus two years of advanced schooling. Applicants must have experience in master control operations. The majority of work performed will be as a technical director. Candidate must be available to work night and weekend shifts. This person must be self-starting and highly motivated, with a high level of interest in broadcast television. Responsibilities include operation of a Sony 7000 Digital Switcher, Abekus DVE, one inch, Sony D-2, and Beta tape formats. Experience using a Sony 9100 Editor or other equivalent editors is highly desirable. Send resume to KNTV, 645 Park Ave., San Jose, CA 95110. No phone calls please. EOE.

HELP WANTED TECHNICAL

Systems Engineering: Do you want to be part of a team to create and implement the next generation of automated newsroom systems? Are you ready to take advanced computer systems one step further with the integration of Broadcast and Information Systems? Do you desire a high degree of job satisfaction by being part of a professional team? CLTV News, Tribune Company's 24-hour regional cable news and sports channel is seeking a skilled Systems Engineer. This position requires skills and basic understanding in project management, timelines, and broadcast information technology. A degree in engineering or a related field is required as well as an understanding of newsroom operations and engineering-related issues. Previous experience must include troubleshooting and repair of broadcast or information technology equipment as well as basic understanding of LANs, basic networking, and broadcast systems. We offer excellent employee benefits at our modern facility in west suburban Chicago. For consideration, fax resume with salary requirements to 630-571-0419 or mail to CLTV News, HR department, 2100 York Road, Suite 114, Oak Brook IL 60521.

KU-Band Truck Operator: Boston's fastest production and transmission facility is looking for an experienced SNG Truck operator. We are presently building a state of the art Ku-band uplink vehicle with digital and analog capabilities. We are looking for experience, client skills and a proactive personality. This is a unique opportunity for the right player to become a part of a great team. References required. Fax cover letter and resume to 617-926-1794. Call 1-800-471-5565.

Engineer: ValueVision, one of America's premier home shopping networks, has an exciting career opportunity for a qualified professional with a bachelor's degree or equivalent experience in television engineering. Supporting our Component Digital Cable Network you'll be responsible for remotely monitoring daily signals for 12 LPTV sites throughout the country; providing on-site maintenance assistance; recommending and purchasing new technology; and servicing studio/plant equipment as needed. This position requires expertise with transmitters, and involves some travel. FCC certification is preferred. We offer a full benefits package including huge merchandise discounts. Please mail or fax your resume with salary requirements to: ValueVision International Inc., 6740 E. Hadley Oak Road, Eden Prairie, MN 55344. Fax: (612) 347-5235

Director of Engineering: Dynamic opportunity for qualified individual with fast-paced growing organization. Seeking Director of Engineering to oversee all television and radio broadcast operations for the Portland Trail Blazers and its production company, Post Up Productions. This position will supervise all strategic planning, capital budgeting, equipment maintenance, and satellite transmission. In addition, this individual must be able to design and implement new equipment installation and construction. Successful candidate must have 10 years experience in television and post production engineering; at least 3 years as Director of Engineering or Chief Engineering. Bachelor's Degree in related field or equivalent combination of education and experience. Excellent communication skills are a necessity. Send resume and cover letter to: Dick Vardanega, Production Manager, Post Up Productions, One Center Court/Suite 200, Portland, OR 97227.

HELP WANTED TECHNICAL

Chyron Max Operator: Wanted for staff position with benefits in New York City for cable music channel. Must have 3 years experience with excellent creative working knowledge of transform applications. Please send resumes to: Ken, 847-A Second Avenue, P.O. Box 125, New York, NY 10017 or Fax: 212-245-5911.

Chief Engineer: TV station in attractive small Western market is seeking a chief engineer. Position requires in depth knowledge of transmitters as well as a complete understanding of microwave technology. Requires experience in transmitter and studio facility maintenance. Salary is well above norm for market size. Equal opportunity employer. Send resume to Box 01562.

Chief Engineer for Great Lakes area network affiliate. Candidate must possess strong skills and at least 5 years of studio maintenance experience. UHF transmitter experience a must. Strong computer background is required with an emphasis on networking. Will be responsible for the evaluation, procurement, and installation of station equipment. Ensure station compliance with FCC rules and company technical policies. Must have good management and communication skills. Send resume and salary requirements to Box 01561 EOE.

Audio Director: KNTV, the ABC television affiliate in San Jose, California, has an immediate opening in the engineering department for a take charge *full-time Control Room Audio Director/Operator*. The person filling this position must be experienced with live, on-air news audio board operation, plus two years of college education in television production or the equivalent of advanced schooling. Responsibilities include audio switching and mix during 3 hours of live newscasts nightly. This candidate must have vision, dedication, enthusiasm, and must be able to work closely with the newscast director, producer and technical director to achieve a cooperative effort. Applicant must take a proactive roll in achieving error free newscasts. A positive attitude is a must. Pro Tools Audio knowledge a plus. Send resume to: KNTV, 645 Park Ave., San Jose, CA 95110. No phone calls please. EOE.

Broadcast Engineer: Spend 4-6 months in Antarctica operating and maintaining an Armed Forces Radio and Television facility. Transmitter and system experience a must. Broadcast design experience a plus. Must be up to date with new technology. Proof of U.S. citizenship required. Must pass strict medical and dental exams. We offer a competitive salary, benefits, and adventure. If you're a positive thinker and enjoy new challenges, come join the team that brings Antarctica into the new millennium. For consideration, e-mail, fax or send resume to: Antarctic Support Associates, Attn: BJ/TS, 61 Inverness Drive East, Suite 300, Englewood, CO 80112; E-mail: resume@asa.org; Fax: 303-662-8770; Visit ASA's website @ www.asa.org. EOE.

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HELP WANTED NEWS

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September 17, 1999

For entry information contact:

NATOA

703-506-3275 or Email: cgreetham@natoa.org

Top north Texas NBC affiliate in "Tornado Alley" is seeking a qualified *Weather Anchor* for our morning and noon newscasts. A college degree and at least one year's experience are required. Applicant will also be responsible for maintaining our web page. Send cover letter, resume and non-returnable VHS tape to: Scott Coppenbarger, News Director, KFDX-TV, 4500 Seymour Highway, Wichita Falls, TX 76309. No phone calls. KFDX-TV is an Equal Opportunity Employer.

Television Chief Photographer KMTV, Omaha's CBS affiliate, has an exciting opportunity for a Chief Photographer. Duties include setting high visual and journalistic standards, providing constant feedback and critiques, and motivating the photography team to shoot energetic and exciting taped and live reports. The ability to function under deadline pressure, while meeting customers' needs and expectations is required. Qualifications include possession of a college degree, along with superior communication and organizational skills. Five years experience in shooting and editing television news and two years of management experience is preferred. Send resume and tape to: Janet Tidwell, KMTV, 10714 Mockingbird Drive, Omaha, NE 68127. KMTV is an Equal Opportunity Employer.

Station is seeking an Anchor/Reporter to start up a Monday-Friday 9pm newscast. Applicant should make a quick impression. A college degree and at least one year's experience behind the desk are required. Send cover letter, resume and non-returnable VHS tape to: Scott Coppenbarger, News Director, KFDX-TV, 4500 Seymour Highway, Wichita Falls, TX 76309. No phone calls. Equal Opportunity Employer.

Sports Reporter/Anchor For dominant NBC affiliate in Market 93. Shooting, reporting and back-up anchoring for our sportscasts and 15-minute sports programs on weekends. Previous reporting experience required; anchoring experience and college degree preferred. Resumes/tapes to Judy Baker, WCYB-TV, 101 Lee Street, Bristol, VA 24201. No phone calls. EOE/M/F/H/V

Promotion Editor/Producer/Writer WGAL 8, the dominant NBC affiliate in South Central PA, has an immediate opening for a skilled AVID editor with broadcast promotion experience. If your background is in news production and you want to join a great team, we want to hear from you. Send your resume and non-returnable reel to: John Baldwin, Creative Services Director, WGAL 8, 1300 Columbia Avenue, Lancaster, PA 17604. WGAL is a Hearst-Argyle Television Station and an equal opportunity employer, etc.

Sports Producer Our sports talent is the best in the west. Now we need a producer whose mission is to make him great every time out! Applicants must answer yes to all of the following questions: (1) Do you love sports - live it, breathe it, work it 24/7? (2) Are you addicted to covering every team practice, team newser, postgame locker room interview possible and developing sources so we become *the source* for breaking the Big Story? (3) Can you bring "Fox attitude" to our UPN affiliate? (4) Are you a first class electronic journalist who knows how to produce the big story in sports so it looks network caliber? (5) Can you think "out of the box?" (6) Are you a natural born leader with top notch people and organizational skills? If you have a perfect score, rush tape and resume to: KCOP-TV, 915 N. La Brea Ave., Los Angeles, CA 90038, Attn: Human Resources, EOE - No phone calls.

Reporter with 3 to 5 years experience for statewide television news organization reaching one point five million viewers daily. Some political experience helpful but not necessary. Work in big market tv from smaller city. Contact: Mike Vasilinda (mikex@flanews.com) or call 850-224-5546. Send tape and resume to PO Box 10004, Tallahassee, FL 32302.

Sports Photographer/Reporter, Department: News, Status: Full-time, WHAS11 is seeking a highly motivated individual to fill position of sports photographer/reporter. Candidate should have 3 years experience of sports reporting and be able to cover big sporting events. Other qualifications include experience with live reporting, ability to fill in as sports anchor, ability to be a creative photographer and creative story telling. College degree preferred. We cover college basketball and football, horse racing and high school basketball and football year around. Interested candidates forward resume, tape and cover letter to: Cindy Vaughan, Human Resources Director, HR #9-22, WHAS11, 520 West Chestnut Street, Louisville, KY 40202. EOE

Photographer/Editor. WSOC-TV is looking for a visual storyteller who can go off the shoulder as well as off the sticks...a creative go-getter, who can run a live truck, edit and even voice over live pictures on occasion. If you like a challenge and have a couple of years of experience on the street, then we want to hear from you. Send tape and resume to: WSOC-TV, Bill Bruce, News Operations Manager, Dept. 95, 1901 North Tryon Street, Charlotte, NC 28206. No phone calls please. EOE M/F.

HELP WANTED NEWS

HELP WANTED NEWS



Promotion Manager: Can you inspire a creative staff to brainstorm ideas that will turn into redhot promos? Can you rope and corral viewers with your branding strategies? Then a Top 40 group-owned CBS station is looking for you to grab the reins. Candidates must be strong writers, able to produce on time and on budget, understand media buying and the wonders of co-op. 2-4 years promotion experience necessary, nonlinear helpful and management experience desired. Please send resumé and nonreturnable demo tape to: Margie Candela, Human Resources, WWMT, 590 W. Maple St., Kalamazoo, MI 49008

News Director: Top 40 group-owned CBS affiliate seeks a team-oriented person to lead our news operation into the next century. Candidates must possess the vision to create compelling television news programs and effectively manage a large enthusiastic staff. Great leadership skills are a must. Significant, successful experience in television news management is required. A college degree in journalism, communications or a related field is preferred. Send resumé, tape(s), references and other support materials to: Margie Candela, Human Resources, WWMT, 590 W. Maple St., Kalamazoo, MI 49008

Newscast producer: KSBW-TV on California's magnificent central coast is searching for a producer for our top rated 6pm newscast. NBC affiliate, Hearst-Argyle Television and one of the most beautiful places to live in the nation: Monterey/Salinas/Santa Cruz. One year experience producing news; rush VHS tape and resume to: News Director, KSBW-TV, 238 John St., Salinas CA 93901

News Videographer Shoot and edit video for network affiliate news department. Must be good communicator and able to work without close supervision. Editing ability a must. A related degree and one year experience at a commercial television station news department. Not an entry level position. Send 1/2" Non-returnable VHS demo and resume. No phone calls, please. Mail to: Dan Steele, Operations and Program Manager, WPSP-TV, Paducah, KY 42002-1197. M/F, EOE.

Meteorologist & Weather Producers. Join Atlanta based team to produce innovative weather programming for delivery into Europe. Use the latest systems to produce the next generation of weather programming. Previous forecasting or graphics experience required and knowledge of European geography, climate and culture a plus. Rush Qualifications to Box 01555. EOE.

Producer: NY1 News, Time Warner's 24-hour news channel, is looking for line producers who want to work in the country's most exciting news market - New York City. We're looking for experienced producers who know what real journalism is about, who don't depend on "flash and trash" to see them through the day. You should have exceptional news judgement, production and organizational skills - and outstanding ability as a newswriter. As a NY1 producer, you will be responsible for choosing stories, writing them or assigning them to writers, editing them and organizing them into hour-by-hour "news wheels". This is *Not* a position for someone who is unfamiliar with hard work, but if you want to be part of the best news team in town, this is the place to be. Knowledge of New York City is clearly advantageous, but not essential. NY1 values newsroom diversity. Resumes to Peter Landis, News Director, NY1 News, 460 West 42nd Street, New York, NY 10036; Fax: 212-563-8473; Email: pland@ny1news.com (send resumes as plain text *Not* as attachments). No phone calls.

News Executive Producer: WSOC-TV is looking for a creative leader who knows News and loves to win. We are a demanding number one shop with very high expectations...if you are an experienced Senior producer, or are already in the management ranks but looking to grow, then please contact us right away. In addition to directing editorial content of shows, you'll be responsible for crews, copy editing, and high production values. You must be able to grasp "the big picture" as well as solve little problems quickly and efficiently. If you're interested send tape and resume to: Vicki Montet, News Director, WSOC-TV, Dept. 95, 1901 North Tryon Street, Charlotte, NC 28206. EOE M/F.

Bureau Reporter: WSOC-TV is looking for a multi-talented storyteller to run one of our bureaus. This person is responsible for making contacts and generating story ideas from this area of our market. This person should be able to shoot & edit as well as deliver on-camera. If you can do the job, please contact: Robin Whitmeyer, Senior Executive Producer News and Special Projects, Dept. 95, WSOC-TV, 1901 N. Tryon Street, Charlotte, NC 28206. No phone calls please. EOE M/F.

Marketing Writer/Producer WCBD-TV, Media General Broadcast Group. WCBD-TV NBC 2 in Charleston South Carolina is looking for a marketing writer/producer with a strong creative sense and good writing skills. We are looking for a highly motivated team player with the ability to handle multiple tasks. Non-linear editing skills are a plus. Please include a demo tape. Send resume to Human Resources Dept., 210 West Coleman Blvd., Mt. Pleasant, SC 29464. EOE, M/F Drug Screening.

News Director WGRZ-TV, Gannett owned NBC affiliate in Buffalo, New York is looking for a news director. Responsibilities will include the overall strategy, direction and management of the Channel 2 News On Your Side team. This position requires a leader who is strong, creative, has exceptional people skills and solid news judgement. Requirements include degree in journalism and five years television news management experience. Send resume to Darryll Green, President/General Manager, WGRZ-TV, 259 Delaware Ave., Buffalo, NY 14202. No phone calls. EOE

Photojournalist: The shop that won two consecutive Emmys for Collaborative Photography (the best team) is looking for its newest member. If you live for great photojournalism, come join the shop where great pix rule! You must bring at least one year of experience with you. A college degree is preferred. Send resume tape to WYFF-TV, Human Resources Manager, 505 Rutherford Street, Greenville, South Carolina 29612. Equal Opportunity Employer

Looking for Producers and Associate Producers: Newly syndicated talk show, based in NYC, accepting resumes. Daytime talk show experience a must. Fax resume, Attn: Supervising Producer, 212-399-7861.

Consumer Producer High-impact consumer producer for award winning Action 9 unit. Must juggle multiple projects. Organize phone calls/story logs, produce daily and series stories. Work with one of the top consumer reporters in the country. Tapes, resumes and references: Matt Parcell, EP Special Projects WFTV, 49C E. South St., Orlando, FL 32801. EOE

Business Manager ABC 25 WJXX, the Allbritton Affiliate in Jacksonville, Florida, is seeking a hands-on manager who will serve as the Department Head of the Accounting/Finance function. This position is responsible for all accounting and financial reporting including general ledger, accounts payable, accounts receivable, credit and collections, payroll, fixed assets, budgeting, and all account reconciliations. Must be able to maintain an effective system of internal accounting controls and safeguarding of assets. Station liaison with Corporate finance division. Candidates with a CPA and previous supervisory experience will be preferred. Experience in broadcasting and Great Plains Accounting system a plus. To apply for this position, send cover letter and resume to: Human Resources Director, ABC25 WJXX, 7125 A.C. Skinner Pkwy, Jacksonville, FL 32256. Fax (904) 332-2527. No phone calls please.

KFWD-TV 52 - Traffic Assistant. AS400 Columbine experience a must. Fax resume to Gloria (972) 258-1855. EOE

Producer/Reporter-CCW for a statewide political program in the most exciting environment outside of Washington. KVIE is looking for an aggressive, organized and creative journalist who has the vision and ability to create engaging television every week. Responsible for all elements of a news magazine style format including content, pacing, as well as reporting on story. Outstanding writing and organizational skills a must. Three to five years newsgathering experience in a medium market required. **Segment Producer/Reporter/VC/CH:** To write story ideas, research topics and interview subjects for two successful series, "Central Valley Chronicles" and "California Heartland" Strong interest in feature reporting; excellent broadcast writing skills and on-air presence. Must be creative and resourceful; ability to work flexible hours and travel throughout California. Four or more years television experience as news reporter and/or program producer required. To apply, send resume, cover letter, and non-returnable VHS tape to Human Resources, KVIE, Inc., P.O. Box 6, Sacramento 95812. Indicate the specific position for which you are applying. Minorities and women are encouraged to apply. Open until filled. Visit our website at humanresources@kvie.com. No phone calls please. EOE

HELP WANTED NEWS

Major NY based National Network

is looking for a top anchor with ample live experience in both legal and issue-oriented programming. Ability to cover and comment upon crime, justice and legal issues a must. Five years broadcast experience required. Send non-returnable VHS tape and resume to:

Box 01556

Assignment Desk Manager Help drive a station on the move! Boise, Idaho ABC affiliate is looking for an organized desk manager with a creative flair. You'll help lead a news organization making a difference in a growing, dynamic community. We need a good communicator to manage the desk and have fun doing it! Apply now, this important position will be filled quickly. Send resume: Lynn Hightower, News Director, KIVI Television, 1866 E. Chisholm Dr., Nampa ID 83687 EOE

Anchor/Reporter: WSOC-TV is looking for a weekend morning anchor who wants to grow with the number one station in Charlotte. We're looking for an energetic player who enjoys the street as much as the anchor desk. Previous full time anchoring experience. No beginners. Send tape and resume to: Vicki Montet, News Director, Dept. 95, WSOC-TV, 1901 N. Tryon Street, Charlotte, NC 28206. EOE M/F.

On-Air Personality. What we want is off the cuff (or off the wall), occasionally irreverent, frequently unpredictable, non-stop attention-getter. Can you believe this is an ad for someone to do weather? ACME Television is looking for an outstanding on-air personality who will double as primary TV station spokesperson in Rocky Mountain Top-50 market. Meteorologist preferred, not necessary. Computer literacy a must, sanity optional. EOE-women, minorities and Vietnam veterans encouraged to apply. Send resume, aircheck, and list of 5 favorite Pauly Shore movies to: ACME Weather c/o ACME Television PO Box 202 St. Louis, MO 63141.

If you're a newsroom leader, you belong to NBC10, the NBC O&O in Philadelphia. We have two key openings. **News Producer** Smart, energetic, full of ideas, with a passion for producing. If this describes you, let's talk. We thrive on Breaking News, Investigations, and owning the Big Stories. We have all the resources and people you need to put on a fast-paced, hard-news broadcast with lots of live elements. Minimum 5 years major market experience. EOE. Send tonight's show to Tracey Watkowski, Executive Producer, NBC10, 10 Monument Road, Bala Cynwyd, PA 19004. **Medical Producer**: The News10 Healthwatch is a key to our success. This is an opportunity to work with a leading medical reporter in the country on high-profile special reports, and daily Healthwatch stories. We are looking for a medical producer with vision, compassion, and high production ideas. If you can make stories off the feed look great, send us a tape ASAP. Send tonight's medical segment to Tracey Watkowski, Executive Producer, NBC10, 10 Monument Road, Bala Cynwyd, PA 19004.

Assignment Editor: WSOC-TV is looking for an aggressive and experienced assignment editor. We are Charlotte's news leader! We are Charlotte's news leader, and we need a leader in the newsroom. You must be organized, be able to manage daily crews and spot news, and plan future assignments. Newsroom computer systems experience a plus. Minimum experience 2 years. Send resume to: Robin Whitmeyer, Senior Executive Producer News & Special Projects, WSOC-TV, Dept. 95, 1901 North Tryon Street, Charlotte, NC 28206. No phone calls please. EOE M/F.

Fox affiliates is searching for an anchor for its newscast. Candidates need to be a great communicator, versatile reporter, conversational writer and team player. Send resume, references and tape to: Box 01563 c/o Broadcasting & Cable, 245 W. 17th Street, New York, NY 10011. EOE.

HELP WANTED PROMOTION

Promotion Director: Live, work and play 40 minutes from NYC! WLNJ-TV, New York's only independent is looking for a creative, multi-talented person to run our promotion and marketing department. You must be an excellent writer, have great listening skills, be deadline oriented, have a sharp eye for detail, know how to produce and direct, with the ability to be "hands on" in all aspects from concept to completion involving contests, print, radio and direct mail campaigns, sales marketing support, on-air creative for entertainment, news and community activities, along with website management. You also must possess great people skills and the ability to manage an excellent support staff. Still interested? Good, because you should have a minimum of 3 years experience in television promotion and marketing. The right candidate will be generously rewarded with a competitive compensation package including great benefits and a fabulous work environment. Send resume, tape and salary history to David Feinblatt, GM, WLNJ-TV, 270 South Service Road, Melville, NY 11747. EOE.

Promotion Manager Aggressive NBC affiliate seeks a creative leader to take a growing station even higher. Qualifications include proven creative skills with extensive experience in writing and producing on-air promos, particularly news image and topical promos. Non-linear editing experience a plus. Responsibilities also include overall station look, managing station events, co-op experience, publicity, public service, sales promotion and external advertising. At least three years experience in television promotion and a college degree preferred. Send resume and tape to: Sharon Quackenbush, EEO Officer, WEYI-TV NBC 25, 2225 West Willard Road, Clio, MI 48420. EOE. M/F. No phone calls please.

HELP WANTED
FINANCIAL & ACCOUNTING

FOX Television Stations, Inc. WGHP/FOX 8, Greensboro, North Carolina. WGHP/FOX 8 has an immediate opening for a Vice President of Finance. Full benefits package available. Essential functions of the position include management of all station accounting personnel and operations, preparation and analysis of station financial results. A/P, A/R, credit, payroll, financial analysis, and tax packages; preparation of annual financial plan; execution of company policies and procedures; supervising station information systems personnel; management of station's facility; participating as a member of the WGHP management team. Bachelor's Degree in Accounting/Finance, Business or related field or equivalent. Five to seven years finance accounting experience in Broadcasting. Thorough background and knowledge of U.S. GAAP, all facets of general ledger accounting, cash flow management, profit and loss forecasts, fixed asset maintenance, and budgeting. Proven ability to create, analyze, and interpret a variety of finance reports. Excellent computer skills in Excel and mainframe input. Strong leadership skills with the ability to project a professional image over the phone and in person with co-workers, corporate personnel and the public while working under pressure in a fast-paced, team oriented environment. Proven record of dependability, ability to consistently meet deadlines, and ability to work a variety of schedules to meet company needs. CPA and/or MFA a plus. Prefer applicants that are familiar with JD Edwards software and Enterprise traffic systems. Applicants with prior experience on a department head level are also preferred. EOE. Send resume to Human Resources Department/WGHP/FOX 8 Television, 2005 Francis Street, High Point, NC 27263 or fax to 336-821-1265.

HELP WANTED PRODUCTION

Post Producer: Exciting, fast-paced sports entertainment program needs a talented and experienced post producer to oversee all aspects of post production. Must have experience and knowledge of all phases of production and post production, including scheduling, Avid editing, audio mixing and graphics. Writing skills a plus. Sports feature production a plus. Must be willing to relocate for up to 6 months. Send resumes to Jupiter Entertainment, c/o V.P./Production, 130 West Jackson Ave., Knoxville, TN 37902.

On-line Editor: We need the Luke Skywalker of online editors to fly our brand new, killer Sony Digital online bay. Speed's what we need, plus an eye for the eye candy. If you're ready to work in a insanely creative environment for our innovative station group, send the reel and resume to: Online Editor Search, USA Broadcasting Marketing and Promotion, 605 Lincoln Road, 2nd Floor, Miami Beach, FL 33139. USAB is an E.O.E. affirmative action employer.

Avid Editor Work for a station with brand permission to go over the edge. TV32 in Tampa is looking for an AVID editor who lives to make promo and programming magic. Must have non-linear editing experience with AVID Media Composer, Adobe After Effects, Photoshop and Specular Logomotion. AVID editing's the main gig but duties also include linear editing and videography. Experience with Pinnacle and Infinit a plus. Independent TV background helpful. Versatile team players send resume and non-returnable tape to Human Resources, TV32, 7201 E. Hillsborough Ave., Tampa, FL 33610. TV32 is an equal opportunity employer and part of the Hearst-Argyle Television group.

HELP WANTED PRODUCTION

Editor/Photographer: WUPV UPN-65 in Richmond VA is looking for a creative team player to join our production staff. The successful candidate will have a good eye for shooting and editing video. Media 100 editing knowledge required. PhotoShop and AfterEffects helpful. Women and minorities encouraged to apply. Send resume, tape and salary requirements to: Brian Capaldo, WUPV UPN-65, 4120 E. Parham Rd., Richmond, VA 23228. Fax (804) 672-6565. EOE.

HELP WANTED CREATIVE SERVICES

Art Director needed at major market NBC affiliate. Join the creative team at Tampa Bay's leading station as we prepare to move into an all-new digital facility. Previous supervisory experience required. A strong background in both broadcast and print design with an emphasis on news is a must, familiarity with Quantel Paintbox and Chyron Liberty is a plus. Rush resume and VHS reel to: Personnel Department, WFLA-TV, P.O. Box 1410, Tampa, Florida 33601. EOE, M/F, Pre-employment drug testing required.

Designer: WJLA, Washington's ABC7, has an immediate opening for a strong addition to its design team. Creative talent with energy, imagination and contemporary style to be the point person for our news product. Strong organizational skills with the ability to work in a fast-paced environment. Mac skills in Photoshop and After Effects a must. Quantel experience very helpful. Undergraduate degree in design and minimum 2 years video design experience, preferably in a broadcast environment. EOE. Send resume, non-returnable tape and salary history to: Human Resources, WJLA-TV, 3007 Tilden St. NW, Washington, DC 20008.

HELP WANTED FINANCE

Production Finance Officer: The Corporation of Public Broadcasting, a private, non-profit corporation, is seeking an individual experienced in production budgeting to take the lead for CPB's funding of fiscally sound programs and projects. Responsibilities include analyzing grant proposals, assisting with contract negotiations, reviewing and evaluating financial reports, developing a productions cost database, and developing guidelines for prospective grantees. Requires B.S. in accounting, financial management, or equivalent, and five+ years experience in the production side of TV/entertainment industry. Must have experience with production budgets, financial management and planning, and analytical skills; knowledge of production requirements and costs to develop and maintain websites; general knowledge of implications and requirements of DTV; interest in public television; and ability to work as part of a team. For consideration, submit a resume and cover letter, including salary history and requirements to: The Corporation for Public Broadcasting, 901 E Street, NW, Washington, DC 20004-2037, Attn: Carol Robinson. AA/EOE.

SITUATIONS WANTED NEWS

Producer, KTVA-TV, the CBS affiliate in exotic Alaska, seeks a newscast producer. Primary responsibilities include writing and assembling newscasts. You must have strong writing and communication skills, the ability to stay flexible under tight deadlines, and a desire to learn. College degree preferred. Send resume to John Dearing, KTVA-TV 1007 West 32nd Avenue, Anchorage, AK 99503. No phone calls please. EOE.

CABLE**HELP WANTED NEWS****JUST WHAT THE DOCTOR ORDERED!**

The Health Network, a new cable/Internet media venture being launched by FOX seeks experienced individuals. Tired of the same old thing? Come to sunny Orlando, Florida and put your creativity and experience to work. We currently have the following production and news/editorial positions available:

EDITORIAL:

Anchors/Hosts	News Operation Manager
Assignment Editors	News Production Assistants
Associate Producers	Reporters/Anchors
Avid & Online Editors	Reporters
Bookers	Researchers
Desk Assistants	Show Producers
Field Producers	Videographers
Long Form Segment Producers	

PRODUCTION:

Assistant Directors	Senior Directors
Audio Technicians	Senior Editor
Chyron Operators	Stage Managers
Graphic Artists	Studio Camera Operators
Lead Graphic Designer	Technical Directors
Lighting Director	Traffic Personnel
Post Production Supervisor	Videotape Editors
Production Assistants	

Each position requires prior experience and medical/health experience is preferred for editorial positions. We offer a complete benefits package which includes medical, dental, vision, & 401K plan. Send resumes, tapes, references & salary requirements to: America's Health Network, 2500 Universal Studios Plaza, Orlando, FL 32819 Attn: HR or fax to: 407-224-6858. All resumes must indicate the position of interest. Please no phone calls or walk ins. Equal Opportunity Employer

Blind Box Responses

should be sent to:

**Broadcasting and Cable
Box _____
245 West 17th Street, 7th Floor
New York, NY 10011**

HELP WANTED NEWS

Director of Programming

HGTV, a fast growing cable network, owned by The E.W. Scripps Company has immediate opening for a Director of Programming to manage all aspects of original commissioned productions and acquisitions. Candidates should have at least 7 years major market, hands-on television production experience in a variety of formats (studio, field, magazine, etc.), or 5 years in network program development and evaluation. Ability to handle multiple projects under tight deadlines is required. Experience with all phases of television production and development of "lifestyle" and strip series programming is key. Strong interest in popular culture and the "do-it-yourself" lifestyle is preferred. If you are looking for a creative work environment nestled in the foothills of the scenic Smoky Mountains, send resume and cover letter to:

HGTV Human Resources
P.O. Box 50970
Knoxville, TN 37950
(No phone calls please)
Visit our website: www.hgtv.com



The E.W. Scripps Company is an Equal Opportunity Employer providing a drug free workplace through pre-employment screening.

TELEVISION

TRAFFIC COORDINATORS (Commercial Copy)

Successful candidate will have 1-2 years experience scheduling commercial instructions for TELEVISION using JDS or Gabriel software. Primary responsibilities are assigning commercial codes to advertising schedules and contacting agencies for tapes and instructions. Applicants must be able to work independently and manage multiple projects while meeting deadlines. Customer service focus is required to handle heavy phone contact with major advertisers/buyers.

Interested candidates should send their resume (indicate desired position) and salary requirements to:

Att: Human Resources - CH
BLACK ENTERTAINMENT TELEVISION
One BET Plaza/
1900 W Place, NE
Washington, DC
20018-1211



No phone calls, please
Equal Opportunity Employer - M/F

HELP WANTED TECHNICAL



TURNER STUDIOS

DIRECTOR OF TECHNICAL OPERATIONS

Reports to VP of Engineering for Turner Studios. Responsible for technical readiness of Turner Studios. Must have proven engineering management skills and ability to consolidate varied Turner Studios Engineering departments and activities. Ability to manage an overview of Turner Studios Engineering global needs, and present strategic and unified solutions. Must have the ability to create engineering project budgets and timelines, and track related accounting details. Experience in the television systems design/installation, and television systems engineering/maintenance a must.

Minimum of five years experience at network level television engineering or post-production engineering, with a minimum of a two-year associate degree in electronic technology or equivalent. Must be a resourceful self-starter with ability to make decisions. Must have ability to find creative solutions to television problems. Must possess good organizational skills and be capable of reviewing and supervising management-level engineers.

Please send all contact information to:

Kevin B. Shorter
Vice President of Engineering
Turner Studios
1050 Techwood Drive NW
Atlanta, GA 30318



MASTER CONTROL OPERATOR

HOME & GARDEN TELEVISION is seeking an individual with extensive cart machine, video file server, switcher, automation and data archive storage experience. Background in a digital environment a plus. Must be familiar with satellite transmission principles and their application in a network environment.

We offer a comprehensive salary and benefits package. Qualified candidate should send a confidential resume with salary requirements to:

Human Resources
PO Box 50970
Knoxville, TN 37950
(No phone calls please)
Visit our website: www.hgtv.com

The E.W. Scripps Company is an Equal Opportunity Employer providing a drug-free workplace through pre-employment screening.

You can simply fax your classified ad to
Broadcasting & Cable
at (212)206-8327.

HELP WANTED SALES

Account Executive

Leading regional cable networks are looking for an account executive to join their expanding sales staff. Candidate must have 4-5 years media sales experience and the ability to deal with clients and agencies in a complex sale. Candidate should have strong media research and computer knowledge. Salary DOE. Send resumes to:

Vice President of Sales
Metro Channels
481 8th Avenue
New York, NY 10001
Or fax: 212-324-8540

HELP WANTED RESEARCH



Viewer's Choice, the leader in pay-per-view has an opening for a

Manager of Research

Responsibilities include: supporting the Affiliate Relations and Marketing departments in the cultivation, analysis and management of various materials and resources; providing research data, tracks, trends, and analysis; creating and managing various on-going and ad-hoc performance reports. Candidate must have a Bachelor's Degree preferably in business, communications, or related area and 2-3 years of solid research experience. Proficiency with Microsoft Office 97 a must. Send resume and salary requirements to: Viewer's Choice, 909 Third Avenue, NY, NY 10022, Attn: Human Resources or email to resume@ppv.com

HELP WANTED MANAGEMENT

birschbach media sales and recruiting. Media sales positions nationwide; sales management; account executive; traffic-production-technical. Ph: 303-368-5900, Fax: 303-368-9675. E-mail: jbirsch@birschbachmedia.com.

HELP WANTED PRODUCTION

**Remember the feeling of taking the reins?**

Increased responsibility is more than just a little exciting, which is why the professionals at Discovery Communications, Inc. get so much out of their careers. And, as a leader in the media industry, we'll offer you the chance to take the reins of some very exciting projects. Contact us today about the following position in our **Bethesda, MD** corporate headquarters:

DIRECTOR OF PRODUCTION - Discovery Health Media

Oversees a wide range of productions for Discovery Health Media (DHM). Creates and administers effective production processes to ensure top quality programming; participates in program development; and assigns supervision of projects. Initiates and collaborates on original production ideas from concept to execution. Manages program production according to strategic imperatives. Functions as executive producer on projects. Selects, trains, orients, and assigns department staff. Evaluates performance and conducts performance management planning. Initiates or makes recommendations for personnel actions. Maintains ongoing communication with subordinates to review programs, provide feedback, discuss new developments, and exchange information. Develops parallel production plans with online and other business; collaborates on execution. Manages department operating budget with DHM Budget Analyst including original production, development contracts, reversioning/rearrangement and program packaging. Maintains communications regarding Discovery Health productions with other DCI/DHM departments. Performs other related duties as assigned. Requires a Bachelor's degree in a related field. Eight years' managerial producer experience in general entertainment and documentary television. Knowledge of all aspects of production and post-production. Editorial judgment and creative abilities, leadership, verbal and written communications skills.

Discovery Communications offers an outstanding benefits package and convenient access to the Bethesda Metro. For immediate consideration, please send your resume to: **Discovery Communications, Inc., Attn: Human Resources, 7700 Wisconsin Ave., Bethesda, MD 20814. FAX: (301) 986-1889.** Please reference **Job Code: DHMDP** on all correspondence. Only candidates selected for interviews will be contacted. No phone calls please. EOE.



Color Classifieds Get Results!

Call Brent Newmoyer (212) 337-6962
or Yuki Atsumi (212) 337-6960

ALLIED FIELDS

HELP WANTED SALES

Advertising

Advertising Sales Manager

Jones Communications is a leader in telecommunications, telephone, Internet and distance learning. We currently have an excellent opportunity for a results-oriented professional with strong leadership skills and advertising knowledge in the retail and service industries.

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East Tennessee State University is seeking to fill a broadcast technician position beginning August 30, 1999. The successful candidate will be expected to demonstrate an ability to design, construct, and maintain analog and digital equipment used in broadcast production facilities, including student operated cable-TV and cable-FM stations. An appreciation of production values and the ability to work with faculty and students during the production of programs and laboratory projects is mandatory. Three years professional experience is required. B.S. degree or equivalent is preferred. Deadline for applications is July 12, 1999. Send resume and letters of recommendation to Tom Headley, Chair, Search Committee, Department of Communication, East Tennessee State University, Box 70667, Johnson City, TN 37614-0667. ETSU is an equal opportunity, affirmative action employer.

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The Department of Journalism at Northwestern State University of Louisiana invites applicants for a tenure track, assistant professor position in the area of broadcast news and production. An earned doctorate in the field of journalism/mass communication or a related field is preferred; however, a master's degree is required. Professional experience in the field is desired. Salary is commensurate with degrees and experience. Applicants should include a letter of application, curriculum vita, three letters of recommendation, complete transcripts, evidence of scholarly activity, and support materials. The application deadline is July 15, 1999; employment begins on August 17, 1999. The department is accredited by ACEJMC. Northwestern State University of Louisiana is an Affirmative Action/Equal Opportunity Employer. Women, minorities, and individuals with disabilities are encouraged to apply. Forward applications to: Dr. Steve Horton, Head, Department of Journalism, Northwestern State University, Natchitoches, LA 71497.

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FOR SALE STATIONS

FOR SALE

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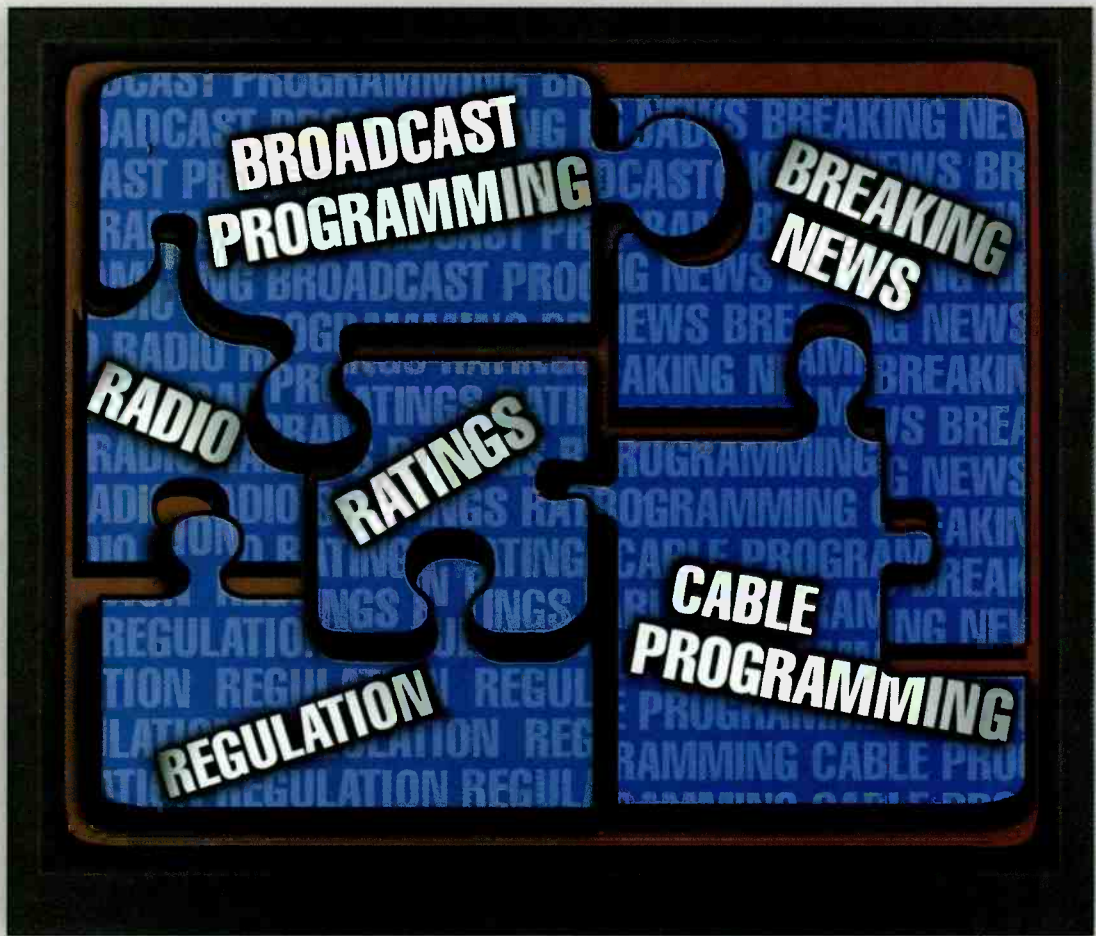
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DATEBOOK

MAJOR MEETINGS

- June 10-15**—21st *Montreux International Television Symposium and Technical Exhibition*, Montreux Palace, Switzerland. Contact: (800) 348-7238.
- June 13-16**—Cable '99, 48th annual *National Cable Television Association* convention and exhibition. McCormick Place, Chicago. Contact: Bobbie Boyd (202) 775-3669.
- Sept. 27**—*Interface XIII*. Ronald Reagan International Trade Center, Washington. Contact: Steve Labunski (212) 337-7158.
- Sept. 29-Oct. 2**—*Radio-Television News Directors Association* Conference and Exhibition. Charlotte Convention Center, Charlotte, N. C. Contact: Rick Osmanski (202) 467-5200.
- Nov. 8**—9th annual *Broadcasting and Cable Hall of Fame* reception and program. New York Marriott Marquis Hotel, New York. Contact: Steve Labunski (212) 337-7158.
- Dec. 14-17**—The Western Show conference and exhibition presented by the *California Cable Television Association*. Los Angeles Convention Center. Contact: (510) 428-2225.
- Jan. 24-29, 2000**—36th annual *National Association of Television Programming Executives* conference and exhibition. Ernest N. Morial Convention Center, New Orleans. Contact: (310) 453-4440.

THIS WEEK

- June 10-15**—21st *Montreux International Television Symposium and Technical Exhibition*, Montreux Palace, Switzerland. Contact: (800) 348-7238.
- June 10-16**—*National Association of Broadcasters* 1999 Management Development Seminar for Television Executives. Northwestern University, Evanston, Ill. Contact: John Porter, (202) 429-5347.
- June 13-16**—48th annual *National Cable Television Association* Convention and Exposition. McCormick Place, Chicago. Contact: Bobbi Boyd, (202) 775-3669.
- June 16**—18th Annual Accolades Breakfast *Women in Cable and Telecommunications*. Sheraton Hilton and Towers Hotel, Chicago. Contact: Jim Flanigan, (312) 634-4230.
- June 16-18**—Sixth biannual *International Mobile Satellite* Conference and Exposition. Ottawa, Canada. Contact: Jack Rigley, (613) 990-2761.

JUNE

- June 18-20**—TV Producers Workshop for Minorities and Women, *Radio-Television News Directors Foundation*. Syracuse, N. Y. Contact: Michelle Thibodeau Loesch, (202) 467-5206.
- June 20-21**—*International Conference on Consumer Electronics*. Los Angeles Convention Center, Los Angeles. Contact: (815) 455-9590.
- June 20-22**—*Oregon Cable Telecommunications Association* Annual Convention. Portland Hilton Hotel, Portland, Ore. Contact: Mike Dewey, (503) 362-8838.
- June 20-23**—*Cable Telecommunications Association of Maryland, Delaware and Washington* Annual Conference. Sheraton Fontainebleau Hotel, Ocean City, Md. Contact: Wayne O'Dell (410) 266-9111.
- June 21**—*National Association of Broadcasters* Service to America Summit and Gala Dinner. Ronald Reagan Building and International Trade Center, Washington. Contact: (815) 455-9590.
- June 22-24**—*International Conference on Consumer Electronics* Technical Conference. Los Angeles Convention Center, Los Angeles. Contact: (815) 455-9590.
- June 23**—*National Association of Broadcasters* Board of Directors Meeting. Arlington, Va. Contact: (202) 775-3527.
- June 25-26**—*Radio and Television News Directors* Newsroom Ethics: Decision-Making for Quality Coverage Workshop. Nashville, Tenn. Contact: Avni Patel, (202) 467-5215.
- June 26**—*Broadcast Concepts and Ideas*. Nurnberger Halle, Nurnberg, Germany. Contact: Michael Beyer, 49 911 95 35 310.
- June 27-29**—38th annual Executive Conference *New York State Broadcasters Association*. Sagamore Resort Hotel, Lake George, N.Y. Contact: Mary Anne Jacon, (518) 456-8888.
- June 27-29**—*Inspo '99* Conference for Broadcasters of Inspirational Music. Northwestern College, St. Paul, Minn. Contact: Dale Davis, (651) 631-5032.

June 29—*North American Broadcasters Association* News and Operations Committee Meeting. Teleglobe USA, Washington. Contact: Paul Ferreira, (416) 598-9877.

JULY

- July 7-11**—*Unity 1999* Minority Journalists Convention. Seattle Hilton, Seattle. Contact: Sandra Michioku, (415) 346-2051.
- July 10-16**—Management development seminar presented by the *National Association of Broadcasters*. Northwestern University, Evanston, Ill. Contact: Jack Porter, (202) 775-2559.
- July 12-14**—11th annual *Wireless Communications Association International* convention. Ernest N. Morial Convention Center, New Orleans. Contact: Jenna Dahlgren, (202) 452-7823.
- July 13-16**—*SMPTE '99* conference. Sydney Exhibition and Convention Centre, Sydney, Australia. Contact: Expertise Events, +612 9977 0888.
- July 18-21**—*CTAM* Marketing Summit. San Francisco Marriott Hotel, San Francisco. Contact: (703) 549-4200.
- July 19-21**—SBCA '99, national satellite convention and exposition presented by the *Satellite Broadcasting and Communications Association*. Las Vegas Convention Center, Las Vegas. Contact: Jennifer Snyder, (703) 549-6990.
- July 20**—*Women in Cable and Telecommunications* Senior Women's Reception. Fairmont Hotel, San Francisco. Contact: Jim Flanigan, (312) 634-4230.
- July 23-25**—*Radio and Television News Directors Foundation* Gearing up for the 2000 Elections Workshop. Chicago. Contact: Avni Patel, (202) 467-5215.
- July 24**—*Television News Center* Anchor Training. Reuters TV, Washington. Contact: Herb Brubaker, (301) 340-6106.
- July 24-27**—*National Association of Broadcasters* Executive Development Seminar for Radio Broadcasters. Georgetown University, Washington. Contact: Chris Suever, (202) 775-3511.

AUGUST

- Aug. 4-7**—*Association for Education in Journalism and Mass Communication/Association of Schools of Journalism and Mass Communication* 82nd annual convention. Morial Convention Center, New Orleans. Contact: (803) 777-2005.
- Aug. 31-Sept. 3**—*National Association of Broadcasters* Radio Show. Orlando Hilton Hotel, Orlando, Fla. Contact: (202) 775-3527.

—Compiled by Nolan Marchand
(nmarchand@cahners.com)

CHANGING HANDS

The week's tabulation of station sales

TVS

WKCF(TV) Orlando, Fla.

Price: \$191.5 million cash (B&C, June 7)

Buyer: Emmis Communications Corp., Indianapolis (Jeff Smulyan, chairman); owns six TVs, two AMs and 13 FMs

Seller: Press Communications LLC, Wall, N.J. (Robert E. McAllan, CEO); owns one AM and two FMs

Facilities: Ch. 18, 5000 kw visual, ant. 1,502 ft.

Affiliation: WB

Broker: H.B. LaRue

KTVS(TV) Sterling/Denver, Colo.

Price: \$240,000

Buyer: Channel 20 TV Co., Chicago (Fred Eychaner, president); owns two TVs and two AMs

Seller: Benedek License Corp., Rockford, Ill. (K. James Yager, president); owns 24 TVs

Facilities: Ch. 3, 60.6 kw, 760 ft.

Affiliation: CBS

COMBOS

KWMT(AM) Fort Dodge/Des Moines, Iowa-KKEZ(FM) Fort Dodge

Price: \$7.5 million

Buyer: Clear Channel Communications Inc., San Antonio, Texas (L. Lowry Mays, chairman); owns/is buying 19 TVs and 625 radios, including WHO(AM) and KMXD(FM) Des Moines and KYSY(FM) Ankeny/Des Moines, Iowa, and WWSY(FM) Charlottesville, WVAO-FM Crozet/Charlottesville and WCYK-FM Staunton/Charlottesville, Va. (see item, below)

Seller: KWMT Radio Inc., Fort Dodge (Jon P. Jenkins, CEO); no other broadcast interests

Facilities: AM: 540 khz, 5 kw day, 200 w night; FM: 94.5 mhz, 100 kw, ant. 640 ft.

Formats: AM: country; FM: rock

WQIS(AM)-WNSL(FM) Laurel/Hattiesburg, WJKX(FM) Ellisville/Laurel/Hattiesburg and WMFM(FM) Peta/Laurel/Hattiesburg, Miss.

Price: \$5.835 million (\$3.1 million cash for WQIS-WNSL; \$2 million cash for WJKX; \$735,000 for WMFM)

Buyer: Cumulus Media Inc. (Richard W. Weening, executive chairman; Lewis W. Dickey Jr., vice chairman); owns/is buying 69 AMs and 153 FMs, including WEEZ(FM) Heidelberg/Laurel/Hattiesburg, and WHER(FM) Hattiesburg

Sellers: WQIS-WNSL: Design Media Inc.,

PROPOSED STATION TRADES

By dollar volume and number of sales; does not include mergers or acquisitions involving substantial non-station assets

THIS WEEK

TVs ■ \$191,740,000 ■ 2
Combos ■ \$16,000,000 ■ 5
FMs ■ \$11,681,175 ■ 8
AMs ■ \$5,045,118 ■ 5
Total ■ \$224,466,293 ■ 20

SO FAR IN 1999

TVs ■ \$2,052,659,005 ■ 43
Combos ■ \$783,893,260 ■ 71
FMs ■ \$820,793,188 ■ 126
AMs ■ \$110,216,429 ■ 93
Total ■ \$3,767,561,882 ■ 333

Emmaus, Pa. (Peter Carpey, principal); no other broadcast interests; WJKX: LW Broadcasting Inc., Laurel (Jimmy L. Walker, principal); no other broadcast interests; WMFM: Hickman Broadcast Services Inc., Hattiesburg (William Hickman III, president); no other broadcast interests

Facilities: WQIS: 890 khz, 10 kw day; WNSL: 100.3 mhz, 100 kw, ant. 1,050 ft.; WJKX: 102.5 mhz, 50 kw, ant. 492 ft.; WMFM: 106.3 mhz, 3 kw, ant. 400 ft.

Formats: WQIS: adult standards; WNSL: CHR; WJKX: urban; WMFM: soft rock
Broker: Media Services Group Inc. (buyer); WMFM: Hickman & Associates

WLUS(AM) Gainesville and WDJY(FM) Trenton/Gainesville, Fla.

Price: \$2.5 million (\$1.1 million for AM; \$1.4 million for FM)

Buyer: Prime Time Radio Inc., Tallahassee, Fla. (John Robert E. Lee, president/55% owner); no other broadcast interests

Seller: Alliance Broadcasting Group Inc., Indianapolis (Joseph Newman, president); no other broadcast interests

Facilities: AM: 980 khz, 5 kw day, 166 w night; FM: 101.7 mhz, 3 kw, ant. 328 ft.

Formats: AM: MOR, big band; FM: country

Broker: Martin Radio Co. Inc. (seller)

KQNK-AM-FM Norton, Kan.

Price: \$165,000

Buyer: Dierking Communications Inc., Marysville, Kan. (Bruce Dierking, principal); owns KNDY-AM-FM Marysville

Seller: Pioneer Country Broadcasting Inc., Norton (Larry E. Elack, principal); no other broadcast interests

Facilities: AM: 1530 khz, 1 kw day; FM: 106.7 mhz, 51 kw, ant. 92 ft.

Formats: AM: MOR; FM: AC

Broker: BuySell Radio Online (seller)

FMS

WVSY(FM) Charlottesville, WVAO-FM Crozet/Charlottesville and WCYK-FM Staunton/Charlottesville, Va.

Price: \$6.35 million

Buyer: Clear Channel Communications; is buying KWMT(AM) Fort Dodge/Des Moines, Iowa-KKEZ(FM) Fort Dodge (see item, above)

Seller: Clark Broadcasting Co., Charlottesville (Clark Enterprises Inc., 80% owner [Michael L. Douglass, 20% owner]); owns four AMs and two FMs including WCYK(AM)

Crozet/Charlottesville and WKDN(AM)-WVSO(FM) Staunton/Charlottesville

Facilities: WVSY: 101.9 mhz, 6 kw, ant. 223 ft.; WVAO-FM: 102.3 mhz, 4.9 kw, ant. 360 ft.; WCYK-FM: 91.7 mhz, 3.3 kw, ant. 1,692 ft.

Formats: WVSY: AC; WVAO-FM: oldies; WCYK-FM: country

Broker: Media Services Group Inc.

KSNU(FM) Roy/Salt Lake City, Utah

Price: \$3.25 million

Buyer: Deer Valley Broadcasting LLC, Chicago (Bruce Buzil, managing member/owner); owns construction permit for KALO(FM) Rardolph/Salt Lake City, Utah. Buzil also is manager of Marathon Media LLC, which owns nine AMs and 23 FMs

Seller: Sundance Broadcasting LLC, North Salt Lake, Utah (Pat Reedy, general manager); no other broadcast interests

Facilities: 107.9 mhz, 6 kw, ant. 2,383 ft.

Format: Country

WRED(FM) Saco/Portland, Maine

Price: \$1.15 million

Buyer: Atlantic Coast Radio, LLC, Portland (Joseph N. Jeffrey Jr., 100% member); owns WJJE(AM) Brunswick/Portland and WAE(AM) Westbrook/Portland, Maine. Note: Jeffrey is senior vice president of Fuller-Jeffrey Broadcasting Cos. Inc., which is being sold to Cititel Communications Corp.

Seller: Vacationland Broadcasting Services Inc., Saco (Harry Bailey, president); no other broadcast interests. Bailey owns 50% of WIDE(AM)

Biddeford, Maine
Facilities: 95.9 mhz, 3.3 kw, ant. 300 ft.
Format: Top 40
Broker: George Silverman

WTUA(FM) St. Stephen, S.C.
Price: \$275,000
Buyer: Jeremiah Ravenell, St. Stephen; no other broadcast interests
Seller: George Wells, St. Stephen; no other broadcast interests
Facilities: 106.1 mhz, 3 kw, ant. 328 ft.
Format: Gospel

WYCY(FM) Hawley/Honesdale, Pa.
Price: \$257,675
Buyer: de Witt Broadcasting Corp., Honesdale (Robert H. Mermell, president/owner); owns WDNH-FM and WWC(AM) Honesdale
Seller: Banner Broadcasting Corp., Honesdale (Daryl Buckingham, president/owner); no other broadcast interests
Facilities: 105.3 mhz, 2.9 kw, ant. 479 ft.
Format: AC

Construction permit for KGFJ(FM) Markham, Texas
Price: \$250,000
Buyer: LBR Enterprises Inc., Palos Heights, Ill. (Terry Marker, president/owner); no other broadcast interests
Seller: KGFJ Inc., La Marque, Texas (Michael Augustus, president); no other broadcast interests
Facilities: 92.5 mhz, 3.6 kw, ant. 426 ft.
Broker: Dave Garland Media Brokerage

Swap of construction permit for WRRO(FM) Addison and WWFY(FM) (formerly WGTK) Middlebury, Vt.
Value: At least \$28,500 (forgiveness of debt)
Swapper, WRRO: Bulmer Communications of Vermont Inc., Ashtabula, Ohio (John A. Bulmer, president/owner); no other broadcast interests
Swapper, WWFY: Dynamite Radio Inc., Middlebury (Anthony A. Neri, president); no other broadcast interests
Facilities: WRRO: 93.7 mhz, 6 kw, ant. 264 ft.; WWFY: 100.9 mhz, 3 kw, ant. 300 ft.
Format: Classic rock (WWFY)
KXIO(FM) Clarksville, Ark.
Price: \$120,000
Buyer: River Valley Radio Group LLC, Russellville, Ark. (Frances C. Harp,

BY THE NUMBERS

BROADCAST STATIONS

Service	Total
Commercial AM	4,785
Commercial FM	5,697
Educational FM	2,030
Total Radio	12,512
VHF LPTV	561
UHF LPTV	658
Total LPTV	1,587
FM translators & boosters	3,164
VHF translators	2,164
UHF translators	2,738
Total Translators	8,066
Commercial VHF TV	558
Commercial UHF TV	651
Educational VHF TV	125
Educational UHF TV	242
Total TV	12,276

CABLE

Total systems	11,600
Basic subscribers	64,800,000
Homes passed	93,790,000
Basic penetration*	66.1%

*Based on TV household universe of 98 million
 Sources: FCC, Nielsen, Paul Kagan Associates
 GRAPHIC BY BROADCASTING & CABLE

president); owns KWKK(FM) Russellville and KCAB(AM)-KCJC(FM) Dardanelle/Russellville
Seller: John L. Richardson, Clarksville; no other broadcast interests
Facilities: 106.9 mhz, 6 kw, ant. 112 ft.
Format: AC
Brokers: Sunbelt Media Inc. (buyer); MGMT Services Inc. (sell)

AMS

WWCM(AM) Ann Arbor/Detroit, Mich.
Price: \$2.5 million
Buyer: Ave Marie Foundation, Ann Arbor (Paul R. Rooney, executive director); no other broadcast interests
Seller: Word Broadcasting Inc., Ypsilanti, Mich. (Louis H. Velker and Daniel D. Poole, principals); no other broadcast interests
Facilities: 990 khz, 9.2 kw day, 250 w night
Format: AC
Broker: Bergner & Co.
WFLP(AM) and WLKK(AM) Erie, Pa.

Price: \$1,715,118 (\$840,118 for WFLP; \$875,000 for WLKK)
Buyer: Richard F. Rambaldo, North East, Pa.; owns WRTS(FM) Erie and WRKT(FM) North East/Erie and 80% of company applying to build FM in Fairview, Pa.
Sellers: WFLP: Heart Broadcasting Inc., Erie (Christopher J. Hagerty, president/owner); no other broadcast interests; WLKK: DC Inc., Erie (Timothy and Kathleen DeCapua, owners); no other broadcast interests
Facilities: WFLP: 1330 khz, 5 kw; WLKK: 1400 khz, 1 kw
Formats: Both news/talk

KMYC(AM) Maysville/Yuba City/San Jose and KIQS(AM) Willows, Calif.
Price: \$525,000 (\$425,000 for KMYC; \$100,000 for KIQS)
Buyer: Thomas F. Huth, Weed, Calif.; owns KWHO(FM) Weed/Mount Shasta and KBLF(AM) Red Bluff, Calif.
Sellers: KMYC: Excel Communications Inc., San Jose (Athena Marks, president); owns six AMs and six FMs including KRCC-FM Marysville/Yuba City; KIQS: Anthony F. and Margaret A. Rusnak, Willows; have applied to build an FM in Willows
Facilities: KMYC: 1410 khz, 5 kw day, 1 kw night; KIQS: 1560 khz, 250 w day
Formats: KMYC: talk; KIQS: country
Broker: KMYC: Media Services Group Inc.

WBHF(AM) Cartersville, Ga.
Price: \$180,000 (assumption of debt)
Buyer: Prestige Cable TV Inc., Cartersville (Jon Oscher, president/owner); no other broadcast interests
Seller: Frier Broadcasting Co. Inc., Cartersville (Herschel Wisebram, president); no other broadcast interests
Facilities: 1450 khz, 1 kw
Format: Talk

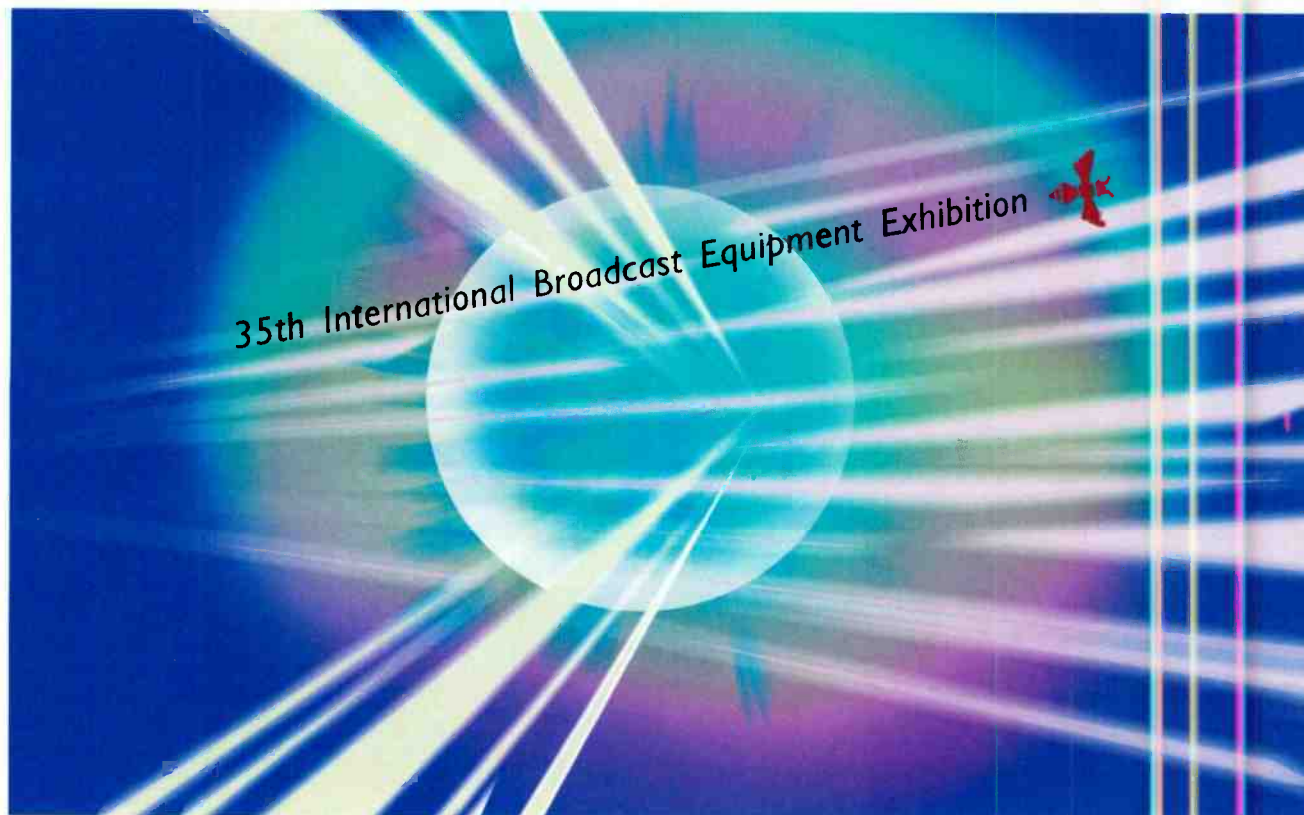
WWWN(AM) Vienna, Ga.
Price: \$125,000
Buyer: Sundance Communications Inc., Clearwater, Fla. (Arthur C. Grimshaw, president); no other broadcast interests
Seller: Dooly-Crisp Communications Corp., Vienna (Jack Powers, principal); no other broadcast interests
Facilities: 1550 khz, 1 kw night, 23 w night
Format: C&W

—Compiled by Alisa Holmes and Elizabeth A. Rathbun

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Exhibition Categories

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- Editing and Production Equipment
- Electronic Displays ● System Conversion Equipment
- Output Systems ● Relay Systems
- Transmission Systems ● Lighting Equipments
- Measuring Equipment ● Transmission Cables
- Electric Power Units ● HDTV Systems
- Satellite Broadcasting Systems
- Virtual Systems ● CG Production Systems
- DVD Systems ● Multiplex Broadcasting Systems
- Cabinet/Racks ● Other Related Items

The art of programming

Talk about being the product of one's parents.

"I've always wanted to combine the arts and business," enthuses Kathleen Dore, president of Bravo Networks. "My dad ran a company and my mom had been an actress, so I don't know if it was genetic or what, but I certainly never dreamed that I'd end up with a merger of the two."

But indeed she has. From a small and not terribly successful premium cable channel, Dore has managed to build two highly successful arts and film networks—Bravo and the Independent Film Channel—while expanding the brands into both the international arena and different platforms.

Yet Dore's path to a network presidency has certainly been a road less traveled.

Dore began her career not in TV, but in the financial services industry, working as an account executive at Merrill Lynch. In 1982, after completing her MBA, Dore was approached by executives of Rainbow Programming Services with an offer to become their affiliate marketing manager. "I remember my father saying, 'You're leaving Merrill Lynch for a company...what's the name of it? And what do they do?' You have to remember that when I got into the business, few people had cable, and the industry was so different."

Rainbow, says Dore, seemed to have a real entrepreneurial business philosophy, which appealed to her own sense of adventure. And since the Dow was under a thousand, Dore figured she had nothing to lose if she tried the job out for a couple of years, then returned to financial services.

Dore has yet to look back.

She jumped right into her duties as an affiliate marketing manager, covering Texas, Oklahoma and Louisiana. "It was a real awakening," she says.

After a two-year stint running the Chicago regional office, Dore was tapped to fill the general manager position at Bravo. "I've never made all my career decisions by the book," says Dore, "and the move to Bravo struck me as intuitively the right thing to do, just as it did eight years earlier when I made the move to the cable industry."

Bravo, which in 1988 had just begun the move from a premium service to a basic cable network, had a very narrow appeal and even narrower carriage. "I had a real turnaround situation," Dore notes, "I



"I had to walk a thin line between retaining the integrity of the arts and realizing that you can't translate the arts literally to TV."

Kathleen Dore

President, Bravo Networks, Bethpage, N. Y.; b. Aug. 15, 1950, Toledo, Ohio; B. A., film and broadcasting, University of Iowa, Iowa City, Iowa, 1974; MBA, finance, University of Iowa, Iowa City, Iowa, 1984; account executive, Merrill Lynch, Chicago, 1980-1982; affiliate marketing manager, Rainbow Programming Services, Chicago, 1982-1984; sales director, American Movie Classics, Chicago, 1984-86; regional director, American Movie Classics, Chicago, 1986-88; senior vice president and general manager, Bravo Networks, Woodbury, N.Y., 1988-1994; executive vice president and general manager, Bravo Networks, New York, 1994-1996; current position since April 1996; m. Keith Jepsen, Jan. 2, 1980

had to take a product that already had an identity in the minds of both the consumer and the distributor that was very classical and make it more viable and popular." There was the risk however that by making the network more popular, and thus more profitable, that the quality of the programming would be sacrificed. "I had to walk a thin line between retaining the integrity of the arts and realizing that you can't translate the arts literally to TV."

Reinventing Bravo has become the biggest challenge of her career, she says. Distributors must be persuaded to take a chance on a new product that indeed fills a viable niche. And with a relatively tiny budget, she must also pique the interest of a broader consumer base.

So she draws on her sales and marketing background. Part of Dore's strategy is to develop relationships with arts organizations at the local and national level. "That kind of grassroots activity, built across the country built our appeal," she explains. "When people began to talk about Bravo and encourage their cable companies to carry the network, [that] was a real turning point" for the channel.

Dore's stint as general manager allowed her to expand her sales and marketing experience into programming. "Programming is the part of the business that really intrigued me, but I had a lot to learn." Dore credits Bravo's head of programming at the time, and currently the president of IFC films, Jonathan Sehring, with teaching her the fine art of programming.

Sehring, however, credits Dore for making programming at the network more responsive to both viewers and the industry. "Kathy seems to intuitively know what works in the market," said Sehring. "We didn't really become viable until she came on board."

"I actually think that, and I'm sure that some people will take issue with this, that programming a network is more art than science," laughs Dore.

Dore was named president of Bravo Networks in April 1996, and she has spearheaded the launch of IFC and IFC Film, two divisions formed to finance independent feature films, and Next Wave Films. These will allow the network to control more of the network's content—one of the newest challenges. Dore is also working on the launch of a third channel, World Cinema.

—Nolan Marchand

WHO

broadcasts it, televises it, owns it, sold it, manages it, plans to go on the air, works there, joined there, changed formats, does their advertising, does their programming sells or syndicates their programming, sells them equipment, and a whole lot more?

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FATES & FORTUNES

BROADCAST TV

Frank Comerford, VP/director of sales, WNBC-TV New York, named executive VP, sales, for NBC Television Stations division. He will continue to be based in New York.

Appointments, PBS, San Francisco: **Beth Wolfe**, chief financial officer and senior VP, finance and administration, named chief administrative officer and executive VP, station and strategic services; **Bob Ottenhoff**, chief operating officer, named senior counselor; **John Wilson**, VP, editorial management and program scheduling, named senior VP, programming; **Cindy Johanson**, VP, PBS Online, named senior VP, Internet and broadband services.

Pamela Pearson, station manager, KTLA-TV Los Angeles, joins KCPQ-TV Seattle as VP and general manager.

Melinda Duchak, director, national sales research, Lifetime Television, New York, joins Univision, Los Angeles, as VP, marketing and research, national spot sales. She will continue to be based in New York.

Rich O'Dell, program director, WKTC-TV Cleveland, joins WLTX-TV Columbia, S.C., as president and general manager.

Donita Todd, VP/general manager, WXLV-TV Winston-Salem, N.C., joins WFTX-TV Cape Coral, Fla., as general manager.

Andrew Stewart, director of sales, KRQE(TV) Albuquerque, N.M., rejoins KGUN-TV Tucson, Ariz., as director of sales.

Don Barr, acting general sales manager and national sales manager, WROC-TV Rochester, N.Y., rejoins WBNG-TV/WBXI-TV Binghamton, N.Y., as general sales manager.



Rosenwasser

Sam Rosenwasser, president and general manager, KVUE(TV) Austin, Texas, joins KXTV(TV) Sacramento-Stockton-Modesto, Calif., in same capacity.

Matt Sames, general sales manager, WKBW(TV) Buffalo, N.Y., joins WRGB(TV)

Albany/Schenectady/Troy, N.Y., in same capacity.



McGurn

national sales manager.

Robert Furlong, VP and general manager, KUTP-TV Phoenix, joins KTVX-TV Salt Lake City in same capacity.

Appointments, WTXN-TV Hartford, Conn.: **Michael Goodman**, assistant chief engineer, WLVI-TV Boston, joins as chief engineer; **Siobhan Mattingly**, account executive, Chancellor Media Outdoor Group, Windsor, Conn., joins in same capacity.

Appointments, KSTP-TV Minneapolis/Saint Paul: **Susan Arkell Commers**, account executive, KMWB(TV) Twin Cities, joins in same capacity; **Christopher Wussler**, sales associate, Gap Inc., Twin Cities, joins as account executive.

Dena Reynolds, promotions producer, WRIC(TV) Richmond, Va., named promotion manager.

Carla Yarbrough, production manager, WTNH(TV) New Haven, Conn., named director, special programs and community outreach.

PROGRAMMING

Jeffrey Pollack, communications consultant, NBA, New York, named VP, marketing and corporate communications.

Rochelle Gerson, VP, business affairs, Carsey Werner Co., Studio City, Calif., named senior VP.



Evans

Appointments, KTWB(TV) Seattle: **Sabrina Davis**, marketing assistant, Coca-Cola Enterprises, Atlanta, joins as research director; **Christine McGurn**, general sales manager, PAX-TV, Seattle, joins as

national sales manager.

Robert Furlong, VP and general manager, KUTP-TV Phoenix, joins KTVX-TV Salt Lake City in same capacity.

Appointments, WTXN-TV Hartford, Conn.: **Michael Goodman**, assistant chief engineer, WLVI-TV Boston, joins as chief engineer; **Siobhan Mattingly**, account executive, Chancellor Media Outdoor Group, Windsor, Conn., joins in same capacity.

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Dena Reynolds, promotions producer, WRIC(TV) Richmond, Va., named promotion manager.

Carla Yarbrough, production manager, WTNH(TV) New Haven, Conn., named director, special programs and community outreach.

Suzanne Austin, executive director, marketing and client relations, Columbia TriStar International Television, Los Angeles, named VP, marketing and promotions.

William Patrizio, senior VP and general manager, Chromium Graphics Inc., San Diego, joins The Walt Disney Co., Burbank, Calif., as senior VP, strategic sourcing.

JOURNALISM

Rosemary Freitas, senior producer, Washington bureau, MSNBC, Secaucus, N.J., named executive producer. She will continue to be based in Washington.

Brigitte Quinn, anchor, *Sunrise*, NBC, New York, joins Fox News Channel there as morning anchor.

Mark Shepherd, senior producer, WDIV-TV Detroit, named executive news producer.

Patrick Nolan, weekend anchor/reporter, WPTV(TV) West Palm Beach, Fla., joins KTRK-TV Houston as general assignment reporter.



Pea

Oscar Pea, staff photographer, KOTV(TV) Tulsa, Okla., named chief photographer.

John Stehlin, meteorologist, WOIO-TV Philadelphia, joins KYW-TV there in same capacity.

RADIO

George Laughlin, general sales manager, KHKS-FM Dallas, named director of sales, Dallas cluster, for parent company AMFM Inc.

Rick Belcher, program director, WTMJ(AM) Milwaukee, named director, operations, WTMJ and WKTI(FM).

Allison Misora, promotions and marketing director, Renda Broadcasting, Jacksonville, Fla., joins Cumulus Broadcastings, Savannah, Ga., as marketing and promotions director, Savannah cluster.

Rich Redmond, Northeast radio sales manager, Harris Corp., South Glens Falls, New York, named radio systems sales manager. He will continue his current duties.

CABLE

Edward Hersh, senior producer, program development, ABC News, New York, joins A&E Network there as VP, documentary programming.

Anne Shiva, account executive, Young and Rubicam, New York, joins USA Networks there as VP, administration.

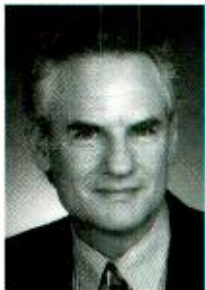
Pat Smith, VP, creative services, TBS, Atlanta, joins co-owned Turner South there as VP, creative director.

Appointments, Nickelodeon Latin America, Miami: **Annie Salas**, director, on-air promotions, named executive producer; **Tatiana Rodriguez**, manager, programming and acquisitions, named director, programming.

Appointments, Fox Family Channel, Chicago: **Laura Kirin**, account service executive, ESPN Networks, Chicago, joins as account executive; **Donald Popravak**, senior account executive, Seltel Division, Chancellor Media, Chicago, joins as account executive.

Desiree Rollins, senior account manager, The Walt Disney Co., Burbank, Calif., joins TV Guide Inc., Tulsa, Okla., as director of sales, Western region affiliate sales group.

ADVERTISING/MARKETING/ PUBLIC RELATIONS



Hayman

Stephen Hayman, general manager and chief operating officer, Seiniger Advertising, Los Angeles, joins Pittard Sullivan, Culver City, Calif., as executive VP, advertising and promotion group.

Benjamin "Biff" Niven, head, ad sales organization, TCI, Houston, joins TelAmerica, a television direct marketing firm, Philadelphia, as president.

Michael Silbergleid, editor in chief, *Television Broadcasting* magazine, New York, has formed The SilverKnight Group, a consulting, marketing and public relations firm there.

TECHNOLOGY

Don Patrican, VP, marketing and sales, consumer and professional media products group, Maxell Corp. of America, Fair Lawn, N.J., named

executive VP, sales and marketing.

Patrick Forde, product manager, Omni Star fiber optic transmission platform, General Instruments, New York, joins Insight Communications there as VP, new technology integration.

Greg Buzzell, chief engineer, WSTR-TV Cincinnati, joins BCS Wireless there as division manager, broadcast engineering.

Appointments, Williams Communications, which provides wholesale fiber-optic network services, St. Louis/Tulsa, Okla.: **Scott Schubert**, VP, global accounting services, BP Amoco, Tulsa, joins as chief financial officer. He is based in Tulsa. **Matthew Bross**, VP and chief technology officer, named senior VP and chief technology officer. He is based in St. Louis.

John Macdonald, regional sales manager, Latin America, Thomcast, Miami, joins Broadcast Electronics, Quincy, Ill., as sales manager, Europe, Middle East and Africa.

Clive Mayhew-Begg, regional director, Asia, Network Associates, New York, joins CDNOW Inc. there as VP, international operations.

Raymond Clark, general manager, Time Warner Cable systems, Dearborn and Wayne, Mich., joins Millennium Digital Media, St. Louis, as president, Central region. He will continue to be based in Michigan.

Frank White, VP, marketing, AMX Corp., Dallas, named VP, U.S. sales.

Mark McKenna, general manager, Bearsville Sound Studios, Bearsville, N.Y., joins The Toy Specialists, an audio equipment rental and consulting company, New York, as VP, sales and marketing.

Brian Gaffney, regional sales manager, Discreet, which develops technology systems and software, Montreal, named director, advanced systems sales, Americas.

ALLIED FIELDS

Colin Slade, VP and corporate controller, Tektronix, Wilsonville, Ore., named VP, finance.

DEATHS

Frank Gunther, 91, a radio transmission pioneer and original developer of shortwave-radio equipment, died May 24. Gunther, a former president of the



Frank Gunther

Radio Club of America, had a radio career that spanned generations. In 1925, he joined the RFL Radio Engineering Laboratories and helped construct and operate an experimental station that was

one of the first shortwave-broadcasting systems. Gunther also installed one of the first one-way radios used on an aircraft in 1928, and two years later participated in the first public broadcast from an aircraft. In 1935, Gunther, along with Edwin Armstrong, gave the first public demonstration of frequency modulation (the wave known as FM transmission). From 1939-1942, he designed and built more than 25 FM stations nationwide. A major in the World War I Air Force, Gunther also demonstrated the first FM mobile transmitter to the U.S. military and began designing the first Loran navigational system for the U.S. Coast Guard. He retired in 1982. Gunther is survived by two sons; five grandchildren; six great grandchildren; and five step-grandchildren.

John Masterman, 71, former anchor, WDAF-TV and KCPT(TV) Kansas City, Mo., died May 13 of heart failure. In 1967, Masterman worked at NBC Radio as a reporter and anchorman. He later became an NBC television news correspondent in Israel, Libya, England and Ireland. He eventually became an anchorman for WNBC-TV in New York. Masterman went to Kansas City in 1973 to anchor the news at WDAF-TV and went on to work as the station's news director and managing editor. Two years later, he joined KCPT-TV in Kansas City as the executive producer of public affairs programming. He also anchored the weekly series *Kansas City Illustrated* from 1983 to 1992. He retired in 1994. Masterman is survived by his wife, Lucy; two daughters; and two sons.

Correction: The May 31 issue of BROADCASTING & CABLE incorrectly listed Danielle Rockhok Teplica's new appointment at Children's Television Workshop. She is the senior producer, Europe, International Television Group.

—Compiled by Lara Reinstein
reinstein@cablenews.com

The Senate last week announced who would be on the conference committee to negotiate final satellite TV reform legislation with the House.

Those members are Sens. Orrin Hatch (R-Utah), Patrick Leahy (D-Vt.), Mike DeWine (R-Ohio), Herb Kohl (D-Wis.), Strom Thurmond (R-S.C.), John McCain (R-Ariz.), Ted Stevens (R-Alaska) and Ernest Hollings (D-S.C.). The Senate Judiciary Committee has five members on the conference as compared to the Commerce Committee's three. Sources say Senate Commerce Committee Chairman John McCain (R-Ariz.) accepted having less Commerce Committee members on the conference in exchange for getting more Commerce conferees when a bill on the Year 2000 computer bug goes to a conference meeting later this summer.

Reps. Ed Markey (D-Mass.) and Dan Burton (R-Ind.) last week introduced legislation that would create a national commission to study the causes of youth violence. Markey and Burton plan to amend the measure to a larger package on juvenile crime the House expects to begin

debating next week. Sens. John McCain (R-Ariz.) and Joe Lieberman (D-Conn.) amended a similar measure to the Senate's juvenile crime bill, which it passed last month.

Fox's FX network will be running episodes of *The Practice* and possibly *Ally McBeal* come fall 2001.

The network won Monday-Friday cable rights to both series, produced by David E. Kelley Productions in conjunction with FX sister company 20th Century Television. Sources familiar with the deal said the network is paying \$2 million per episode, for both shows combined, with 20th Century retaining single-play local weekend rights. Both shows will likely be stripped for weeknights, but no specific time has been set. *Practice* will likely begin in the fall of 2001, with *McBeal* expected to show up in fall 2001 or 2002.

Martha Stewart Living Omnimedia has signed a three-year production partnership with The Food Network. The deal includes the development of an original series for 2000, a new fall '99 series based on special food and

entertaining segments, and programming from the *Martha Stewart Living* television series. The half-hour series will debut September 6, while details regarding the 2000 original series will be announced in coming months. *Martha Stewart Living* will begin airing on the 24-hour cable network in September.

The Radio-Mercury Awards distributed \$210,000 in cash prizes last Thursday to honor the best in radio advertising in 1998.

The \$100,000 grand prize went to San Francisco-based Goodby, Silverstein & Partners for an Anheuser-Busch spot airing as part of the "Louie the Lizard" campaign. The public service announcement winner was Loew & Partners/SMS of New York for an ad for the President's Council on Physical Fitness & Sports. Also, CBS Radio and Television news anchor Charles Osgood was presented with the 1999 Lifetime Achievement Award.

While combined local and national radio advertising revenue continued its growth in April, national ad dollars alone were down

1% compared with April 1998, according to the Radio Advertising Bureau. Meanwhile, local revenue grew just 8% compared with the 13% increase registered last March. Combined revenue was up 6% compared with last April, giving radio its 80th consecutive month of such gains. "National revenues have traditionally been strong and we expect them to post solid results again this year," RAB President Gary Fries said in a news release.

Max Paglin, 85, former FCC executive director and general counsel, died June 8 of complications from strokes.

Paglin joined the agency in 1941, where he first was an attorney in the hemisphere communications unit and then the Common Carrier division. He joined the Broadcast Bureau as a staff attorney in 1948. In 1951, he was assigned to the bureau's TV hearing division, which tackled the flurry of competing applications after the agency lifted a three-year freeze on new licenses. From there he served as legal assistant to Commissioner Robert Bartley and then as assistant general counsel in charge of litigation.

Chairman Newton Minow named him general counsel in 1961. He held that post until 1964, when he entered private practice as a communications lawyer in Washington. Paglin returned to the agency in 1966, first as executive director, then as a staffer in the Office of Opinions and Review. He left the agency for good in 1972 and became an administrative law judge at the Nuclear Regulatory Commission. He is survived by his wife, Sally, and son

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David.

Cox Interactive Media is investing \$45 million in MP3.com, with plans to create music-related Web sites in a joint venture.

The investment, a 10% stake in MP3.com, represents the Cox Enterprises interactive unit's first foray into digital music. MP3 is the dominant technology for digital music downloading today.

Davis Television Group has purchased two Diacode-powered UHF television transmitters from Acrodyne in a deal valued at approximately \$1.5 million.

The Clarksburg, W. Va., Fox affiliate WFX-TV is replacing an older transmitter with an Acrodyne 10kW

TRU/10KDM air-cooled UHF television transmitter including a solid-state driver, Diacode final amplifier and transmission line.

Davis's new Wausau, Wis., Fox affiliate, WFXS-TV, which will broadcast on channel 55, has placed an order for a 240kW Au240D solid-state UHF television transmitter. This package features four TH680 Diacode final amplifiers in combined amplification, a signal filter, and a complete RF package including spare parts. Installation at channel 55 is scheduled for August 1999.

Minnesota's Twin Cities Public TV has ordered a SeaChange International Broadcast Media Cluster video server for its stations, KTCA-TV and KTCT-TV of St. Paul. The Media Cluster will be integrated

PROMAX offers peek at syndicated season

The 44th annual PROMAX and BDA Conference presented cable and broadcast promotion executives an opportunity to prepare for the coming interactive age and syndicators a chance to show off their wares for the upcoming season.

The conference, held last week at San Francisco's Moscone Center, continued to attract more Internet and international attendees—close to 7,000 in all—according to newly elected PROMAX Chairwoman Mary Powers. Powers, the director of communication and promotion at Citytv, says the role of the promotion and marketing association is evolving as it heads into the 21st century.

"No matter where things go, marketers are going to be the most in demand," says Powers, who replaces outgoing Chairwoman Micki Byrnes. "With so many channels and different brands, they will be in demand. So our job at PROMAX is to keep ahead of all of the coming changes."

Powers says the association is down to two candidates in its search to fill the vacant CEO and president's position. She said PROMAX executives expect to make the final cut by the end of this week, but she would not comment on who the two finalists are. Former PROMAX Chairman and CEO Jim Chabin left earlier this year to become president of the Academy of Television Arts & Sciences.

Lee Clow, chairman of ad agency TBWA Worldwide and the man behind such campaigns as Nike's Air Jordans and ABC's yellow "TV is Good" media blitz, gave an inspiring keynote speech last week. Clow said, "No longer can advertisers regard the audience as a dumb housewife from Des Moines. Now the creative bar is so high that any marketer who doesn't get it is going to lose."

In workshops in and around the convention floor, such syndication stars as Martin Short, Louie Anderson, Dr. Joy Browne and Judge Greg Mathis told station executives how their shows will work come September. Stations got their first taste of such shows as PolyGram/Universal's *Blind Date*, *Richard Simmons' DreamMaker* and the coming talker with Queen Latifah. Some syndicators, like Columbia TriStar Television Distribution, opted to bypass the glitzy workshops and just meet with station marketing and promotions executives individually.

—Joe Schlessner

with Floral automation software and will provide three inputs, six outputs and 96 hours of storage at 8 Mb/s. The MPEG-2 4:2:2 server will allow the group to handle operations for both stations and streamline promotions and traffic operations through its interface to Sundance Digital's Sales View traffic automation software. Sundance's system will let station staffers preview spots at their desktops before they are played to air from the server.

Ed Grebow is leaving graphics and routing supplier Chyron Corporation, where he has

served as president and CEO since June 1997, to head Sony Electronic's broadcast equipment business. Grebow, 49, will become president of Sony Broadcast and Professional Company on July 1, operating out of Sony BPC headquarters in Park Ridge, N.J.. Sony BPC Executive Vice President Mike Vitelli, who has overseen BPC in the interim, will remain in his current job. In coming to Sony, Grebow rejoins Sony Corp. of America CEO Howard Stringer, who he had previously worked with at CBS and TELE-TV. Grebow also gets a chance

to work for the company he says is "in the best position to take advantage of what digital television can offer across the board." "If what you do for a living is television equipment manufacturing, this is the biggest job in the industry," he adds. In the wake of Grebow's departure, Melville, N.Y.-based Chyron has named Michael Wellesley-Wesley, a Chyron director and past CEO, as its executive chairman and Roger Henderson, managing director of Chyron's U.K.-based Pro-Bel subsidiary, as its president and CEO.

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COMMITTED TO THE FIRST AMENDMENT AND THE FIFTH ESTATE

A house divided

These *are* interesting times. The broadcast networks seem closer to the big cable operators than to their own affiliates. While continuing to squabble with affiliates, they have forged lucrative new relationships with cable companies. First CBS and now NBC have cut deals with big operators that guarantee carriage of their digital TV services. ABC and Fox are certain to follow with similar agreements.

The coziness stems from the networks' (or their corporate parents') realization that they need cable to grow their real business, which isn't broadcasting, but the production, packaging and distribution of TV shows. Disney/ABC's planned soap opera channel, for instance, needs AT&T more than it needs Scripps Howard. Plus, the networks are enthralled by cable's promise of a second revenue stream—a share of the subscription fees. Here's a distribution medium that's willing to pay them for their programming. At the bottom of the networks' affiliate troubles is the affiliates' insistence on receiving fees from the networks. The networks think the affiliates have it all backwards.

It's encouraging that the broadcast networks and cable operators recognize their common interests and can work out carriage deals without having to call on the government to referee or take sides. But it's discouraging that ABC, Fox and NBC can't seem to work out a settlement with their longtime allies and fellow broadcasters. As we report this week (see page 6), Fox and its affiliates have found something new to fight about—retransmission consent rights. Fox wants to use the affiliates' rights in its carriage negotiations with cable. The affiliates say "no way." And Fox's frustration at the affiliates' opposition to raising the national station ownership caps prompted it to quit the NAB last week. That made it official: Broadcasting is a house divided.

We're no more comfortable coming between broadcast-

ers than is the NAB, although we're a little more used to being in that position. What we'd say to the warring parties: The sooner you cut your losses, the better.

Let's face it, if both sides fight this one to the death, it will be the end of broadcasting as we know it.

Hi, mind if I investigate?

The advice from one attorney to investigative journalists last week was that, to guard against lawsuits, they should not misrepresent themselves to the subjects of their investigation and should try to conduct their interviews in public places whenever possible. Forget a story's accuracy or importance as a public service (lax food handling leaps to mind); those are apparently in danger of being sacrificed to the expedience of insulation from lawsuits over how that information was gathered.

We can just see the investigative reporter now as he or she tries to go undercover armed with that advice. "Hello, I'm from ch. 4. Could we step outside into the street so that I can gain your confidence and learn what illegal and unsafe practices you might be engaged in that could affect my viewers' health and safety? By the way, were those rat droppings in the Caesar salad?"

An exaggeration? Of course. But court decisions such as ABC's loss in the Food Lion case and recent privacy decisions that have gone against the media have created a definite chill.

At a conference on investigative journalism in Kansas City last week, Lynne Dale, who worked on the Food Lion investigation and is now with *Dateline NBC*, says that in light of those court decisions, she and producers at other networks are "producing shows for juries, not audiences."

That may please network legal departments, but it leaves a bad taste in the mouths of those who appreciate the practice, and recognize the benefits, of investigative journalism.

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