

# BROADCASTING CABLE

MAY 6, 2002

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**NCTA 2002**

# COMCAST

With its acquisition of AT&T systems,

# GROWING

Comcast will nearly triple in size.

# PAINS



But is it too much too fast? » **PAGE 44**

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**LLY, HDTV?**

Americans will be able to tune def next year, if cable makes

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good on its promises » **PAGE 54**

## ECHOSTAR'S FADING GLOW

Many believe the FCC's 'body language' is saying it may not approve the EchoStar/DirecTV merger » **PAGE 5**

## THEY ALL FALL DOWN

There's nothing too permanent about being ABC Television president as Steve Bornstein is the latest to discover. » **PAGE 19**

## SCHOOLS THAT TERROR BUILT

Foreign correspondents are now targets, and cable news networks are mandating reporters get training on how to stay alive in dangerous places » **PAGE 20**

## HOW ABOUT CABLE ON DEMAND?

Some cable networks think SVOD is the next (very) big thing » **PAGE 40**

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- **#1** in brand resonance among women 18+ — outranking 137 nationally recognized brands.<sup>4</sup>

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## Top of the Week May 6, 2002



The possibility of a Bill Clinton talk show on NBC generated a lot of buzz.

**TAKING ON OPRAH?** NBC and former President Bill Clinton talk about his hosting a syndicated talk show. » 13

**DISALVO PROMOTED** Syndicator King World names Joe DiSalvo president, domestic television sales. » 13

**WILL THE LAST ONE OUT...** ABC Television chief Steve Bornstein is latest to depart in ABC's ongoing shuffle. » 19

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**RAISING DOUBTS** Justice has the last word, but many think the EchoStar-DirecTV merger may not happen. » 5

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**ALL ABOUT GAMES** Comcast's new G4 network targets videogamers and the \$9.4 billion they spend each year. » 9



Charles Hirschorn wants his G4 network to be to videogaming what MTV is to music.

### Washington

**Rivals' demands** Competitors tell FCC what AT&T and Comcast should have to do in order to be allowed to merge. » 38

**More talk** Senate bill revives debate over telcos' long-distance broadband services. » 39

### Technology

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**MSIPG?** Microsoft takes on Gemstar-TV Guide with thin-client program guide. » 42

NCTA 2002

# COMCAST

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But is it too much too fast? » PAGE 44

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## NCTA 2002

**System indigestion?** If merger is approved, Comcast may find that turning AT&T Broadband around is more difficult than expected. » 44

**Hard to get** Even the largest cable networks are frustrated in obtaining full carriage. » 48

**The high road** Top cable operators pledge to offer HDTV in most digital systems next year, while broadcasters make excuses. » 54

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# BC EYE

CABLE OPERATIONS

## RCN quits Ivy League

Financially ailing and loaded with debt, overbuilder RCN has put its Princeton, N.J., cable system on the block. A high-income, high-growth pocket fueled by Princeton University, the 80,000-sub system is just part of RCN's portfolio of conventional cable systems that had provided steady cash flow to support RCN's risky overbuilds in New York, Boston and Chicago. But a financial crunch forced RCN to renegotiate loan agreements with banks and is now compelling it to sell some choice assets. Industry execs that have sniffed say the properties are in need of a rebuild. Given RCN's financial pinch, the \$400 million or so the properties should fetch should please bankers. But "it's a little like selling your seed corn," says one cable exec. Comcast and Cablevision are obvious bidders because they operate in New Jersey. But one investment banker asks, since RCN has overbuilt their systems, "Do you give your enemy bullets that he then tries to shoot you with?"—J.M.H.



RCN's 80,000 subscribers in Princeton, N.J., could fetch \$400 million.

BROADCASTING

## It's nice, but...

The *New York Times* reported last week that New York broadcasters were planning to construct a free-standing tower with restaurant and observation deck to support their broadcast antennas at a cost of \$200 million. The story was accompanied by a rendering from architectural firm Kohn Pedersen Fox of the tower that would rise 2,000 feet. The only problem is that the plan was news to New York broadcasters. The Metropolitan Television Alliance, the consortium of broadcasters working on replacing the tower lost in the Sept. 11 attack, says the free-standing tower is just one of many that have been proposed. In fact, the alliance is now leaning toward a basic guide-wire tower, cheaper and faster to build. The group's first choice for the tower site remains Governor's Island, just off the southern end of Manhattan. Second choice is across the harbor in New Jersey's Liberty State Park.—K.K.



JOURNALISM

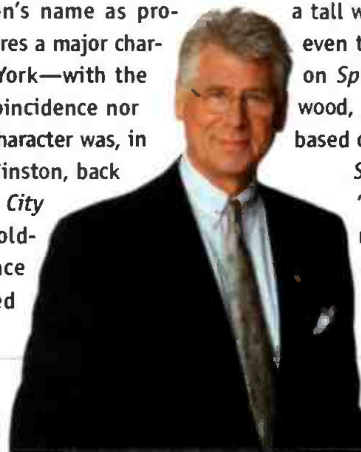
## Homeward bound

Since Sept. 11, media darling Ashleigh Banfield has hoppedscotched the world for MSNBC. But soon she'll be turning an eye homeward. Her prime time show, *A Region in Conflict*, which has been heavy on international news, will relaunch as *Ashleigh Banfield on Location* and be balanced with domestic news. "We're going to broaden her out to more stories, but she'll always be in the field somewhere," said MSNBC President Erik Sorenson. The new format will debut in late June when Phil Donahue joins the prime time lineup at 8 p.m. ET. That's when Banfield will move up to 10 p.m., making room for Chris Matthews' *Hardball* to take over at 9 p.m. Brian Williams will continue to hold down the 7 p.m. slot.—A.R.

## THE SPIN ON RANDALL WINSTON

Tuesday nights must be confusing for Randall Winston. At the same time the credits for NBC's *Scrubs* bear Winston's name as producer, ABC's *Spin City* features a major character—the Mayor of New York—with the same name. It's neither coincidence nor inside joke. The *Spin City* character was, in fact, named for producer Winston, back when he worked with *Spin City* co-creators Gary David Goldberg and Bill Lawrence (Lawrence also created

*Scrubs*). Winston's resemblance to the character ends with the name. Barry Bostwick (pictured) is a tall white man while the real Winston is an even taller black man. But another character on *Spin City*—the Mayor's aide Carter Heywood, played by Michael Boatman—is actually based on Winston. Winston says he had hoped *Spin City* would make his name popular "so I can get great tables in New York restaurants." And he still would like the show to do well—as high as second in its time slot, in fact.—D.T.



# EchoStar's chances: slimmer

*Increasingly, many in Washington doubt that the DirecTV merger will be approved*

By Paige Albiniak

**W**ith the way things are going, deal-watchers will be shocked if EchoStar Communications Corp.'s proposed \$26 billion merger with Hughes Electronics, and its DirecTV subsidiary, is approved by regulators.

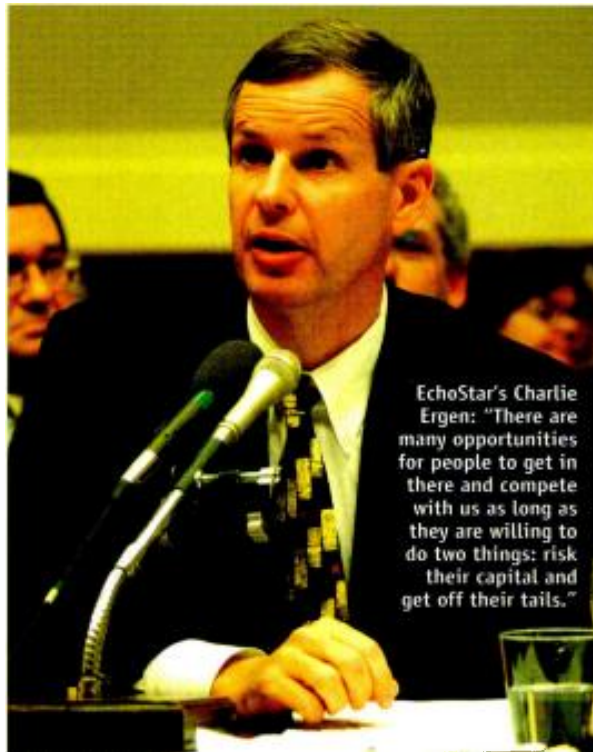
Evidence that the deal faces an increasingly tough time comes from several sectors, including the FCC and Wall Street. The big question, though, is what the Department of Justice thinks about the merger. But that question is expected to remain unanswered until September at the earliest.

Antitrust lawyers have been adamant that, on its face, the merger violates basic antitrust guidelines. It's a simple argument: The merger reduces consumer choice in some markets from two multichannel television providers to only one.

"I think all the political noise has a marginal effect, but I think it has more influence over the FCC than [over] the DoJ," says Blair Levin, former chief of staff for former FCC Chairman Reed Hundt and now an analyst for investment firm Legg Mason. "I think, in this particular case, DoJ is going to do a very traditional antitrust analysis and come to the conclusion that this merger violates traditional antitrust guidelines."

Adds a satellite-industry attorney: "This is not about politics, it is really about antitrust law. The key is the way the Department of Justice views the antitrust issues."

While DoJ works at its legal analysis, the FCC must decide whether the merger is in the public interest. EchoStar may have a hard time convincing the FCC of that, since the commission has expressed exasperation with EchoStar because of the satellite-TV company's perceived repeated bad behavior.



EchoStar's Charlie Ergen: "There are many opportunities for people to get in there and compete with us as long as they are willing to do two things: risk their capital and get off their tails."

In a recent FCC decision footnote, the commission cites several instances when EchoStar was fined for "rule violations and admonished for its 'disingenuous' behavior and lack of candor."

"The body language alone shows that the FCC does not like that merger," says Scott Cleland, CEO of The Precursor Group, an independent research firm in Washington. "They've delayed review of it twice. There's nothing subtle about the signals the FCC is sending EchoStar."

**The body language shows the FCC does not like that merger. They've delayed review of it twice. There's nothing subtle about signals FCC is sending EchoStar'**

—Scott Cleland,  
The Precursor Group

Says Yankee Group media analyst Aditya Kishore, "The sense that we've been getting from regulators is that they are not particularly impressed by EchoStar's arguments."

Those arguments are that the deal will allow a merged EchoStar and DirecTV to carry local TV signals in all 210 U.S. markets, provide high-speed Internet access to the entire country and offer equal pricing to consumers in all markets. But the FCC has to believe EchoStar's promises in order to agree to them, and that might be an issue if the commission thinks the company has credibility problems.

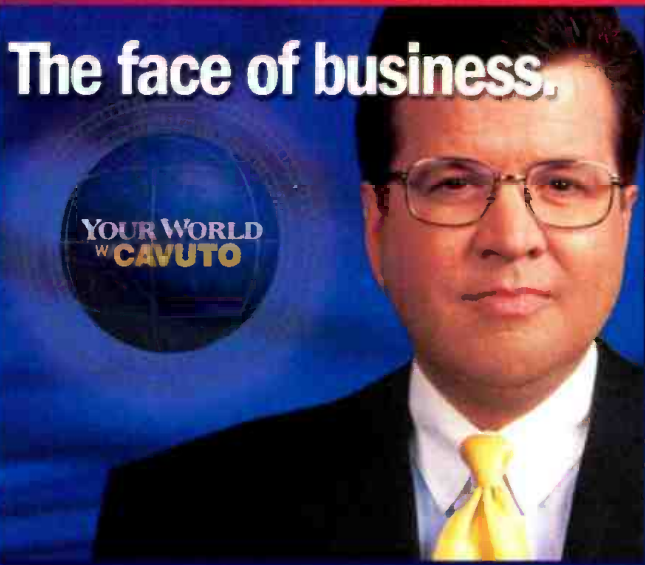
"One has to ask whether these promises are believed," says the satellite-industry attorney. "When you have the FCC issuing decisions basically saying that these people lack candor, it suggests they have a believability problem at the commission."

In response, some say EchoStar is making some broad gestures to convince regulators that the merger is necessary. They

suggest the company has gone so far as to back away from its broadband investments—writing off 60% of its \$100 million

# The Faces of America's Most

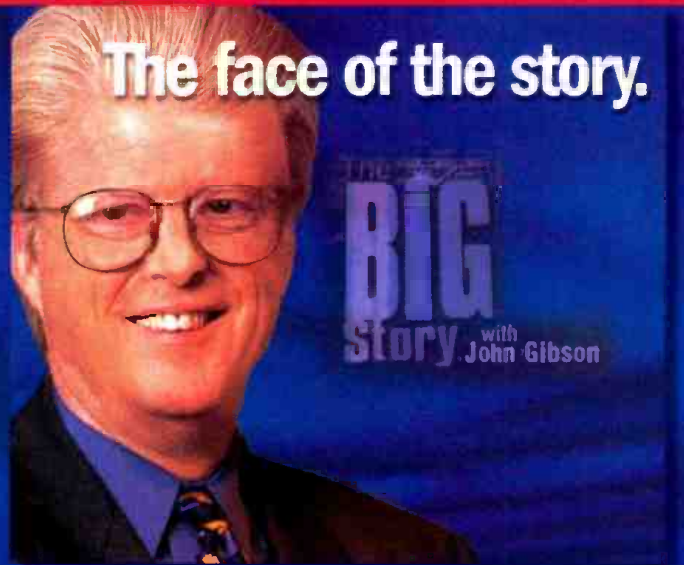
The face of business.



*Neil Cavuto*

4pm ET Weekdays

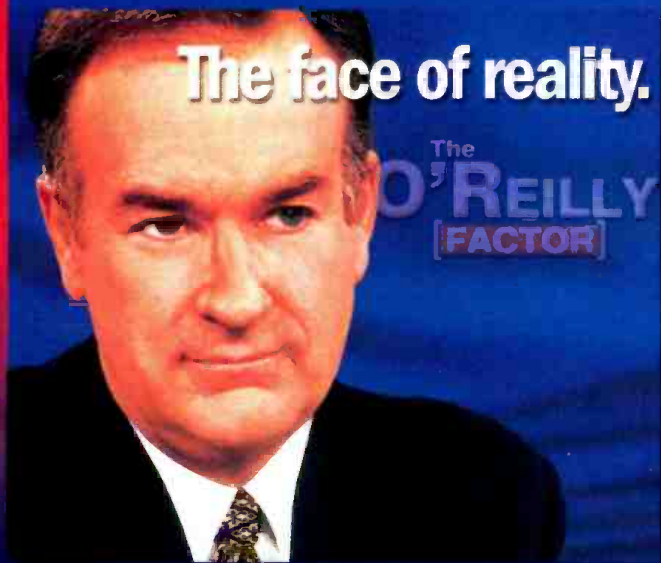
The face of the story.



*John Gibson*

5pm ET Weeknights

The face of reality.



*Bill O'Reilly*

8pm ET Weeknights

The faces of debate.



*Sean Hannity &  
Alan Colmes*

9pm ET Weeknights

## The Network America Trusts for Fair and

Source: Nielsen Media Research, 1Q02 (12/31/01-3/31/02). Mon-Sun 6am-6am, HH % Covg. Rating and HH, Persons 2+ and Adults 25-54 AA(000). FNC vs. CNN, MSNBC, CNBC and HLN. Subject to qualifications which will be made available upon request.



# Watched Cable News Network

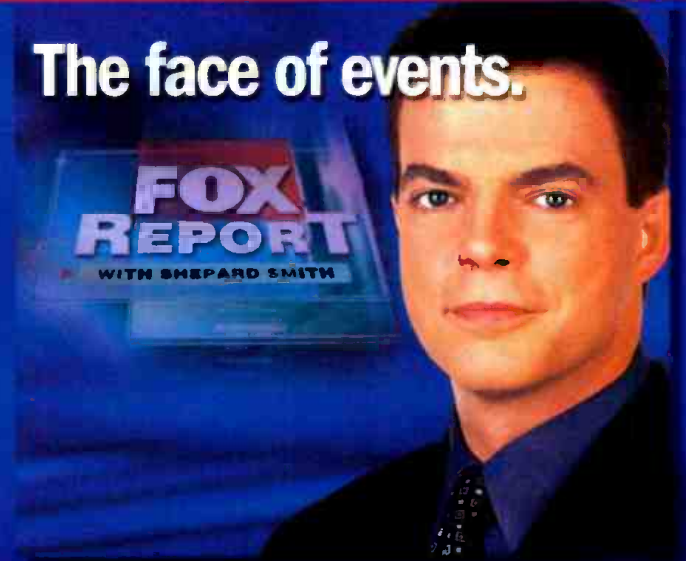
The face of politics.



*Brit Hume*

6pm ET Weeknights

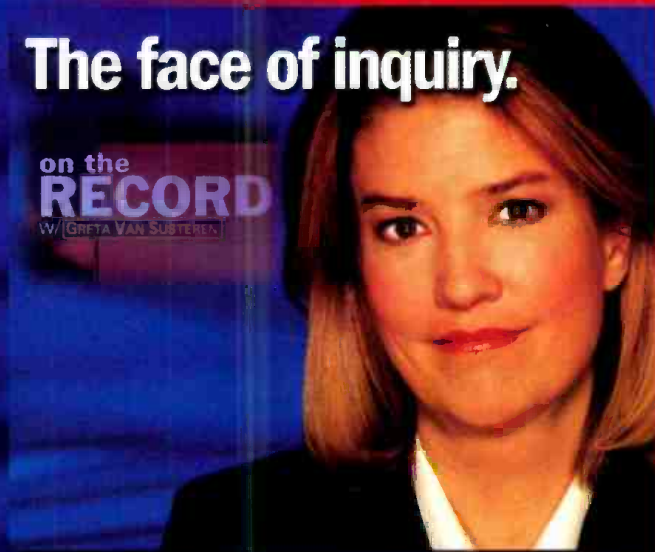
The face of events.



*Shepard Smith*

7pm ET Weeknights

The face of inquiry.



*Greta Van Susteren* 10pm ET Weeknights

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investment in Gilat Satellite Networks' Starband venture and writing off completely its \$50 million investment in Wild-Blue Communications—in order to prove that, without the merger, nationwide broadband will not occur.

EchoStar says the reason for getting out of those businesses was simpler than that, arguing neither deal was economically sustainable.

And EchoStar Chairman Charlie Ergen downplays the whole thing: "Everybody you read talking in the papers is being paid. By the NAB, by the NRTC, by Fox or by us. Wait to see what the people making the decisions say."

There are plenty who say Ergen will do what he must to get his way. "Everything Charlie is doing right now is strategically designed to increase his chances of getting the merger approved," says Susan Irwin, president of Irwin Communications Inc., a Washington-based consulting/research firm.

Irwin is among a minority who think the merger "still has a 50-50 chance of going through," even counting its strongest advocate, Ergen. "If this is not a good deal for consumers, then [regulators] should not allow this merger," Ergen said last week to a group of Washington attorneys. "But I am convinced it is, because I talk to my customers every day and I know the economics of putting the two companies together will allow us to have lower prices and more services than we otherwise would."

Still, Ergen knows he has a lot of convincing to do. So, in the past two weeks, he and

other EchoStar execs have begun pitching the notion that the DBS market will soon have many competitors, contrary to the understanding of most who follow the industry.

"It's what we've said all along. New entrants will come into this marketplace," Ergen said. "New technologies will evolve. The Internet will compete with us eventually. Fiber-to-the-home will compete with us, and cable operators. If you don't keep moving in telecom today, you just end up being a carcass on the information superhighway. I don't want to go down and see Bernie in Mississippi and go hunting together," Ergen said, referring to ousted MCI Worldcom CEO Bernie Ebbers.

Ergen named several recent arrivals. SES Americom, an American subsidiary of Luxembourg-based SES Global, announced in late April it wants to offer a wholesale DBS service at 105.5 degrees. Ergen said he's concerned about interference but "we're happy to see competition."

He also mentioned possible competition from Northpoint Technology, whose license application the FCC approved two weeks ago; Pegasus, which has licenses to fly satellites in the Ka-band that could compete with traditional DBS; Digital Broadband Applications Corp., a U.S.-based company that wants

to use Canadian orbital slots and satellites to offer DBS services; and cable operator Cablevision, which possesses a license to use a DBS orbital slot at 61.5 degrees.

"As the merger proceeds and people realize it will happen, there are many opportunities for people to get in there and compete with us as long as they are willing to do two things: risk their capital and get off their tails," Ergen said. "But I believe the merger will be approved without those entrants."

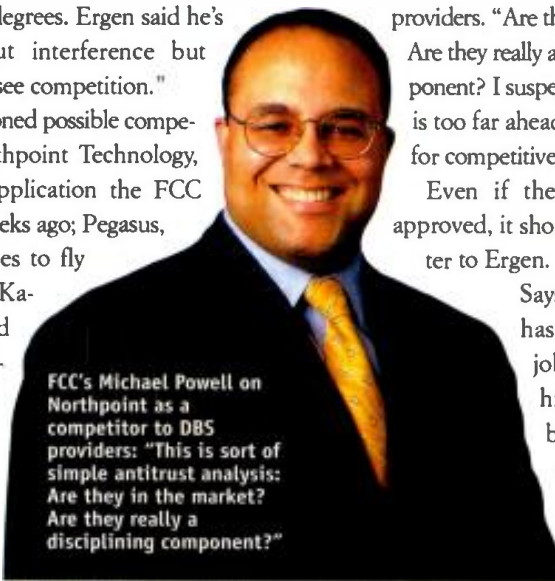
But antitrust experts think it will be years before new competition enters the DBS market, and potential competition is usually not enough to persuade Justice to approve deals that eliminate real competition.

"This is sort of simple antitrust analysis," says FCC Chairman Michael Powell, commenting on whether Northpoint Technology will provide competition to DBS providers. "Are they in the market?

Are they really a disciplining component? I suspect that the merger is too far ahead of it as a service for competitive analysis."

Even if the merger is not approved, it shouldn't really matter to Ergen.

Says Levin, "Charlie has done a brilliant job of positioning his company to benefit regardless of whether the merger is approved or not." ■



FCC's Michael Powell on Northpoint as a competitor to DBS providers: "This is sort of simple antitrust analysis: Are they in the market? Are they really a disciplining component?"

## EchoStar shines

In a down economy, EchoStar Communications Corp. Chairman Charlie Ergen showed Thursday why he remains one of the richest men in America. EchoStar reported first-quarter revenue of \$1.04 billion, up 28% from \$862 million in the first quarter last year.

EchoStar's pre-marketing

cash flow rose 28%, to \$450 million from \$351 million. Its EBITDA (earnings before interest, taxes, depreciation and amortization) totaled \$178 million, up from \$51 million in the year-ago period.

EchoStar attributes the improvements to the addition of new subscribers. That seems true: The company

added 335,000 subscribers during the first quarter.

That brings its total to 7.16 million subscribers, a 25% increase in subs from this time last year, mirroring its revenue and cash-flow increases.

EchoStar also is showing positive operating income, logging \$95 million this year compared with a \$15 million

loss in operating income last year.

It reported a \$39 million loss for the quarter, though, and a \$97 million loss attributable to shareholders. Of that, \$58 million in non-cash accounting charges is due to Vivendi Universal's \$1.5 billion investment in EchoStar, the company said.—P.A.

# No chill pill for drug ads

*House zeal for regulation ebbs, but senators fret over the cost to consumers*

By Paige Albinak

While the threat of legislation to regulate prescription-drug advertising seems to be waning in the House, it is growing in the Senate. Sen. Debbie Stabenow (D-Mich.) is circulating a draft bill that would limit the amount a drug company could deduct for advertising and marketing to the amount it spends on research and development.

For example, if a drug company spent \$100 million researching and developing a drug and another \$110 million marketing



Rep. Billy Tauzin favors keeping First Amendment rights safe for drug companies like Liptor's maker.

it, the company could write off only \$100 million of the marketing costs.

"If the drug companies dispute these statistics and claim that they spend more on research and development than advertising, then they should not object to this bill because it will not affect them," Stabenow says in talking points.

Some senators have noticed drug companies are increasingly advertising prescription drugs and are worried such ads boost the cost of these drugs to consumers.

"We never saw a prescription drug advertised on an NFL football game five years

ago," said Sen. Charles Schumer (D-N.Y.) in a hearing last month. "We do now. If we have prescriptions, why are we advertising to consumers? You want to get rid of prescriptions, advertise to consumers. But if you have prescriptions, it's sort of a contradiction."

On the House side, Ways and Means Committee Chairman Bill Thomas (R-Calif.) has said he was considering legislation that would regulate direct-to-consumer drug advertising. But, in a press conference this week, he said that, instead, he will try to include more money for the Food and Drug Administration to review those ads and may also include money for a study on how the ads affect consumers.

What might be stifling Thomas's enthusiasm is the fact that House Energy and Commerce Committee Chairman Billy Tauzin (R-La.), whose committee has authority over the FDA, has said he believes that drug companies have a First Amendment right to run the ads and does not intend to make any changes to the law that would affect such advertising. ■

# It's cable's play 'station'

*New Comcast network aims for videogamers, and their \$9.4B wallet*

By Allison Romano

Comcast's newly hatched G4 network is all about videogames and interactive entertainment, an MTV-style channel for gaming nuts. But viewers who want to play games will have to go back to their computers and Sega machines.

"MTV filled a void on television for the music industry, and we're going to do the same for gaming," said G4 creator and CEO Charles Hirschorn, a former Walt Disney Television executive.

There certainly is a market: The gaming industry generates an estimated \$9.4 billion in annual sales.

The channel launched April 24 on digital in 3 million Comcast Cable and Insight Communications homes (Insight is a minority investor). Comcast's programming stable also includes the Golf Channel, Outdoor Life, Comcast SportsNet and E! Entertainment Television.

G4 executives aim to reach 30 million homes within five

years. Those with viewers 12 to 34 years old, particularly males, are especially attractive.

G4 opened up with 13 original series that blend entertainment and information with an MTV or E! flair. *Players* polls celebs on their favorite games; *Pulse* is the net's weekly videogame-business news show. The programming runs in three-hour blocks throughout the day.

The network is gunning for digital carriage at a time when even digital tiers are filling up.



G4 creator and CEO Charles Hirschorn: "MTV filled a void on television for the music industry, and we're going to do the same for gaming."

Unlike other diginets that rehash library content from their analog sister services, says COO Deborah Green, G4 is 100% original.

"There's never a capacity issue if you have a good product," said Green, former senior vice president of affiliate sales for E!. ■

# AFFAIR



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# I N!

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**Belo**  
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**Media General**  
**Meredith**  
**NBC**  
**Post-Newsweek**  
**Raycom**  
**Viacom**

T H I N K



O F I T



A S T H E



'WHAT'S WHAT'



O F T H E



'WHO'S WHO'

# R G E

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## THE WEEK THAT WAS

**BREAKING NEWS:  
EXIT SIGNS AT UPN**

UPN isn't talking, but look for more senior-level executive exits at the network. **Bob Bouknight**, senior vice president, creative advertising, is out. Meanwhile, **David England**, executive vice president and chief financial officer, **Steve Carlston**, executive vice president, affiliate relations, are on thin ice, according to sources.

Many UPN positions are being eliminated as part of the continuing intergration of UPN and CBS operations.

"These are all very good people," said a somewhat saddened snoop. "But ultimately, CBS wants its own team in place."

**AND NOW THE NEWS**

**Will Smith** and **James Lassiter's Overbrook**

Entertainment are producing a daily half-hour pilot, *Good News*, for syndication through **Studios USA Domestic Television**, for the 2003-04 season. It will concentrate on the heroic stories of everyday people who endure despite extraordinary circumstances (much like the awe-inspiring staff of a fine television business magazine, when we stop to think about it). ...

**Game Show Network** inked carriage deals with **Charter**, **Comcast** and **AT&T Broadband** that will drive the channel's distribution past 45 million homes. Game Show is picking up Comcast's Philadelphia system; Charter subs in St. Louis; and AT&T



Photo: © The WB / Chris Large

The WB doesn't announce its fall schedule until May 14, but WB Entertainment chief **Jordan Levin** is so high on *Everwood*, starring **Treat Williams**, that the network is giving the drama an early order for 13 episodes today. Williams stars as a widowed Manhattan brain surgeon who moves to Colorado with his son and daughter.

Broadband Salt Lake City, among other markets. ...

**Matt Lauer** has re-upped at NBC's *Today Show* for three more years at a reported \$8 million a year—about twice what he was making but still \$5 million a year less than the deal his colleague **Katie Couric** made earlier this year. ...

**Joe Buck**, **Chris Collinsworth** and **Troy Aikman** are Fox's first-string NFL announcing team this season, with Buck doing play by play. Fox is adopting a three-man booth to replace the **John Madden-Pat Summerall** duo that broke up in the off season. Summerall

retired; Madden has jumped to ABC's *Monday Night Football*. ... Separately, Fox News renewed **Tony Snow's** contract to continue hosting his Sunday-morning news-and-commentary program, to be retitled *Fox News Sunday With Tony Snow*. ...

Legendary ad buyer **Paul Schulman**, president of **Advanswers New York** and a sharp interpreter of network scheduling spin, is retiring after 42 years in the business.

**WASHINGTON WATCH**

The House Energy and Commerce Committee last week unanimously approved a bill that would indefinitely delay the FCC's auction of the 700 MHz spectrum, which is used by broadcasters on ch. 52-59 and 60-69. The FCC is scheduled to auction that spectrum in June and still intends to hold the auctions, even though the **Bush administration** is pushing hard for a delay. ...

**Rep. Ed Markey** (D-Mass.) introduced the "Wireless Technology Investment and Digital Dividends Act," which proposes to take proceeds from spectrum auctions and create a public trust fund. The fund would support investments in telecommunications that advance such causes as teacher training, educational-software development and distance learning. It also would help bridge the digital divide.

**FINAL WORDS**

Say goodbye to ABC-TV's "yellow" campaign (or what's left of it, anyway). ABC has

hired Chicago-based **Leo Burnett** to develop a new on-air ad campaign for the struggling network. The current campaign was created in-house at ABC, and the network is said to want a new creative ad package to kick off the 2002-03 season. ...

**Discovery Networks** is moving forward with plans to eliminate credit rolls from some of its programming, but the decision will be up to show producers. Discovery contends that 30% of its viewers defect from its channels when credits begin. It proposes replacing credits with a production-company logo and posting long-form credits on its Web site.

**IN PASSING**

**John Rohrbeck**, head of NBC's owned-stations group 1991-97, died April 27 at the age of 62 in Manhattan, from bladder cancer. Rohrbeck, while general manager of Washington's **WRC-TV**, developed *The McLaughlin Group* and, while general manager of **KNBC(TV)** Los Angeles, greatly expanded the station's news presence in the market.

**CORRECTIONS**

**Marketplace**, produced by **Minnesota Public Radio** in association with the University of Southern California, was misidentified in an April 8 story. ...

**WKPT-TV** Kingsport, Tenn.'s digital signal transmits at 5.4 kW. Its power level was incorrectly stated in an April 15 article.

# That '90s Show

*Can it be? Will the former leader of the Free World do the daily dish?*

By Steve McClellan

Well, he sure has the gift of gab. Former President Bill Clinton, that is. Whether he uses it to take on Oprah in daytime syndication remains to be seen.

But believe it or not (and there are a lot of people who do not), Clinton has seriously considered doing just that. So serious that he sat through a presentation last week with NBC executives who walked him through the process, challenges and opportunities of doing a daytime syndicated talk show.

Both NBC and Clinton's handlers confirmed the meeting, which was held last Wednesday at the West Coast offices of Hollywood producer Harry Thomason, a long-time Clinton confidant, who has advised him on numerous media issues in the past.

Representing NBC at the meeting were NBC President Andrew Lack, NBC Entertainment President Jeff Zucker and NBC Enterprises President Ed Wilson.

Both sides characterized the meeting as exploratory and stressed that no offer is on

the table. Some reports had it that Clinton had asked for \$50 million to do a talk show for the network, but others close to the situation insisted that money hadn't been discussed.

Julia Payne, a Clinton spokeswoman, issued a statement last Thursday, explaining: "Yesterday's informal meeting was one of many meetings President Clinton has had with many people over the past year. President Clinton did not demand a talk show. He went to listen. The President is gratified by the range of opportunities that have been presented to him."

The tabloid press had a field day with the story last week. There's a lot of fodder there, of course, given the sex scandal that led to Clinton's impeachment in 1998. And tawdry sex issues are grist for the talk-show mill, nowhere more consistently than on *The Jerry Springer Show*, whose host is himself a former politician.

Some in the business think Clinton would be crazy to do it, including Maury



Povich, who fronts his own daily gabfest. "He brings too much personal baggage," Povich told the *Daily News* last week. "Can you see him doing 'Who's the Father?'"

The New York *Daily News* ran a front-page headline Friday, "Bubba TV." The one-column story inside was accompanied by two columns of photos of suggested Clinton show guests, including Linda Tripp ("Are you taping this show?") and Robert Blake ("I didn't do it, did you?"). ■

## New president for King sales

By Steve McClellan

King World has named Joe DiSalvo president, domestic television sales. Having been senior vice president and general sales manager, domestic syndication and cable sales, since 1999, he succeeds Stu Stringfellow, who retired earlier this year.

DiSalvo reports to King World and CBS Enterprises CEO Roger King. "Joe is a great salesman," King said in a statement, "and

he's respected industry-wide for his knowledge, expertise and leadership abilities."

DiSalvo is credited with key roles in the off-net launch of *Everybody Loves Raymond*, *CSI*, the first-run rollout of *Dr. Phil* and the most recent sales of *The Oprah Winfrey Show*, cleared in 80% of the U.S. for 2005-06.

DiSalvo joined King World following CBS's acquisition of the company and subsequent merger

with the network's Eyemark Entertainment. He joined Eyemark in 1997 as senior vice president, Eastern Sales. From '94 to '97, he was senior vice president, then executive vice president at New World/Genesis Entertainment, where he was a key player in launching *Access Hollywood*.

Earlier, DiSalvo was senior vice president and general manager at Viacom Enterprises, where he was involved in the



Joe DiSalvo is credited with key roles in the off-net launch of *Everybody Loves Raymond* and *CSI*.

off-network distribution of *The Cosby Show* and the launch of *Montel Williams*. ■



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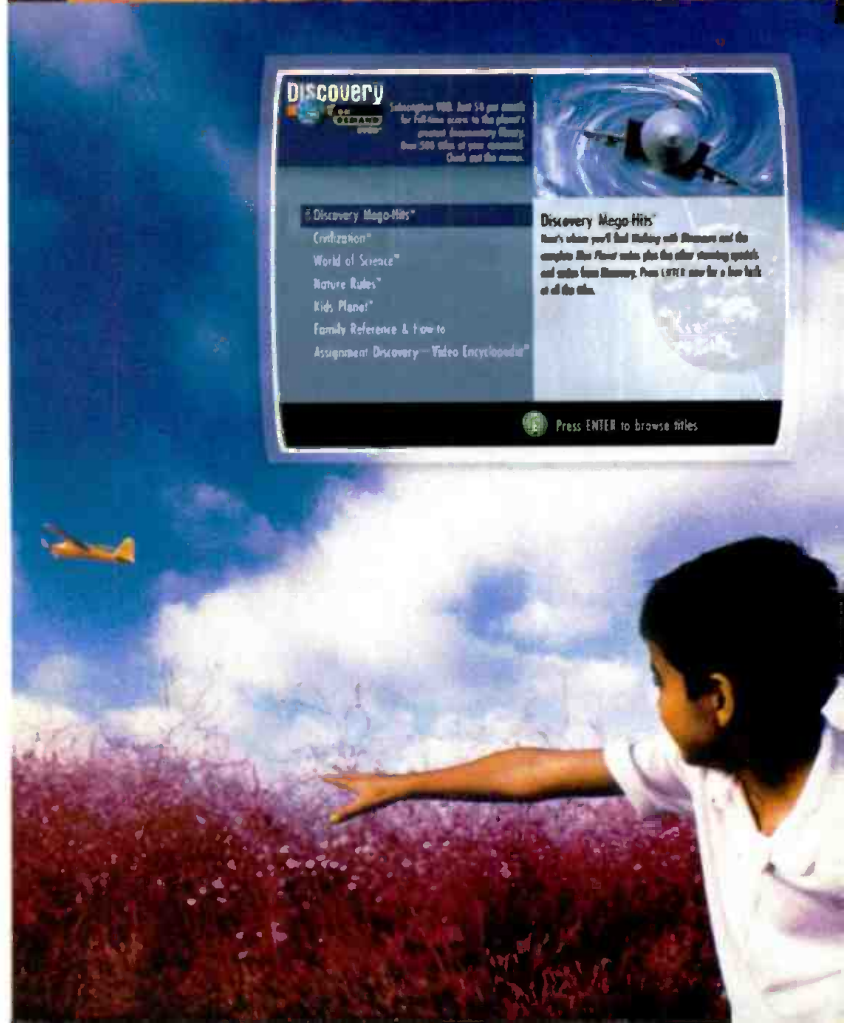
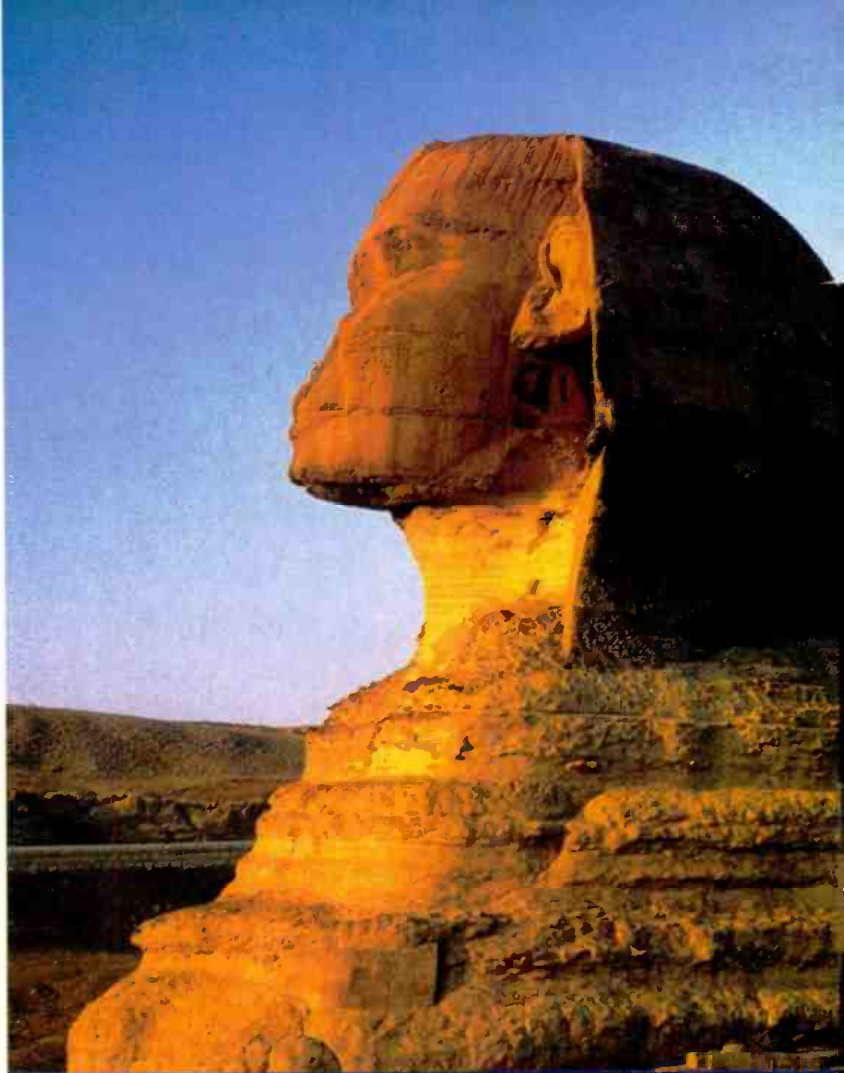


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“is” is: If the operators define a “system” according to groups of subscribers served by an individual headend, then many major metro households served by AT&T Broadband, Charter, Adelphia, Mediacom and Cable One—which have built their operations in part through acquisitions of many smaller systems—may not be seeing HD anytime soon.

But officials from Insight and Cox said the subscriber floor would exempt fewer than 5% of their customers.

FCC officials, however, said they aren't worried by the extra limit tacked on by the cable operators. “We weren't expecting every single cable system in small town America to jump on board,” said Media Bureau Chief Ken Ferree.

Plus, some smaller cable systems may add HD programming as their parent companies link operations to joint headends via fiber connections, industry officials say. “This is not meant to preclude anyone from offering HD to their subscribers,” said Robert Sachs, president of the National Cable & Telecommunications Association.

Whether subscribers will have access to HD-ready cable boxes is another uncertainty. Although the operators said they would immediately place orders for integrated HD set-top boxes with digital connectors and provide them to customers who request, one DTV expert predicted the devices won't be available until the end of 2003 because of the manufacturers' lag time.

The MSOs also pledged to advertise and

market HD and any other “value-added DTV programming” carried by a “broad variety” of promotions. NCTA also reiterated its March pledge to jointly promote HD with broadcasters and equipment makers.

Although the cable operators specifically pledged to carry HD programming, the announcement did not spell out whether that means only the highest-utilized HDTV resolution standard, 1080i, or lower-resolution formats too.

Each cable system will decide for itself which type of transmission qualifies as “high definition,” said Lynne Elander, vice president of video product management at Cox Communications. Cox for the most part will insist on 1080i, although she said a deal with Fox would be considered. Fox offers its prime time lineup in 480p, which some critics say is little more than a conventional picture in a wide-screen format.

Insight Communications hasn't any set policy. “We're going to have discussion with networks on different formats,” said Michael Willner, company president and NCTA chairman.

Still, new high-definition offerings from cable-owned programming will pressure broadcast networks to produce more-compelling HD programming. Only CBS and ABC are producing significant amounts of their prime time schedule in 1080i.

That standard allows 1080 lines per screen. Although 1080i is delivered via “interlaced” transmission that allow only half of the lines to show on a screen at any

particular instant, the bandwidth saving allows more lines to be transmitted than “progressive” transmissions requiring lower resolution, such as 720p or 480p.

NBC has limited its regularly scheduled HD offerings so far to 1080i versions of *The Tonight Show With Jay Leno* and *Crossing Jordan*. NBC Sports also has provided HD coverage of the Olympics, several NBA games and the upcoming Triple Crown horse races. The broadcast and consumer equipment industries wasted no time critiquing cable's promise, and both cautioned they see much to be desired.

After an initial rush of enthusiasm for any sign of FCC leadership on DTV, broadcasters are chagrined that the FCC's latest steps are aimed more at promoting consumer interest in DTV generally and the sale of high-definition sets specifically than in helping broadcasters get carriage for their new services.

Cable systems conceivably may shun local stations and carry only the high-definition services of cable-owned programming networks rather than local stations and still be in compliance with Powell's plan.

In mid-April, a group of broadcasters pledged to offer network digital feeds (HD or otherwise) but called on Powell to add their signals to cable's benchmarks. “We need assurances that these enhanced services ultimately will reach the public,” the heads of LIN, Benedek, Raycom and two public TV groups wrote in a letter to Powell.

But nearly all cable-industry officials

## Where to go for HD

So you're a cable operator, and you need programming for five HDTV channels. There are options—actually, plenty of options.

**ABC.** ABC's HDTV programming includes all prime time series shot on film, which leaves out reality and news programs. Movies in HDTV have also been a big hit among the HD faithful.

**CBS.** CBS offers almost all of its prime time schedule in HD. As at ABC, programs shot on video are not available in HD. Sponsorship deals bring a fairly large amount of sporting events to HD viewers as well.

**Discovery.** On June 17, Discovery will rollout Discovery HD theater, a 24-hour HDTV channel. The network says more than 115 HD titles are ready for airing.

**Fox.** Fox's 480p lineup may not be HD, but the resolution is much better than the standard NTSC signal; thus, it qualifies as “value added.”

**HBO.** HBO offers a full channel of HD, with 65% of the programming originating in the format. The remaining 35% is upconverted.

**HDNet.** The DBS-delivered HDTV network has a slate of sports, concerts, specials and even women in bikinis. Look for three additional HDNet networks to be offered in the near future as well.

**NBC.** Rumors of NBC's possibly showing *Friends* and *ER* in HD were first heard three years ago. Today, it's still a rumor. NBC's HD offerings continue to be limited, although it owns the broadcast-net late-night market

with *The Tonight Show With Jay Leno*. *Crossing Jordan* is also available in HD, and the HDNet/NBC relationship struck during the Olympics will continue with the Triple Crown races this year (which began with Saturday's Kentucky Derby) are shown in HDTV on both HDNet and NBC affiliates.

**PBS.** PBS may well become the network to lead the way in value-added programming, with multicasts, datacasts and HD in the mix.

**Showtime.** Showtime has 24-hour East and West Coast HD feeds.

**Regional sports nets.** Action Sports Network in Portland, Ore., and MSG in New York offer HDTV coverage.

—Ken Kerschbaumer

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station and broadcast HDTV. But, for myriad reasons, primarily economic but some technical, the broadcasters outside the largest markets have been slow to build their DTV stations. Most stations missed last week's deadline to have their DTV stations up and running.

But with last week's pledge, cable picks up the HDTV ball, making good on broadcasters' promise.

The cable operators' promise answers FCC Chairman Michael Powell's April 4 appeal for each of the major TV-industry segments to do a better job promoting the transition to digital television. Compliance is voluntary, but it's clear Powell hopes the threat of tougher rules from Congress or the FCC will prod broadcasters and consumer equipment makers to make formal commitments, too.

Powell asked the cable operators to offer five channels of HD or other "value-added" DTV programming by Jan. 1.

Other points of Powell's proposal call for the Big Four broadcast nets, HBO and Showtime to provide HDTV or other "value-added" DTV during 50% of prime time this fall.

Local affiliates of the Big Four in top 100 markets would pass through network DTV with no signal degradation by Jan. 1, 2003. By Jan. 2004, TV manufacturers would equip half of their sets 36 inches and larger with DTV tuners and 100% by Jan. 1, 2005. All sets 13 inches and larger would be outfitted by Dec. 31, 2006.

In addition to promoting digital TV, Powell's goal is to recover each TV station's original analog channel so he can auction them off and fill government coffers. But, by

law, broadcasters don't have to give up their analog channels until 85% of homes have DTV sets. The way things were going, Powell feared that the give-back day might never come.

Broadcasters and TV set manufactures have been generally supportive of his plan. National Association of Broadcasters President Eddie Fritts said television operators "embrace the principles" during his group's convention last month. But agency officials say they are still waiting for formal commitments from those industries as well as direct broadcast satellite providers.

Powell praised the industry for stepping up. "I am pleased that the cable companies have embraced my challenge with solid commitments, and I look forward to similar strides by the other industries in the coming weeks," he said.

But interest in HD isn't merely a goodwill concession to help the government achieve its goal of moving to an all-digital TV world and recouping broadcasters' original analog spectrum. By carrying HD programming, cable operators hope to drive the sale of digital cable boxes and keep pace with their satellite-TV rivals.

"HD is a wonderful product," says Glen Britt, CEO of Time Warner Cable, which is already offering some HD in most of its systems. "It's something customers like. We

see this as a new service like video-on-demand, home networking and multiple ISPs."

"There's a very interesting competition developing between cable and satellite to offer better pictures and features," said Legg Mason analyst Blair Levin.

The MSOs will carry at least five DTV broadcast stations or cable networks that provide high-definition programming during at least 50% of their prime time schedule or a substantial portion of their broadcast week. And, they said, they will not charge the programmers for the carriage.

Cable operators making the HDTV pledge: AT&T Broadband, AOL Time Warner, Comcast,

Charter Communications, Cox Communications, Adelphia Communications, Cablevision Systems, Mediacom Communications, Insight Communications and CableOne. Together, they serve more than 85% of U.S. cable customers, or more than 59 million homes.

How many of those 59 million homes actually will be offered multiple high-definition channels remains an open question.

Even though Powell suggested that the cable operators offer HD on all cable systems with 750 MHz of bandwidth, the operators said they would limit the service to systems serving more than 25,000 subscribers. Then the question becomes a little like the Clintonesque definition of what

*'HD is a wonderful product. It's something customers like.'*

**—Glen Britt, Time Warner Cable**

**HDTV, technically speaking**

It's a logical question: Why should a cable operator transmit HDTV signals to an audience that is almost nonexistent? The answer may be, to hear words seldom used by cable customers.

"Our HD customers have used the word *love* to describe our service," says Bob Watson, vice president of programming and business development for Time Warner Cable New York. "So we think we're doing a great thing and will have those customers for quite a while."

New York HD viewership is approximately 1,000 customers,

but Watson thinks the declining cost of sets will drive those numbers up. In addition, Scientific-Atlanta has just started shipping its 3100HD set-top box, which will allow the system to provide a good HDTV service with more channels.

Time Warner Cable currently offers WCBS-DT, WNBC-DT, HBO and Showtime and is considering WABC-DT and WNET-DT (PBS), as well as the local Fox stations.

"It's just a matter of a different digital box for the customer," says Watson. "It's a replacement for

the digital box, and there's no extra charge."

As far as the plant is concerned, the signal is the same as the high-speed data or digital signals that transport digital tiers today. For those plants passing the signals using QAM, consumers can use digital cable set-top boxes alone (like the 3100HD) or may have to have a sidecar box that handles the HD signals. For those few systems that pass signals using VSB, a box like the RCA DTC100 HDTV receiver set-top box will do the job.

*—Ken Kerschbaumer*

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# Cable takes the high-def high road

Top operators make pledge to offer HD in most digital systems next year, while broadcasters make excuses

By Bill McConnell

**American viewers next year** may finally get a good look at better television: high-definition television with its wide screen, rich colors and extraordinary detail.

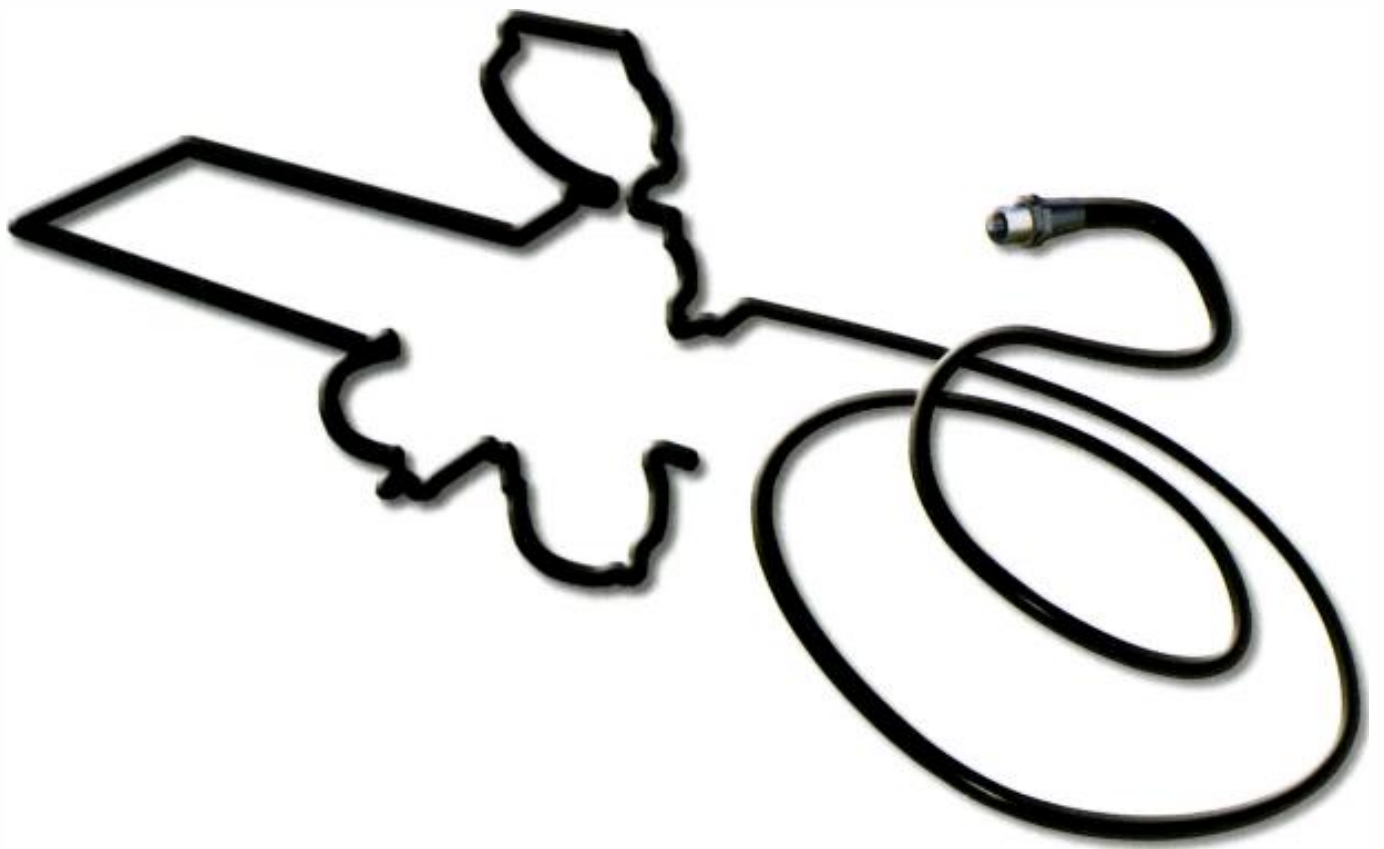
Last Wednesday—as most TV stations were fending off criticism for failing to meet that day's deadline for inaugurating HDTV or some other digital TV service—cable gave HDTV its biggest push yet. The

country's top 10 operators pledged to carry, beginning Jan. 1, at least five HD signals in large markets where they have upgraded their systems to digital.

"This is what we wanted to see," said former FCC Chairman Richard Wiley. "This is a big step forward." As a private attorney, Wiley led an industry task force that developed and persuaded the FCC to adopt standards for broadcasting HDTV and other digital services by TV stations.

"The more cable embraces the transition to HDTV, the better for consumers and for the overall transition," said Gary Shapiro, president of the Consumer Electronics Association, which represents DTV set makers and other equipment manufacturers.

First demonstrated in the U.S. more than 20 years ago, HDTV has been languishing. In 1996, Congress gave each TV station a second channel with the understanding that it would build a digital TV



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to get things started," said Mark Niblick, president of Midcontinent Cable, with 205,000 subs the No. 20 MSO. Programmers try to attend as many regional and state cable shows as possible.

FX tries another grassroots tactic. During a recent NASCAR race on Fox, a toll-free call-in number (1-800-FX-FX-FX1) flashed across the screen. (Fox and FX share part of the NASCAR TV deal.) The announcer urged NASCAR fans who don't get FX to call for information on how to petition their cable operator. So far this year, FX has logged more than 15,000 calls. The network started using the number to drive distribution in 1997, when it counted

"When you have one or two spots available, you take a hard look at the economics," said Peter Smith, senior vice president of programming for Missouri-based Millennium Cable. "One just adds costs; the other adds cash flow."

A younger service may pay a few dollars per subscriber to launch and waive license fees for several years. Older networks, on the other hand, hesitate to offer a discounted deal. "You don't pump up the incentives at the end. You let the network drive itself," said Andy Heller, president of domestic distribution for Turner Broadcasting System.

There's also the risk, affiliate-sales executives say, that a cut-rate deal could haunt

National Network and the Food Network.

In rural areas, where churn is high and many customers defect to DBS, some systems use digital satellite technology to deliver an expanded channel lineup. Services like WSNNet and HITS Quick Takes deploy basic and digital cable channels to digital receivers via satellite.

Digital solutions, however, will help distribute only some channels. Discovery Networks offers Discovery Channel, Animal Planet, TLC and the Travel Channel as analog services exclusively. If digital carriage were an option, smaller operators say, TLC and Animal Planet would be immediate additions.

When space is limited, an analog-only channel often won't make the cut. "We have some folks that request TV Land, but I won't put it on analog," said Bob Ormberg, head of programming for GCI, a 132,000-subscriber system in Alaska. "Now my first question: 'Is it available on analog and digital, and what's the cost?'" TV Land is not offered on digital. Some networks that will settle for digital levy a surcharge.

Customer demand may be the most powerful driver. Many operators say Food Network is their most requested channel, and Food is the fastest-growing cable net, adding 15.7 million new subs in the past year.

The American public's increased appetite for news is helping cable news networks. In the last year, Fox News Channel, now in 79 million homes, added 14 million subs, and MSNBC, with 75.5 million homes, added 10 million. CNN is already piped into 86.2 million homes, the fourth-best reach in the industry.

Meanwhile, millions of despondent cable subscribers crave their missing favorites.

In Dublin, Ohio, Lawrence Chen, a software developer and science-fiction buff, recently swapped his Time Warner Cable service for Adelphia when he moved across town. The switch cost him his beloved Sci Fi channel, not offered on Adelphia's Dublin system, which does carry middlings like Great American Country and the Golf Channel.

Chen is feeling a little desperate. "I was wondering the other day if I got a ReplayTV unit, could I get Sci Fi channel shows via somebody else's ReplayTV box?" DirecTV isn't an option either: His new apartment doesn't have a southern exposure. ■

## Left on the table

Sampling of additional revenue per subscriber that cable nets could take in by closing distribution

Network	Subs (million)	Missing subs (million)	Rev per sub	Potential rev (million)
A&E	85.7	3.3	\$7.05	\$23.3
Animal Planet	79.1	9.9	\$2.55	\$25.2
CNBC	83.4	5.6	\$9.29	\$52.0
Court TV	71.4	17.6	\$2.38	\$41.9
EI	78.2	10.8	\$3.27	\$35.3
ESPN	86.5	2.5	\$20.52	\$51.3
Fox News	79.7	9.3	\$2.67	\$24.8
FX	77.2	11.8	\$5.62	\$66.3
HGTV	78.3	10.7	\$3.37	\$36.1
Lifetime	85.4	3.6	\$8.55	\$30.8
MTV	84.0	5.0	\$8.45	\$42.3
TBS	87.5	1.5	\$7.99	\$12.0
TNN	85.7	3.3	\$3.00	\$9.9
TNT	86.2	2.8	\$8.54	\$23.9

Source: Nielsen Media Research, Kagan World Media

just 30 million subs.

Small systems say they want to offer FX and other nets, but it's just not possible. "We hear, 'We'd love to have you, but we don't have the space,'" said John Baird, senior vice president of affiliate sales and marketing for Food Network and HGTV. But many mom-and-pop systems are slowly rebuilding to gain the capacity to carry everything, or they're taking their time, possibly, waiting to be gobbled up by a larger MSO.

Competition for any one analog spot is fierce. Major players are competing against one another and against upstart services like National Geographic.

them later if a smaller system is acquired by another MSO.

The National Cable Television Cooperative plays a leading role in bridging programmers and small operators. The NCTC represents 12 million subscribers, from tiny 500-sub systems to its largest member, Adelphia, with 5.8 million customers. The co-op offers volume discounts and administrative services in an effort to lower operators' programming costs. Members pony up \$1.50 per sub to join but have the choice of taking co-op deals or negotiating their own. The only major nets the NCTC currently does not offer are Lifetime, USA, TNN: The

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Industry executives consider a network with more than 70 million subscribers mature and well-distributed. Nielsen counts 57 networks reaching more than 20 million homes. In that group, 34 are piped into more than 70 million homes. "Maximum distribution means maximum ad-revenue prospects on Madison Avenue," said Discovery Networks Senior Vice President of National Sales Lori McFarling. "You won't find a programmer who'd say, we hit 50 million and we're OK."

Explained Steve Grubbs, CEO of ad-buying firm PHD North America, "If they've reached 80 million, they've passed the critical mass."

With the top eight MSOs controlling 80% of the market, carriage deals with the major operators drive the bulk of distribution. But capturing the last 20% is an arduous process.

A handful of networks are waiting for basic-cable slots in a major DMA. Court TV still needs basic carriage on Comcast's Nashville system. Fox News Channel and MSNBC aren't offered on Cablevision's Bronx and Brooklyn, N.Y., systems because of limited channel capacity.

AT&T Broadband, notoriously the slowest major system to rebuild, causes the most headaches for programmers.

When AT&T completes its rebuild in San Francisco, delayed because of the city's topography, ESPN2, HGTV and Court TV will pick up nearly 200,000 subs; until then, too bad.

In Boston, Comedy Central is about to grab 500,000 new AT&T Broadband subs, thanks to a rebuild. And in Chicago, FX is trying to wrap up 150,000 AT&T homes.

With the top eight MSOs controlling 80% of the market, carriage deals with the major operators drive the bulk of distribution. But capturing the last 20% is an arduous process.

Some industry executives say AT&T Broadband's pending merger with Comcast Corp. could slow the rebuild process as Comcast determines whether to sell off some clusters. And just signing up a corporate-level deal doesn't guarantee access to every home: The large MSOs typically leave it to regional and local system execs to determine the channel lineup.

"At the corporate level, it's all about dollars," said Court TV Executive Vice President of Affiliate Relations Bob Rose. "At the local level, they really want to see what you have."

Likewise, a DBS carriage deal doesn't beam a network into every home. DirecTV boasts 10.5 million subscribers, and EchoStar Communications' DISH Network has 6.8 million. But a network often winds up on a tier that might be taken by only a few million of the service's customers.

The bulk of distribution holes, network executives say, exist on small and medium-size MSOs, with fewer than 250,000 customers. Every straggler counts. Network bosses say they're always stumping for carriage, peppering operators with phone calls, e-mails and marketing material. In-person meetings are hard to come by.

And when there's a growing network in the family, pushing a new service often becomes the priority. HGTV and Food share a sales force with

startups Fine Living and DIY. Discovery Networks peddles seven diginets and four analog services.

Trade shows, like this week's NCTA show in New Orleans, give programmers an opportunity for face time with small operators. Even if a carriage deal is unlikely to be signed on the floor of the Morial Convention Center, "it's an excellent place

## Head count

Distribution for cable networks with more than 70 million homes

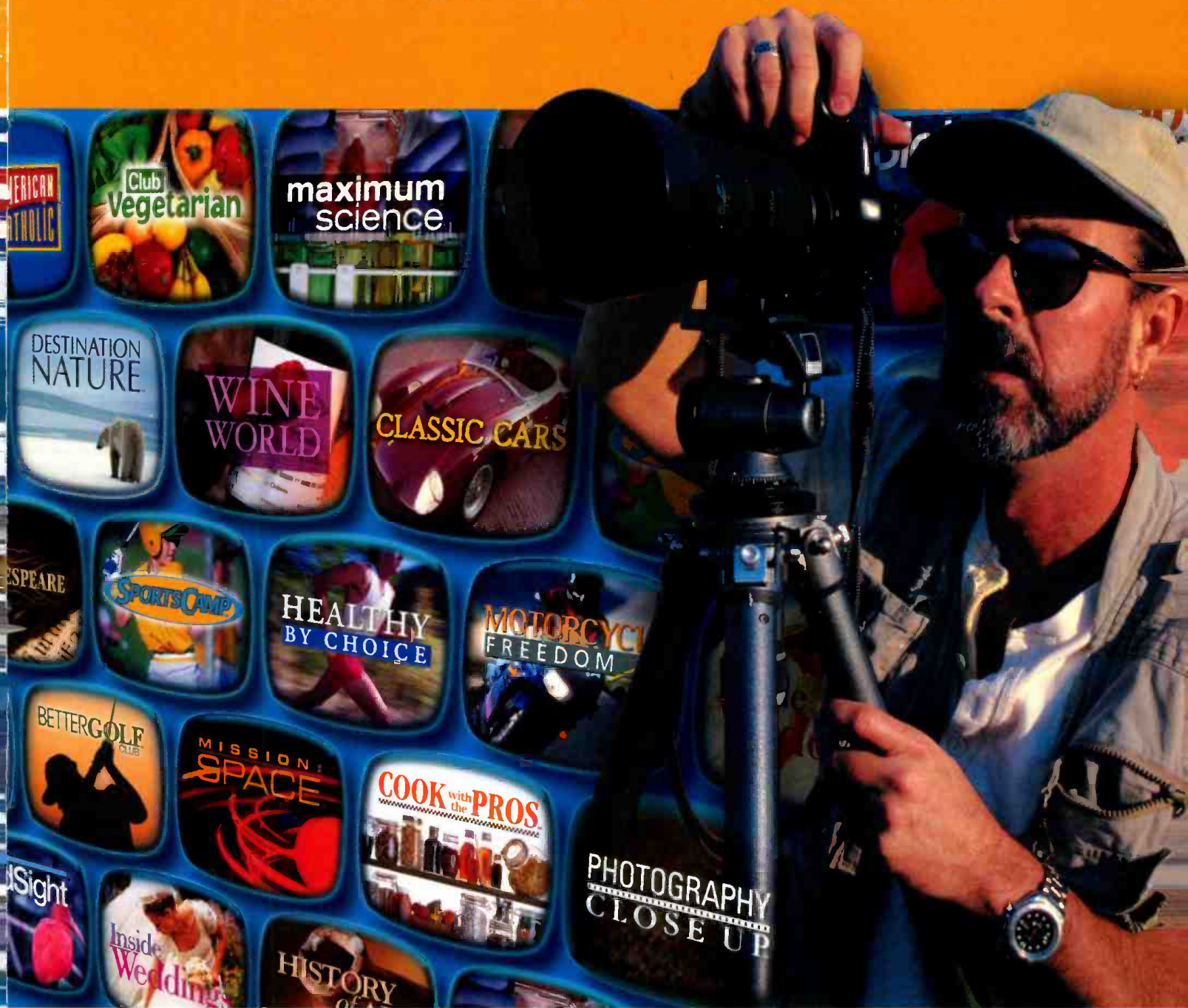


ESPN2 will pick up nearly 200,000 subs when AT&T completes its delayed rebuild in San Francisco.

Network	Distribution (000)
TBS	87,539
ESPN	86,483
Discovery	86,336
CNN	86,285
TNT	86,236
USA	86,216
Nickelodeon	85,897
TNN	85,739
A&E	85,678
Lifetime	85,366
Weather Channel	84,755
ABC Family	84,693
MTV	84,039
TLC	83,999
ESPN2	83,552
CNBC	83,394
AMC	83,374
VH1	82,667
Headline News	82,652
History Channel	81,031
Cartoon Network	80,703
Disney Channel	80,078
Fox News	79,745
Comedy Cental	79,520
Animal Planet	79,099
HGTV	78,331
E!	78,241
Sci Fi	78,048
FX	77,206
MSNBC	75,492
Food Network	74,467
TV Land	73,569
BET	72,576
Court TV	71,420

Source: May 2002 Nielsen Media Research Universe Estimates

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summer when Somers was desperate to show growth.

And, after rising from the teens to 25%, from as low as 15% at one point last year, AT&T Broadband cash-flow margins are heading back down, dipping to 19% in the first quarter, including restructuring costs from axing more headquarters employees.

The first-quarter results startled Comcast executives. "We were disappointed that subscriber growth went backwards," Roberts told investors at the Bank of America Securities media conference in New York last week. He added that Schleyer's crew is "doing a fine job of flushing out some of the problems and doing what they have to do to begin the cleanup process." However, "frankly, they are six people": Schleyer, two senior executives and three new regional executives.

Another Comcast executive expressed more frustration. "It was naïve for anyone to believe that Bill or anyone could revive this with six people. Right now, I'm only looking for them to flatline it. I think they had overstated subs before Schleyer go there. I'm not sure they've found all the problems."

So what will Comcast do? Burke describes the process used in prior acquisitions. He hands the manager of, say, a newly acquired 500,000-subscriber suburban system the budget of a similar-size Comcast system. Line by line, they study where the manager's system underperforms and how to get it up to Comcast standards.

"You'd be surprised how fast the local management will move to address those anomalies," Burke said. "Brian and I like to think we run the company, but it's really these 200 executives that work for us. Many of those people have been through five or seven or 10 integrations in the past five to 10 years."

The Comcast executives point to the systems they've already acquired from AT&T, a 1.4 million-subscriber package mostly in Michigan. On average, properties that were generating 31.6% cash-flow margins should do 40.6%. Cash flow per subscriber should jump 45% over two years from \$179 each to \$262.

Comcast executives remain confident that they can deliver. "If the first two quarters are good, the market will be fine," one operations executive said. "The trick is to nail those first two quarters." ■

# MSOs:

## Playing hard to get

Even the largest cable networks are frustrated in getting full carriage

By Allison Romano

### IF LARRY KING YAKS ON

and on about Robert Blake or *Crossfire*'s political banter gets maddening, most CNN viewers can flip to sidekick Headline News, the just-the-facts version of CNN. But not on New York's Long Island. Even with 82.6 million subs nationwide, Headline News is still hunt-

ing for analog carriage on Long Island, where nearly 500,000 Cablevision subscribers don't get the channel.

That's odd. Virtually every cable system in the country carries both CNN and Headline News; after all, CNN charges just pennies for the extra 24-hour news net. That gap costs the network an estimated \$500,000 per year in potential license fees and ad revenue, but Headline has been gone since 1988, when Cablevision launched its own 24-hour news net, News 12 Long Island.

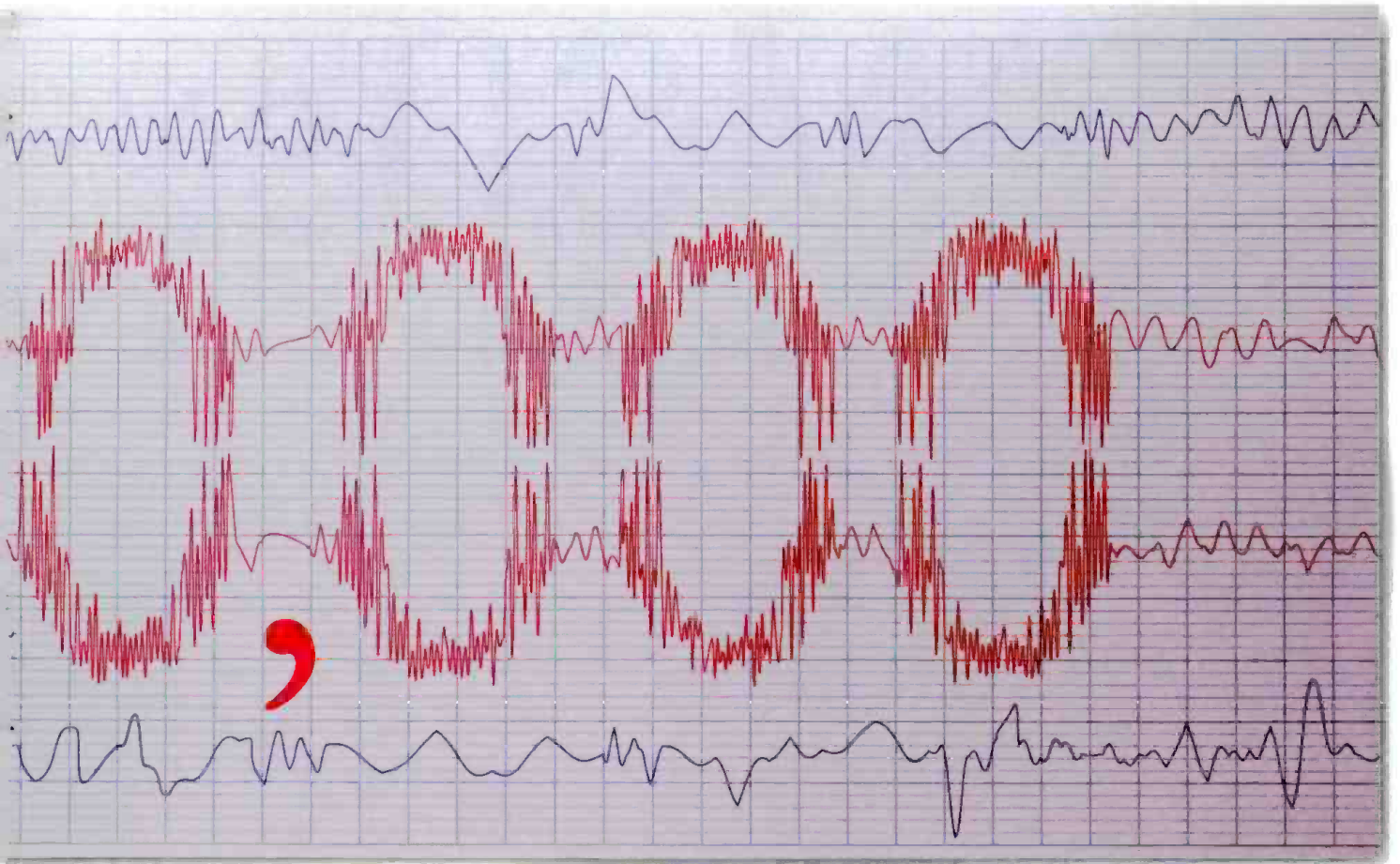
In fact, no cable channel can boast 100% penetration, although some come closer than others. For example, at last count, there were 89 million cable and DBS homes, according to Nielsen Media Research, and TBS Superstation numbers 87.5 million of them.

Huge profits hide in those distribution holes, and filling them requires almost zero in additional costs for the shunned networks. Uplinking E! to another 10.8 million subscribers or filling in USA Network's 2.8 million subscriber deficit wouldn't require another penny spent on programming.

"Subscriber by subscriber, it's pure dollars and cents from advertising and affiliate fees," said Comedy Central Executive Vice President of Affiliate Sales



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of the old TCI systems, the difference tended to be undermarketing. The sales centers were not used in a sales-oriented way. We haven't cut people, we've added people."

But there's a growing cloud of skepticism that Comcast's journey is not going to be quite as easy as it seemed when the MSO launched its hostile takeover of the AT&T's cable unit last July. No one seems to doubt that Comcast can turn the systems around: Comcast's senior team is well-respected, and, for years, that company has led the industry in increasing efficiency.

But AT&T Broadband is big, and it is broken. No one has ever done a cable acquisition on this scale before. The systems in 41 states nearly tripling Comcast's size and AT&T has managed to halve the margins of its cable systems from the industry-standard 40%-45%.



**AT&T's Michael Armstrong (l) and Comcast's Brian Roberts announced merger plans on Dec. 21.**

And the properties aren't being fixed as quickly as Comcast executives had expected. Margins are slipping again, the company lost basic subscribers during the first quarter, and supposedly one-time restructuring costs have been recurring.

Even fans of Comcast and the ex-Continental Cablevision executives brought in to clean up AT&T's cable unit say Roberts and Burke's job may go more slowly than expected.

Amos Hostetter, former Continental Cablevision CEO whose old systems wound up in AT&T's hands, cautions that Comcast executives' pride in running an ultra-lean shop may be misplaced. "It's a huge bite. They're going from 8 million to 22 million subs," said Hostetter, a large AT&T shareholder who was a key player in the takeover fight.

"They don't have the management depth now to do it."

He rails against AT&T's bloated staffing habits but also noted that Comcast probably needs more weight in corporate areas like legal, engineering, public affairs and government affairs. "These are no longer two-person offices."

Roberts and Burke declined interview requests, saying they don't want to talk about the operations in detail while the transaction is so early in the review by regulators. But they have discussed the merger in several recent presentations to investors, and other Comcast, AT&T and industry executives offered further insight.

One of those insights is that Comcast's initial plan isn't going well. Roberts and Burke expected dramatic improvement in AT&T's systems during the year-long regulatory review, a revival led by AT&T Broadband Chairman Bill Schleyer.

In the middle of the hostile takeover campaign, Armstrong cleverly axed cable Chairman Dan Somers and replaced him with serious talent, former Continental Cablevision President Schleyer and two lieutenants. The immediate effect was to help prompt Roberts into increasing his bid out of fear Armstrong might go it alone. But it also meant that, once Comcast cut its deal Dec. 21, Roberts had like-minded cable veterans digging AT&T out of its problems.

Schleyer has indeed moved quickly, first focusing on decentralizing functions like marketing to let the systems and regions make the first call on pricing, packaging and promotion. He has particularly worked to energize the customer-service operation, which in some ways was worse than even when the notoriously lax Tele-Communications Inc. owned many of the properties.

"AT&T was running it as a national business. What it really is is an aggregation of local businesses," Schleyer said. "We've accomplished some very significant things. We put the company on a path to be a real cable company."

But Schleyer's team can do only so much in their year. The unit unexpectedly lost 179,000 subscribers during the first quarter, many of whom had been signed up at a 50% discount last

## The Comcast touch

In arguing that his company can run AT&T's systems better than AT&T can, Comcast President Brian Roberts points to what his company has already done. Here are the operating results from systems serving 1.4 million subscribers that Comcast bought from AT&T in January 2001

	2000	2001	2002E
Revenue	\$831.3M	\$876.2M	\$964.6M
Cash flow	\$262.5M	\$330.9M	\$391.3M
Cash-flow margin	31.8%	37.7%	40.6%
Cash flow/sub	\$179.7	\$224.3	\$262.3

E = estimated

Source: Comcast

*'If the first two quarters are good, the market will be fine. The trick is to nail those first two quarters.'*

—Comcast executive

**Jim Robbins has closely studied**

AT&T Broadband's operation, spending four ultimately futile months angling for a way to beat out Comcast Corp.'s hostile pursuit of the MSO.

Losing the fight was a big disappointment to the Cox Communications chairman. AT&T Broadband has the largest, perhaps the best collection of urban and suburban clusters in the business, dominating such markets as San Francisco; Chicago; Seattle; Portland, Ore.; Denver; and Cox's hometown of Atlanta. And they've been terribly managed since AT&T entered the cable business in 1999, a prime turnaround situation.

These are assets Robbins covets, and he stretched mightily to persuade the Cox family that it would be worth issuing hundreds of millions of shares and absorbing billions in debt.

Now that the prize has gone elsewhere, he has a very simple assessment of how difficult it will be for Comcast to turn around AT&T's ailing operation: "I think a blind man could fix the AT&T properties."

That pretty much sums up Comcast Corp.'s position as well. President Brian Roberts and his team see AT&T's operation as so damaged by mismanagement that they can readily boost the unit's woeful cash-flow margins up to industry standards. Comcast executives blame layers of management so tangling that decisions are made slowly and badly, bleeding away cash flow.

The promise to Wall Street seems modest: Take the margins of AT&T's cable properties to about 35% within three years, a goal set when AT&T Broadband's margins were around 25% or so.

Comcast Cable President Steve Burke likes to talk about how much better Comcast runs the systems it bought from AT&T. He points to one Michigan property it took over last year. "We've taken it from 24% up to a 40% margin," he told a group of institutional investors in March. "The major way we've done it here is revenue. In a lot

By John M. Higgins



Comcast President Brian Roberts considers AT&T's operation so damaged by mismanagement that its woeful cash-flow margins can be easily boosted to industry standards.

Turning AT&T Broadband around may be harder than Comcast expects

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PVR experience that has manufacturers offering specific products for that demand.

"We haven't seen any downsides" to SVOD/VOD, he says. "According to MSOs, customers ... view SVOD content over a wider variety of days as well as different times of the day vs. movie-on-demand. Movies tend to be a night application, especially Friday through Sunday."

Personal Video Channel (pVC) technology allows MSOs to encode consumer-chosen programs in real time for later viewing and on-demand functions such as pause or rewind. "It can be tomorrow, in an hour or just a few minutes," says Parola. "In the 'just a few minutes' example, consumers could pause a program they are watching to, say, answer the phone and then pick up the program right where they left off after the call."

The nCube nPVR system can ingest TV network feeds, cache them for some period of time and allow consumers to record programs. Schiller says it can record all programs, allowing consumers to navigate back in time without piecemeal recording in advance. "The n4x server can store more than 200 TV networks for over a month each, and all content is available to over 50,000 consumers using the system simultaneously," he says. "If the cable operators and the content owners can both benefit, they both win."

The trick is figuring how cable operators and content owners share in the winnings.

Schiller says, "nPVR can be based on a subscription model as well as an advertising model where targeted ads can be delivered one on one just like their TV programs."

Another VOD option is one-on-one advertising or target marketing. nCube is addressing this with nAble Advertising. "Advertising can be paid for by advertisers, can be promotional for content providers, can be promotional for the operator, and can be requested by consumers," says Schiller. "It can be before on-demand content and can be inserted into commercial breaks of certain network content. Targeted advertising increases the amount of local available inventory each operator has available to sell or use for promotion."

Schiller says it works by combining demo-

graphic data available to advertisers today (based on ZIP code, for example), with the type or category of the on-demand content to determine a profile. "Ads or promotional content sold against that profile would be played to the viewer," he says. "We don't anticipate viewers will enter data."

Also, nAble will be integrated with third-party profile-matching systems (initially, it will be Everstream) that calculate profile based on available data.

Breen sees potential in one-to-one advertising on VOD. HGTV, for example, could offer a VOD program on fixing a toilet—a natural environment for an Ace Hardware plumbing commercial, he says.

SeaChange's Product Showcase enables cable operators to launch tiers of on-demand "advertorials" (not infomercials). Kelso thinks, in 10 years, most cable-TV offerings will be on-demand. He says viewing-habit changes can make sponsorships and advertorials more attractive options for advertisers.

The business model for SVOD is still to be determined, but the general consensus seems to be a tier of bundled SVOD channels rather than individual channels.

"My personal feeling is that the gateway model makes some sense," says Feige. "You charge a specific amount and, for that, you can have access to services that are SVOD on the system ... as opposed to an incremental amount for each service."

The gateway approach, he adds, allows the operator to get some return on the substantial investment and also works as a marketing tool because the customer can spread the cost across each premium purchased.

The sense is also that using free SVOD as a way to stop churn is short-sighted. Breen maintains that churn can be stopped only so much. "If people start giving it away upfront, hoping they're gonna make money down the backend, that reminds me of another business that just didn't work," he said, referring to the Internet. ■

# Microsoft meets the IPG

*Thin-client program guide takes on TV Guide*

By Ken Kerschbaumer

Microsoft TV is getting into the interactive-program-guide business with the introduction of Microsoft TV IPG at the NCTA convention.

"The guide is one of the biggest challenges for operators," says Ed Graczyk, Microsoft TV Group director of marketing and communications. "IPGs get the worst feedback from consumers." Gemstar-TV Guide dominates the market, its guide carried in 15 million homes. The market could help Microsoft TV get a foothold in cable



Motorola 1000, 1200 and 2000 set-tops can deploy Microsoft's interactive program guide.

plants, leading to broader acceptance of the Microsoft TV interactive middleware.

The guide is a thin-client guide able to operate on Motorola 1000 and 1200 level set-top boxes as well as the 2000. The IPG's look can be customized by the MSO. Big differences from the Gemstar-TV Guide system include a patent-pending technology called progressive update, which speeds navigating by refreshing only the top three channels, updating information for the others only when the user stops scrolling. A search feature with an on-screen keyboard enables title or show-description searches. ■

## Technology

the programming at their schedule." The service is available on 11 cable systems at Time Warner, Cablevision, Adelphia and Comcast; the net expects it on 40 by year-end.

Cotsen says the early trials taught HBO something about consumer behavior: Viewers tended to place orders on the hour or half-hour, flooding the system with requests.

HBO has experimented with MSOs on a number of models. With Time Warner, HBO SVOD was tested at \$3.95, \$6.95 and \$9.95; as with Cablevision, it was initially bundled with the digital cable package. Recently, though, it has been sold à la carte at \$4.95. Comcast and Adelphia are also bundling the service.

George Breen, president of SeaChange subsidiary Digital Video Arts, believes SVOD will very quickly become a cluttered environment. With multiple networks offering services, simply finding something to watch could be a remote-control challenge for viewers. And, for the networks themselves, having viewers go to a general carousel of SVOD content could have a viewer headed to *Queer as Folk* tuning into *Sex and the City* instead.

At the NCTA show, Digital Video Arts and SeaChange will unveil ChanneLink, a software system they believe will solve this problem. The system works with the IPG to pull up a branded SVOD interface for a given network. So an HBO viewer clicks a button on the remote, and the interface pops up without the viewer's having to leave the channel.

"They retain the eyeballs," says Breen. "Then the user will drill down to the various categories associated with that channel."

BBC America, Discovery and Scripps Networks will be part of a ChanneLink demonstration at NCTA.

Breen says it will be available in the third quarter for Motorola set-top boxes, with a version for Scientific-Atlanta boxes to follow soon after. It will be sold as a software infrastructure piece, but pricing is still to be determined. The company will also provide a developer's software kit so that networks can design the interface.



nCube's server system will be used for the launch of VOD service by Time Warner Cable's Bakersfield, Calif., system.

The headend-side technical challenge of SVOD appears to be handling the intake of content from the networks, especially if they look to ingest content on the same day. James Kelso, SeaChange VP/GM, broadband systems and marketing, says, "With more and more networks offering SVOD, it becomes a bottleneck. Already, with three companies out there, it's a bottleneck for every VOD system because there's a lot of content to digest."

There's another technical challenge

related to viewing habits. SVOD, unlike traditional VOD, in which the customer engages in a purchase and then is absorbed with that one program, allows the customer to jump from program to program. That also requires some improved capabilities at the backend.

Cost-wise, according to Joe Parola, Concurrent Computer VP, product management, North American Cable, there are many variables in determining cost per stream: number of servers, market, number of subscribers, network architecture, etc., and competition has taken prices down.

"In September 2000, we shipped our MediaHawk 2000," he says. "Now we've shipped our MediaHawk 3000, which has double the stream density with same hardware costs."

When it comes to deploying a VOD system, the current rule of thumb is to have enough streams to handle

10% of subscribers. Schiller says, however, that operators' actual implementations vary higher and lower. "Operators consider their particular usage patterns confidential. A 1,000-stream system can typically be deployed for under \$600,000, including network transport and modulation."

Parola says future applications include virtual channels (which exist only in the VOD or SVOD environment), free VOD, and long-form, interactive and targeted advertising. He also mentions the network

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## Technology

# Pushing cable on demand

*Strategies to attract customers evolve as networks look to SVOD services*



Concurrent Computer's MediaHawk 3000 video server has double the stream density of its predecessor with the same hardware costs.

By Ken Kerschbaumer

Since the days of the failed Full Service Network trials in Orlando, Fla., the move to video-on-demand and subscription video-on-demand services has been mired in the muck of rights issues and business model. That may finally be changing as cable networks like HBO, Discovery, Showtime and Starz Encore! create VOD and SVOD packages that could boost these services off trade-show floors into living rooms.

"We believe SVOD's potential is enormous for cable operators," says Jay Schiller, senior vice president, Broadband Strategy and Product Management, for nCube. "It allows operators to offer a PVR-like service of hit programs using existing set-tops without installing disk drives in the home. As more cable networks make their content available on demand from the headend video server, consumers will benefit from watching what they want, when they want."

That kind of stickiness could keep cable subs glued to digital tiers. With churn rates an issue and digital-related revenues sluggish, MSOs need a way to keep viewers happy. Because DBS can't offer SVOD, it's a way to keep dishes off the rooftops.

"SVOD is slightly more risky to the operator because you don't know how

much of your streaming you'll be using simultaneously, but, from a marketing perspective, our experience at the Full Service Network says that it won't cause a big problem," says Tom Feige, president, Time Warner Cable's Los Angeles division.

He says VOD and SVOD will be hugely valuable to cable operators because it differentiates cable from the satellite providers. "As time moves on, that advantage increases because VOD ultimately becomes 'Everything-on-demand at some time.'"

Feige's division launched its VOD service at its Bakersfield, Calif., system. Remaining customers there will get VOD once the new Passport software release is updated and final integration and testing are completed.

The system will use nCube's VOD server system because, Feige says, it requires fewer servers at the headend. The one thing he doesn't want to do is roll out a system that is not ready to meet demand.

SVOD trials, particularly with HBO, have shown great interest from consumers. Early trials were so successful that the system crashed when orders overwhelmed capacity.

Sarah Cotsen, HBO interactive ventures senior VP, believes SVOD is magic for consumers: "It definitely enhances their HBO viewing experience because they can watch

**Contrary to popular opinion, Hell is a balmy, climate-controlled 67°**

# Telco-dereg bill hits the Senate

*Breaux-Nickles measure revives debate over telcos' offering long-distance broadband services*

By Paige Albiniak

**J**ust when it seemed the hoopla about the Tauzin-Dingell bill was over, Sens. John Breaux (D-La.) and Don Nickles (R-Okla.) introduced legislation in the Senate last week that revives the entire debate.

Called the "Broadband Regulatory Parity Act of 2002," the bill would require the FCC, within 120 days of the bill's passage, to write rules that would regulate all broadband services equally.

Asked whether he would be able to do that, FCC Chairman Michael Powell on Tuesday said laughingly: "I don't know. If I had to, I might negotiate for more time."

After a highly public debate, waged through TV and radio spots, the House last February passed legislation pushed by Reps. Billy Tauzin (R-La.) and John Dingell (D-Mich.). It would allow incumbent phone companies to offer broadband services over long distances so that they can compete fairly with cable, which controls nearly 70% of the broadband market.

The Senate hasn't been nearly as enthusiastic about the idea. Sen. Sam Brownback (R-Kan.) has long been an advocate of passing a bill to deregulate the Bells, but his legislation hasn't gained much traction. Brownback and Sens. Max Cleland (D-Ga.), Zell Miller (D-Ga.) and Kay Bailey Hutchison (R-Texas) are co-sponsoring the Breaux-Nickles bill.

The bill's main opponent is likely to be Senate Commerce Committee Chairman Fritz Hollings (D-S.C.), who objects on principle to deregulating the incumbent phone companies. But Hollings remains open, says spokesman Andy Davis: "Sen. Hollings knows the committee is interested in this issue, so he's willing to look at it."

With the support of Senate leaders Breaux and Nickles, the bill may be able to make more progress than similar efforts

have in the past. At least, that is the hope of the phone companies, which flooded fax machines and e-mail accounts with supportive press releases last week.

"Verizon vigorously supports the bipartisan bill introduced today by John Breaux and Don Nickles," said Tom Tauke, senior vice president for public policy and external affairs at Verizon. "Consumers everywhere want faster and higher-quality Internet services. Current regulatory barriers stand in the way of delivering those services to all Americans. This bill, which represents regulatory fairness, would clear away the roadblocks that inhibit investment and pave the way for vigorous competition on the information superhighway."

Said Walter McCormick, president and CEO of the U.S. Telecom Association, "By establishing a technology-neutral national broadband policy, the Breaux-Nickles bill furthers the pro-competition goals Congress set forth in the '96 Telecommunications Act and makes them applicable to the Internet."

As expected, long-distance companies and competitive local exchange carriers came out against the measure.

"Sen. Breaux's 'parity' bill has the right title but is wrong on the substance," said John Windhausen, president of the Association of Local Telecommunications Services, which represents competitive local phone companies. "The bill would eliminate the Bell companies' unbundling obligations for broadband, data and voice because all these services are carried on the same network. As a result, this bill would reduce consumer choice and create a

deregulated monopoly or duopoly over all local telecom services."

An AT&T spokesman said, "We have a great deal of respect for Senator Breaux. Unfortunately, the bill he has introduced would be a sledgehammer blow to a telecom industry that is already reeling. With Tauzin-Dingell on life support in the Senate, the Bell monopolies have now spawned this bill aimed at reviving it."

AT&T has been one of the strongest opponents of Tauzin-Dingell, objecting to any deregulation of its Bell-company competitors before they have opened their local markets to competition as the law requires.

The cable industry, represented by the National Cable & Telecommunications Association, took a non-committal approach. "NCTA believes that

market-based competition is the best way to ensure that broadband services are made available to all Americans. We appreciate and share Senator Breaux's view that increased regulation of cable-provided Internet services is not the way to advance broadband deployment," said spokesman Marc Smith. "NCTA has not taken a position on the Breaux bill nor had the opportunity yet to review it with our members."

NCTA has maintained a policy of uninvolved involvement all through the often heated debate on Capitol Hill over broadband deregulation.

Sens. Brownback and Conrad Burns (R-Mont.) told a conference at the U.S. Chamber of Commerce in Washington last week that they expect some form of broadband legislation to pass this year. ■



**Sen. John Breaux (D-La.) wants to require the FCC to write rules regulating all broadband services equally.**





## Microsoft TV Refocuses

8

Recently we announced some changes related to our strategy and organization for Microsoft TV. Central to the new strategy is refocusing our iTV software development so that all of our solutions center first and foremost on improving the broadcast television experience. With this new focus, we will be more in tune with our cable operator customers, who need to improve and refine existing products in the field and to take incremental steps to new services. Product and service decisions will be made first and foremost on whether our solution enables the customer to derive quantifiable value from the solution, typically through a specific revenue source that they've targeted, or through specific reduced costs (including reducing churn).

In addition, the new executive team structure will include a new position focused on unifying our approach to network operator sales and services.

Focusing on delivering the new strategy for Microsoft TV will be:

**Moshe Lichtman**, Vice President, Microsoft TV Division

**Alan Yates**, General Manager, Microsoft TV Marketing

**Frank Halasz**, Vice President, Microsoft TV Engineering

**new position**, Vice President Microsoft TV Sales and Services

We're excited about the future and continuing our hard work building great software solutions for the cable industry.

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**Microsoft**

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## "eHome"

Microsoft is also working to support the electronic home by including new audio/video functionality in Windows. The eHome division has a product code-named "Freestyle" which will add the ability for users to control and enjoy TV, home movies, digital video recording, DVDs, photos and music with a remote control. Scheduled to be available this holiday season with some new model PCs, "Freestyle" has the same Windows Media functionality that works best with a broadband connection. And a new user interface allows consumers to switch between keyboard and remote control, or from an up-close desktop experience to a 10-foot couch one.

### Broadband services

Microsoft is also driving broadband adoption through enabling great services. MSN Broadband is teaming with cable companies like Charter to build co-branded subscription services. The Charter-MSN service is a good example of how we can work with cable to provide a powerful and seamless user experience over a cable broadband network, and leverage both the assets of the cable company and MSN services and technology.

With the Charter cable service featuring MSN, Charter's customers gain access to industry-leading MSN software technology and services, such as MSN Explorer for a great overall Internet experience in addition to key services like MSN Messenger and MSN Alerts that help deliver a personalized and useful web experience.

### Xbox

Xbox is a new success story for Microsoft. After the North American launch last November, the Xbox gaming console was launched in Japan and Europe this spring. In the coming months, Xbox will announce more details about how online gaming will play a role in its future.

Microsoft believes online gaming with Xbox will be a new, exciting dimension for console gaming, with players competing against friends in another house, another town, or even other cities. A critical building block to creating that experience will be broadband. We also see specific advantages with cable broadband, in great part because of the logical proximity of the cable TV/broadband connection, the Xbox gaming console, and the TV set. Together, there's a natural combination for connectivity.



Extending Web services directly to consumers is another foreseeable step. These include communications services (email, chat, instant messaging), video-based services (remote PVR and TV reminders), and personal services (calendars, electronic wallets, address books, photo albums), and more. When these services are built on XML, they can be accessed by multiple devices, giving consumers greater flexibility and a better experience, and enabling cable providers to build closer relationships with their customers.

### Driving Demand for Broadband

Broadband continues to grow. North American cable modem subscribers are forecasted to grow from 8.2 million at the end of 2001, to more than 17.6 million by the end of 2005. (In-Stat/MDR) In today's broadband world, most of those high-speed connections into the home are powered by a Windows-based computer.



#### Windows XP

Microsoft sees tremendous value in broadband because it dramatically improves the PC experience, providing the conduit for richer digital media experiences, which empower consumers to enjoy digital photos, music, videos or movies. With Windows XP, consumers can also easily share the broadband connection throughout the home with built-in home networking functionality.

Windows XP makes it easier to organize and share media. Today's digital cameras and digital video recorders are smart devices that can be simply plugged into the PC and immediately recognized by Windows XP using Universal Plug and Play. In addition, features like Windows Movie Maker make it easier to create, edit and store home movies, and new PCs allow users to save those digitally rich movies to CDs and DVDs.



This is all part of a growing trend toward digital media consumption. Every month, twice as many people listen to Internet radio as watch Monday Night Football. More than 35,000 terabytes of digital media traffic is carried on the Internet each month. And the impact is growing. A Madonna Webcast draws 9 million viewers, 30 times the 12 largest concerts that week.

#### Windows Media

Windows® Media® Technologies empower a large majority of that media consumption with over 350 million media players worldwide, and nearly 54 percent of PC consumers using a media player monthly. One key factor for the success of Windows Media is its leadership role around Digital Rights Management. Digital Rights Management (DRM) is a hot topic, not only because it's one real solution available today to combat digital piracy, but because it enables digital media commerce. DRM enables artists, publishers and distributors to build a real business model, collect revenue, and stay in contact with their customers.



## Microsoft Solutions for Cable TV

Early on, Microsoft saw the cable marketplace as an opportunity to grow our software business through solutions for digital cable and broadband Internet. Today, we team with cable companies in two key ways. First, we offer them software and services to build their own unique services, both for interactive TV and for broadband. Secondly, we build great consumer software products and services that drive consumption of broadband—a major source of growth for cable.

### Software for Cable Operators

In recent years, cable companies have spent billions upgrading their systems to support digital cable and broadband services. By one estimate, the U.S. cable industry spent more than \$30 billion in the past two years on those upgrades alone. (In-Stat/MDR) Microsoft is actively working on solutions that will help cable recoup that infrastructure investment.

#### Microsoft TV

Microsoft TV is an end-to-end platform solution that includes both client software for set-top boxes and server software to manage and operate iTV services.

We announced two new products at NCTA which will enhance our product line to better support a full range of set-top boxes. The newly announced Microsoft TV IPG will enable network operators to create a more satisfying user experience for millions of existing set-top boxes, including Motorola's DCT1000 and DCT2000 class of systems. In addition, we have also upgraded Microsoft TV Advanced, which continues its leadership role in providing the most complete set of advanced features for digital set-top boxes, and now offers fully integrated video-on-demand and enhanced digital video recording support.

"I'm extremely proud of the great work Microsoft TV has achieved with its products," said Frank Halasz, general manager of Microsoft TV engineering. "I'm continually amazed with how our developers can find innovative ways to add new features and functionality to the product line that consumers really respond to."

#### Microsoft .NET

Microsoft .NET is our platform for XML Web services, the next generation of software that connects information, devices and people in a unified, personalized way. .NET provides a comprehensive solution—including tools, servers, services and clients to build, deploy, manage and use XML Web services. Built on open industry standards, .NET enables fast, flexible, and efficient connections with customers, partners and employees—giving a company the agility to thrive in a world where everything is connected.

For cable companies looking to ease their integration issues, the lineup of Microsoft .NET Enterprise Servers can help them save money today. One likely scenario is around billing integration. Today's cable operators (often built through a series of mergers) must manage disparate systems that need to connect to different, incompatible databases. Creating a web service using the XML format to enable those systems to communicate effectively can generate efficiencies, and save time and money. Customer Relationship Management tools are another area where cable can benefit from an application server. Again, using XML to exchange and compile information, companies can share data among marketing, support and finance teams to enable faster and smarter business decisions.

*"I'm continually amazed with how our developers can find innovative ways to add new features and functionality to the product line that consumers really respond to."*



Frank Halasz, General Manager  
Microsoft TV Engineering





Cable now supports broadband Internet service for PCs to most U.S. households. At the same time, the Internet is moving toward a new model of 'Web Services', applications and solutions that make IP connections and data exchanges simpler and more efficient. Web services can provide enormous benefits for cable by making new applications available from third parties with minimal or no investment, and by enabling Internet-based support for key backend functions, such as billing and customer support. Microsoft's goal is to enable cable operators to take maximum advantage of the "Internet side" of their network. The teamwork begins with Microsoft® Windows® delivering improvements to the consumer's broadband PC experience, empowering cable companies to deliver new services using Microsoft .NET, and then helping cable progress toward additional revenue-generating Internet services from the TV set.

#### **iTV is not one-size-fits-all.**

Over the past year we have become even more convinced that building a business on iTV is one of offering incrementally better choices to 'click' on the remote. The IPG is a key building block of the iTV experience which grows to support simple information services or virtual channels, extends to 'on-demand' viewing through VOD and DVR products, and supports additional services over time. Today, there are cable operators who are focused on products all along this spectrum, ranging from very simple products to very advanced broadband-connected 'Media Center' solutions for the cable household. It is Microsoft's goal to support this broad spectrum of needs better than any other software company.

"We see that today's cable operators are looking for more choices, because their subscribers are asking for more choices," said Alan Yates, general manager of marketing at Microsoft TV and a nine-year veteran of Microsoft's iTV efforts. "We're refocusing our efforts to provide the cable industry with a great combination of choices that not only improve the customer experience, but also make sense financially."

Further, we believe the ultimate opportunity for a cable operator is to reach beyond the TV and set-top box into emerging areas that will rely on the broadband infrastructure, including online gaming, home networking, home control, Web services, and services that span multiple consumer devices. At Microsoft, our strategy is to continue moving up the learning curve with the cable industry, building ever better products in tandem with the industry's ability to innovate and grow.

### Constraints on the pace of cable innovation.

The enormous multi-billion dollar cost of complex cable infrastructures inhibits swift changes and upgrades. In the PC industry, the pace of innovation is rapid, often mirroring the now-famous Moore's law with major new hardware and software reaching the marketplace every 18-24 months, and with hundreds of companies competing to win over the consumer with each technology improvement. By contrast, there are real constraints on cable's ability to move so quickly. Among the constraints, Wall Street is demanding safe, proven returns on large investments. However, competition is growing, and innovation is always essential, despite the constraints. The challenge is to develop software that enables innovative new services, but can be deployed at a cable-friendly cost and pace.

### If the marketplace changes, change with it.

Several years ago, Microsoft developed technology for the emerging first generation of digital set top boxes ('thin' boxes with little memory or processing power), as well as new ideas for 'advanced' set top boxes that could support many Internet-based services. At that time, our relationship with TCI and discussions with others directed us to focus on advanced software. The industry made assumptions that thin client boxes didn't have enough horsepower to run a compelling set of services, so we invested heavily in advanced set-top box software. As a result, we now have the most advanced client and server solutions available today. However, over the last year it has become apparent that the cable industry would not be able to invest in new, and by definition, unproven products and services so quickly. We put our best developers behind this problem again, and they designed an even better, more cost-effective, innovative software solution that delivers better experiences and new services on thin set-tops. At NCTA, Microsoft unveiled the first version of new software for these thin client set-top boxes that makes digital cable even more compelling to viewers.

### Start small.

Because of the costly digital infrastructure that cable is still funding, the markets are resistant to expensive build outs and deployment costs for additional services. For cable to invest in new products, there need to be proven and recognized benefits to the bottom line achievable at a low cost—whether through reduction in digital churn, or new revenue streams. At Microsoft, we see a great opportunity for churn reduction by helping consumers navigate the hundreds of digital channels and choices more easily, leaving subscribers happier with their digital cable TV experience. From there, we foresee cable continuing to take incremental steps toward supporting advanced and more expensive services, such as video on demand and digital video recording.

### Get more from existing technologies.

As mentioned above, cable companies have unique infrastructure challenges, caused by the need to support both 'past' products and services, as well as 'future' ones all on the same network. For the most part, wholesale infrastructure changes are too expensive and complex to be viable. Leveraging and building on existing technologies is more cost effective, and is also more consistent with how cable companies amortize their hardware and software purchases (generally over 5-10 years).

*"In order to be successful, we need to focus intensely on how Microsoft software adds value to today's cable companies."*



Moshe Lichtman, Vice President  
Microsoft TV Division

*"We're refocusing our efforts to provide the cable industry with a great combination of choices that not only improve the customer experience, but also make sense financially."*



Alan Yates, General Manager  
Microsoft TV Marketing



## Lessons Learned

As the industry has changed over the past decade, Microsoft has followed the learning curve in step with cable. Cable companies are continually looking for smart ways to marry profitable and proven technology—cable video—with new technology and the Internet. As a result, they have been subject to some of the volatile aspects of the Internet and broadband markets. At the same time, cable is affected by unique market factors—ranging from regulatory issues to financial and stock market pressures to competitive situations to legacy system infrastructure—which impact everything we do for this industry.

By addressing the following learnings, Microsoft aims to strengthen and improve its relationships with the cable industry:

### Focus on the value proposition.

Making sure we balance technology with the value proposition for cable companies and their customers is part of the philosophy that's behind our new software development strategy. Our latest product release focuses on the most ubiquitous digital cable service—the Interactive Program Guide. The guide makes it faster and easier to navigate the complex array of cable channels and offerings. This product is designed to help keep viewers satisfied with their digital cable TV experience.

"In order to be successful, we need to focus intensely on how Microsoft software adds value to today's cable companies," said Moshe Lichtman, vice president of the Microsoft TV Division. "Our customers have continued to stress their commitment to Microsoft, to broadband, and to iTV. But in today's increasingly competitive marketplace we see that those customers simply have to be more thoughtful about strategic, long-term investments. That's why it's important for us to articulate Microsoft's vision for a scalable product strategy that enables the cable industry to offer new, cost-effective experiences and services both today, and in the future."

Many Internet company business models and new cable service projections were based on flawed assumptions about revenue from advertising. But cable services do not depend solely on advertising. Cable operators can build value into subscription services, using different basic and premium tiers. The key to the 'new reality' is the 'old reality' for cable—packaging new products and services as part of digital subscription tiers, and relying on advertising as the 'icing' on the overall business model that can grow over time as the subscription popularity and reach grows.



Steven A. Ballmer, CEO  
Microsoft Corporation

## Delivering Value to Cable

Welcome to *Cable 2002*, the 51st annual NCTA convention. Microsoft has long recognized the promise of cable, and the opportunity for software to help connect and bring to life the "Cable Home." We have been participating in the NCTA show for eight consecutive years, underscoring our strong belief in the future of cable, and our commitment to providing value as an industry partner.

In broadband, we have collaborated closely with the industry to make sure that our Microsoft® Windows® software for personal computers provides a great broadband experience to consumers. Microsoft Windows XP and MSN services take advantage of cable's high-speed capacity, always-on connection and the opportunity to create a more compelling user experience.

We've also worked to create software for digital cable that is enabling a new level of TV services. We have succeeded in enabling some of the most advanced digital cable offerings in the world, although the promise of interactive TV has yet to be fully realized in the marketplace.

We see great promise in working with the cable industry. Microsoft has consistently taken a long-term view when the technical and business fundamentals are sound, and we believe the cable industry is on the cusp of the next industry revolution.

We understand that we still have some distance to go to determine how best to help you in the delivery of new cable products and services. We have learned some important lessons over the years and are more cognizant than ever of industry issues and challenges. Our focus is on building strong partnerships and delivering value. We are committed to working with the cable industry to help ensure that cable's place in the world of the connected home is secure and profitable.

While our strategy has evolved over the years, our commitment to delivering the best software for television products remains steadfast. The new versions of Microsoft TV software that we announced at *Cable 2002* represent the first step in a fundamentally new strategy we're embarking on with the cable industry.

Please share your view on how we can help the industry grow through great software. We welcome your feedback to the TV business executive team.

Please visit Microsoft at NCTA booth #3647 or email us at [TVexecs@microsoft.com](mailto:TVexecs@microsoft.com).

CEO, Microsoft Corporation

Steve Ballmer is chief executive officer of Microsoft Corp., the world's leading manufacturer of software for personal and business computing. During the past 20 years, Ballmer has headed several Microsoft divisions, including operations, operating systems development, and sales and support. He is a frequent speaker at industry events, including NCTA's *Cable 2000*.

Look Inside for:

- 2 Lessons Learned
- 5 Microsoft Solutions for Cable TV
- 8 Microsoft TV Refocuses



## IN BRIEF

### SPECTRASITE VIOLATIONS 'VERY TROUBLING' TO FCC

One of the largest builders and operators of broadcast and wireless antennas faces a \$111,000 fine for apparently violating FCC lighting and maintenance regulations at six antennas around the country. SpectraSite Communications failed to register one antenna, post registrations properly at two others, and repair lighting, control and alarm systems at another three.

The FCC action follows a \$17,000 fine levied in March 2001 for several other violations. The agency called SpectraSite's repeated violations "very troubling" and tripled the typical base amount against the latest transgressions.

SpectraSite can appeal the ruling. Company officials did not return a phone request for comment.

### SHERMAN TO NAB'S EDUCATIONAL GROUP

Chuck Sherman, executive vice president of television at the National Association of Broadcasters, becomes full-time president of the NAB Educational Foundation, a move that has been planned ever since the NAB started the foundation. He also becomes special assistant to NAB President Eddie Fritts and will help with long-range strategic planning.

Sherman joined NAB in 1988 as head of the Television Department. He had been general manager of stations, including WHOI(TV) Peoria, Ill., and WTRF-TV Wheeling, W.Va. NAB expects to replace him at the TV department by June.

# From the concession stand

*Competitors tell FCC what AT&T, Comcast should do to gain right to merge*

By Bill McConnell

**B**usiness rivals of AT&T and Comcast last week posed a list of conditions they want the FCC to impose in return for approving the two companies' merger.

Despite the hectoring of competitors, however, the \$72 billion merger is expected to clear Justice Department and FCC review with little difficulty because the deal does not violate antitrust guidelines or diminish consumer choice in any individual market.

Comcast President Brian Roberts and AT&T Broadband Chairman Michael Armstrong defended their deal before the Senate Antitrust Subcommittee two weeks ago. The merger would make AT&T/Comcast the country's largest multichannel company, with 22 million wholly controlled subscribers.

In comments due to the FCC last week, competitors and critics are trying to make things difficult.

EchoStar, seeking approval of its own mega-deal with DirecTV, called on the FCC to close a "loophole" allowing Comcast to deny DBS access to some regional sports nets. EchoStar also couched its deal as a necessary counterweight to compete with the "veritable colossus" AT&T/Comcast would become.

Comments ranged from those of the Progress & Freedom Foundation, which promotes

deregulation as the best way to bring new technology to customers and called on the FCC to approve the deal with no conditions, to those of 38 consumer groups and media watchdogs, asking the FCC to block it no matter what.

"The proposed merger of these two cable giants has enormous implications for the future health of our media culture," said Jeffrey Chester, executive director of the Center for Digital Democracy. "It will tilt the broadband playing field in such a way that the very hallmarks of the Internet—openness, competition, diversity—will give way to the closed, tightly controlled platform of cable. And that's simply too high a price to pay."

Most competitors' comments just picked at merger aspects that worried them. Verizon and Qwest insisted that favorable regulatory treatment for regional phone monopolies also

would provide needed balance against the AT&T juggernaut and urged the FCC to OK the deal only if telcos' obligation to lease their broadband DSL lines to competitors is eliminated.

Cable overbuilder RCN said the merged company must be required to offer competitors its affiliated programming at "non-discriminatory" prices and prohibit exclusive deals between

AT&T/Comcast and programmers. The American Cable Association, a group of mainly small cable operators, called on the FCC to make sure AT&T/Comcast distributes cable-network programming to small systems on reasonable terms and eliminates exclusive contracts that block some programming services from reaching small systems.

Petitioners to deny include Media Access Project, US Public Interest Research Group, and the Association of Independent Video and Filmmakers. They cited such dangers as consolidation of control over broadband architecture, personal data abuse, dominance of interactive set-top design, and abuse of market power to obtain stakes in cable programming and equipment manufacturers. ■



AT&T Broadband's Michael Armstrong defended the merger before the Senate Antitrust Subcommittee.

**CAPITAL SOLUTIONS.  
CONTINUING COMMITMENT.**

**MILLENNIUM RADIO  
GROUP, LLC**

**\$110,000,000**  
Senior Credit Facility

*Documentation Agent  
February 2002*

**FOREVER  
BROADCASTING**

**\$20,000,000**  
Senior Credit Facility

*Sole Agent  
January 2002*

  
**WILKS  
BROADCASTING, LLC.**

**\$80,000,000**  
Senior Credit Facility

*Syndication Agent  
February 2002*

  
**ICBC**  
Broadcast Holdings, Inc.

<b>\$55,000,000</b> Series A Redeemable Participating Preferred Stock Investor	<b>\$150,000,000</b> Senior Credit Facility <i>Lead Arranger &amp; Administrative Agent</i>
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*February 2001*

  
**SMITH**  
BROADCASTING GROUP, INC.

<b>\$48,500,000</b> Redeemable Preferred Stock Investor	<b>\$22,500,000</b> Senior Credit Facility <i>Lead Arranger &amp; Administrative Agent</i>
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*March 2001*

BMO Nesbitt Burns' Media and Communications Group is committed to providing both the financial expertise and capital solutions that radio and broadcast companies need to grow. We offer a full range of integrated financing services including debt and equity capital underwriting, private placements, private equity, securitization and financial advisory. Let us help you capitalize on today's opportunities. Please contact us in New York at (212) 605-1477.

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# Changing Hands

## TVs

### KCSG-TV Cedar City, Utah

**Price:** \$450,000

**Buyer:** Broadcast West (Daniel Matheson, president)

**Seller:** Bonneville International Corp. (Bruce T. Reese, president/CEO)

**Facilities:** Ch. 4, 38 kW, ant. 2,743 ft.

**Affiliation:** Pax

## COMBOs

### KQQK-FM Beaumont and KEYH(AM) Houston (Houston-Galveston), Texas

**Price:** \$30 million

**Buyer:** Liberman Broadcasting Inc. (Lenard Liberman, president); owns 10 other stations, including KQUE(AM), KSEV(AM), KJOJ(AM) and FM, and KTJM-FM Houston-Galveston.

**Seller:** El Dorado Communications Inc. (Thomas Castro, president/CEO)

**Facilities:** KQQK-FM: 107.9 MHz, 100 kW, ant. 1,952 ft.; KEYH(AM): 850 kHz, 10 kW day, 185 W night

**Format:** KQQK-FM: Mexican; KEYH(AM): ranchera

### WLKM-FM and WLKM(AM) Three Rivers, Mich.; WQCT(AM) and WBNO-FM Bryan, Ohio

**Price:** \$1.25 million

**Buyer:** Impact Radio LLC (Dennis Rumsey, president) no other broadcast interests

**Seller:** Williams County Broadcast Systems (Merrill J. Baumann, Jr.)

**Facilities:** WLKM-FM: 95.9 MHz, 3 kW, ant. 289 ft.; WLKM(AM): 1510 kHz, 448 W day; WQCT(AM): 1520 kHz, 500 W day; WBNO-FM: 100.9 MHz, 6 kW, ant. 299 ft.

**Format:** WLKM-FM: soft AC; WLKM(AM): adult standard; WQCT(AM): nostalgia; WBNO-FM: classic rock

**Broker:** Blackburn & Co.

## FMs

### WRRS-FM Cullman (Birmingham), Ala.

**Price:** \$8.5 million

**Buyer:** Crawford Broadcasting Co. (Donald B. Crawford, president); owns 29 other stations, including WLGS(AM), WYDE(AM) and WDJC-FM Birmingham.

**Seller:** STG Media LLC (Steve Shelton, president)

**Facilities:** 101.1 MHz, 100 kW, ant. 1,345 ft.

**Format:** Hot AC

**Broker:** Bergner & Co.

### WQUA-FM Citronelle (Mobile), Ala.

**Price:** \$1.5 million

**Buyer:** ABC Radio Inc. (John Hare, president, ABC Radio); owns 63 other stations, none in this market

**Seller:** Lyn Communications (Herbert P. Wilkins Sr., president)

**Facilities:** 102.1 MHz, 15 kW, ant. 427 ft.

**Format:** Gospel

### WRBR-FM South Bend, Ind.

**Price:** \$840,879

**Buyer:** Dille & Erlacher (Alec C. Dille, partner); owns one other station

**Seller:** David Hicks, et al (Sally Hicks, estate rep)

**Facilities:** 103.9 MHz, 3 kW, ant. 328 ft.

**Format:** Rock

### WAAW-FM Williston, S.C.

**Price:** \$700,000

**Buyer:** Frank Neely; owns two other stations, neither in this market

**Seller:** Brown Family Broadcasting Inc. (LaTonya Brown, president)

**Facilities:** 94.7 MHz, 2 kW, ant. 561 ft.

**Format:** R&B oldies

### KFGG-FM Corpus Christi, Texas

**Price:** \$500,000

**Buyer:** Educational Media Foundation (Richard Jenkins, president); owns 52 other stations, including KLVJ(FM) San Diego, but none in this market

**Seller:** Roloff Evangelistic Enterprises Inc. (Jim Copeland, president)

**Facilities:** 88.7 MHz, 5 kW, ant. 856 ft.

**Format:** Christian

### KSND-FM Lincoln City, Ore.

**Price:** \$400,000

**Buyer:** Radio Beam LLC (Earnest R. Hopseker, member); no other broadcast interests

**Seller:** Elite Broadcasting Inc. (William H. Emery, president)

**Facilities:** 95.1 MHz, 6 kW, ant. 847 ft.

**Format:** AC

**Broker:** Broadcasting Asset Management Corp.

### KPDB(FM) Big Lake, Texas

**Price:** \$300,000

**Buyer:** Centro Cristiano de Fe Inc. (Hector Manzo, CEO); no other broadcast interests

**Seller:** La Radio Cristiana Network Inc. (Paulino Bernal Jr., president)

**Facilities:** 98.3 MHz, 50 kW, ant. 430 ft.

**Format:** Spanish/Christian

### WZZZ(AM) Fulton (Syracuse), N.Y.

**Price:** \$300,000

**Buyer:** Donald Derosa; no other broadcast interests; deal includes monthly newspaper *Home Town Shopper*

**Seller:** David Zinkhann

**Facilities:** 1300 kHz, 1 kW day, 42 W night

**Format:** AC

### WTGY-FM Charleston, Miss.

**Price:** \$300,000

**Buyer:** Family Worship Center Church Inc. (Jimmy Swaggart, member); owns eight other stations, none in this market

**Seller:** Charleston Broadcasting Co. (Tommy Darby, president)

**Facilities:** 95.7 MHz, 6 kW, ant. 328 ft.

**Format:** Gospel

**Broker:** MGMT Services Inc

### WDRP-FM Windsor, N.C.

**Price:** \$300,000

**Buyer:** Lifeline Ministries Inc. (Johnny Bryant, president); owns two other stations

**Seller:** PS&W Enterprises Inc. (J. Rodney Williford, president)

**Facilities:** 98.9 MHz, 6 kW, ant. 328 ft.

**Format:** Gospel

## AMs

### KEYH(AM) Houston (Houston-Galveston)

**Price:** \$2.53 million

**Buyer:** El Dorado Communications Inc. (Thomas Castro, president/CEO); no other broadcast interests

**Seller:** Arlite Broadcasting Co. Inc. (David M. Best, president)

**Facilities:** 850 kHz, 10 kW day, 185 W night

**Format:** Ranchera

### KPTL(AM) Carson City (Reno), Nev.

**Price:** \$350,000

**Buyer:** Casino Radio LLC (Harold Holder Sr., president); no other broadcast interests

**Seller:** Silverado Broadcasting Co. (Roy Williams, president)

**Facilities:** 1300 kHz, 5 kW day, 500 W night

**Format:** Oldies

**Broker:** The Exline Co.

—Information provided by BIA Financial Networks' Media Access Pro, Chantilly, Va. [www.bia.com](http://www.bia.com)

**MSNBC has the youngest,  
most affluent audience  
in cable news.**

Median Age\*    Median HH Income\*\*

MSNBC	54	\$58,077
CNN	64	\$49,835
FOX News	60	\$55,367

**AMERICA'S NEWSCHANNEL**



**BRIAN  
WILLIAMS**



**PHIL  
DONAHUE**



**CHRIS  
MATTHEWS**



**ASHLEIGH  
BANFIELD**



**ALAN  
KEYES**

# THE SMART CHOICE.

# FocusBoise

## THE MARKET

DMA rank	121
Population	554,000
TV homes	220,000
Income per capita	\$16,522
TV revenue rank	102
TV revenue	\$38,900,000

## COMMERCIAL TV STATIONS

Rank*	Ch.	Affil.	Owner
1	KTVB(TV)	7 NBC	Belo
2	KIVI(TV)	6 ABC	Journal
3	KBCI-TV	2 CBS	Fisher
4	KTRV(TV)	12 Fox	Block
5	KNIN-TV	9 UPN	Banks

\*November 2001, total households, 6 a.m.-2 a.m., Sun.-Sat.

## CABLE/DBS

Cable subscribers (HH)	101,200
Cable penetration	46%
ADS subscribers (HH)**	39,600
ADS penetration	18%
DBS carriage of local TV?	No

\*\* Alternative Delivery Systems, includes DBS and other non-cable services, according to Nielsen Media Research

## WHAT'S NO. 1

Syndicated show	Rating/share***
Wheel of Fortune (KIVI)	12/25
Network show	
ER (KTVB)	23/40
Evening newscast	
KTVB	11/30
Late newscast	
KTVB	17/38

\*\*\*November 2001, total households

Sources: Nielsen Media Research, BIA Research



Demographics and geography help make Boise, Idaho, a vibrant market.

## Good news all around

By population, Boise, Idaho, is the No. 121 DMA; in revenue, the all-VHF market jumps nearly 20 places, to 102.

"High technology's been the driving force here for the last 12 to 15 years," says Jeff Anderson, GM at KBCI-TV. "The local economy is strong. We're bouncing back from the same bump in the road as anyone else [in 2001]. But this is a vibrant market."

"Everybody's doing well here," says KIVI(TV) GM Scott Eymer, who ran UPN affiliate KNIN-TV before moving to the ABC affil. "We're hundreds of miles away from other large cities, so there's no competition for TV dollars from adjacent markets. And the market has only 46% cable penetration; that plays well for over-the-air broadcasters."

Boise is the state capital, which typically means government jobs and a stable work force. Discretionary income also benefits from the state's largest university, Boise State; several major corporations are either headquartered or have a significant presence there, including Micron, Albertson's Supermarkets, Hewlett-Packard and Boise Cascade.

The towers are placed on mountains overlooking a population concentrated in a relatively flat area, local TV execs add. They attribute the high ADS penetration to the low cable availability in outlying areas. TV signal coverage, they say, is strong.

A strong interest in winter sports, proximity to Salt Lake City and KTVB(TV)'s market dominance, says GM Doug Armstrong, made for the nation's best Olympics performance by an NBC affiliate. With several state races and a U.S. Senate race this year, "political's going to be huge for any station with news," says Rick Joseph, who runs local Fox affil KRTV(TV), with its half-hour daily and expansion to an hour under consideration.

"We've got plenty of land, plenty of water and a great climate," says Armstrong, also a Chamber of Commerce member. "We can't see anything ... to prohibit this place from continuing to grow and continue to be a vibrant place to do business." —Dan Trigoboff



# HATCHETT RULES IN NORFOLK!

## JUDGE HATCHETT Scores Big on WAVY at 11:00am!

**JUDGE HATCHETT**  
The Judge America's Watching!

**3.6** Household Rating!  
**+20%** vs Lead-In!  
**+33%** This Season!

www.judgehatchett.com

Source: NSI, WRAP Overnights, 4/22-4/26/02 vs quarter-hour lead-in, growth=vs Oct '01 Sweep



The Leader in Young Adult Programming.  
CTDTV.COM

# StationBreak

BY DAN TRIGOBOFF

## NIELSEN TO METER KNOXVILLE, TENN.

Nielsen Media Research said Tuesday that Knoxville, Tenn., DMA No. 62, will become a metered market in October. The research-measurement company will begin with 300 sample homes, increasing to 400 a year later. "We want to bring electronic measurement to as many markets as will support this expanded service," said Jack Oken, general manager of local services for Nielsen Media Research.

So far, only WBXX-TV, the Acme-owned WB affiliate, has signed on as a client. Other stations have expressed concerns about the increased cost and timing of the meters. WVLT-TV GM Chris Baker said his budget for 2002 had been set before Nielsen announced the measurement switch and that meters are a considerable expense.

Stations in the market currently pay in the mid five figures annually. But that could increase several-fold, depending on the pay schedule, for the combined meter/diary service. Nielsen

offers sliding-scale payments to get stations to sign on to the meters at a lower monthly cost. Rates would increase as, presumably, the increased information from meters attracts more national advertising dollars to the market. Baker said his station still might become a subscriber, though not likely this year.

Jeff Lee, general manager at market-leading NBC affiliate WBIR-TV, agrees that the increased costs would be a challenge but said he will continue to talk with Nielsen.

## WJLA-TV ANCHOR SOLLY IS DEAD AT 53

WJLA-TV Washington reporter/anchor Dale Solly was found dead at his Silver Spring, Md., home April 27, apparently from natural causes. Friends said Solly, 53, had told them a few hours before that he was going jogging, and he was wearing running clothes when he was discovered on his patio. Preliminary medical examiner's reports said Solly suffered from atherosclerotic cardiovascular disease.

The award-winning broadcaster was a 10-year veteran of the station, serving two stints interrupted by about five years when he worked at WJW(TV) and WKYC-TV Cleveland. A Cleveland native, he was remembered in both Cleveland and Washington as an intelligent broadcaster with a great sense of humor.

Former WJLA News Director Gary Wordlaw, now GM at WTVH(TV) Syracuse, N.Y., rehired Solly from Cleveland, calling him "one of the brightest reporter/writers I've ever had the occasion to work with. He was an ardent disciple of journalism, and, in our business, he was one of the good guys."

Solly is survived by two daughters. A memorial service is planned for Tuesday at a Silver Spring church.

## KNTV BECOMES NBC O&O

NBC's purchase of San Jose affiliate KNTV(TV) San Jose, Calif., in the No. 5 DMA, San Francisco-San Jose-Oakland, closed Tuesday and was followed immediately by the announcement that, as expected, the station will be

run by Linda Sullivan, president and general manager at NBC's WRC-TV (B&C, 4/8, page 4).

## STEVE SCHWAID IS PROMOTED AT NBC

Steve Schwaid, who has been NBC's man in San Jose, overseeing KNTV(TV)'s transition from an independent to NBC affiliate, has been named vice president of news programming for the NBC Television Stations Division.

In his new role, NBC said, Schwaid will be responsible for program development, negotiating syndication deals, digitizing the news for the Television Stations Division and coordinating division-wide news coverage. He will also work with the group's new Telemundo stations, MSNBC and CNBC in developing new synergies. Schwaid will be based in New York and report to station group President Jay Ireland.

## AND AWAY THEY GO...

Long before "yada, yada, yada," there was "homina, homina, homina." Viacom stations KYW-TV and WPSG(TV) Philadelphia and KDKA-TV Pittsburgh planned to celebrate *The Honeymooners'* 50th anniversary with marathon runs of original episodes this past weekend, followed by the CBS Network special today.

*All news is local. Contact Dan Trigoboff at (301) 260-0923, e-mail dtrig@starpower.net or fax (413) 254-4133.*



**On the scene**

NBC's WRC-TV Washington brought out its new news chopper for aerial views of the devastation from the rare tornado that hit suburban Maryland last week. The addition of the helicopter—second in the market to WTTG-TV's—will be one of General Manager Linda Sullivan's last big decisions there, as she's moving to NBC's KNTV in San Jose (see item above).

# SyndicationWatch

APRIL 15-21 *Syndicated programming ratings according to Nielsen Media Research*

## TOP 25 SHOWS

Rank/Program	HH AA	HH GAA
1 Wheel of Fortune	8.5	NA
2 Jeopardy	7.3	NA
3 Friends	6.6	7.7
4 Seinfeld	6.1	6.6
5 Everybody Loves Raymond	5.5	6.2
6 Judge Judy	5.3	7.9
6 Entertainment Tonight	5.3	5.4
8 Oprah Winfrey Show	5.2	5.3
9 Seinfeld (wknd)	4.4	5.0
10 Wheel of Fortune (wknd)	3.7	NA
11 Live With Regis & Kelly	3.3	NA
12 Friends (wknd)	3.2	3.4
12 Frasier	3.2	3.4
14 Judge Joe Brown	3.1	4.1
14 King of the Hill	3.1	3.4
16 Entertainment Tonight (wknd)	3.0	3.1
16 Maury	3.0	3.1
16 Inside Edition	3.0	3.0
19 Everybody Loves Raymond (wknd)	2.8	NA
20 The X-Files	2.6	2.8
20 Jerry Springer	2.6	2.8
20 The Practice	2.6	2.9
20 Divorce Court	2.6	3.5
20 Access Hollywood	2.6	2.6
25 ER	2.6	3.0

## TOP MAGAZINE SHOWS

	HH AA	HH GAA
1 Entertainment Tonight	5.3	5.4
2 Inside Edition	3.0	3.0
3 Entertainment Tonight (wknd)	3.0	3.1
4 Access Hollywood	2.6	2.6
5 Extra	2.5	2.5

According to Nielsen Media Research Syndication Service Ranking Report April 15-21, 2002

HH/AA = Average Audience Rating (households)

HH/GAA = Gross Aggregate Average

One Nielsen rating = 1,008,000 households, which represents 1% of the 100.8 million TV Households in the United States

NA = not available

## New chief of MGM/NBC group



**Chris Kager takes over advertising sales for MGM's and NBC Enterprises' off-net and first-run programming.**

Rainbow National Ad Sales President Chris Kager has joined MGM/NBC Media Sales Group as president. He will oversee advertising sales for MGM's and NBC Enterprises' off-network series and first-run syndication programming under a joint venture the two companies formed last February. He will also direct development of marketing sponsorships and identify new opportunities for advertiser partnerships.

"Chris brings a valuable insight into the needs of the advertising community and a proven ability to identify lucrative partnerships that create unprecedented value for advertisers," said NBC Enterprises President Ed Wilson.

Prior to his stint at Rainbow, Kager was head of Columbia TriStar Television Advertising Sales. Kager will be based in New York. Among the programs currently being marketed under the MGM/NBC Media Sales banner are the new *John Walsh Show*, *Providence*, *The Chris Matthews Show*, MGM's forthcoming action hour *She Spies*, and sci-fi adventure series *Jeremiah*, *Stargate: SG-1*, and *The Outer Limits*. The joint venture is also responsible for 2003 sales for *The Other Half*, *The George Michael Sports Machine* and *Weakest Link* and reps the UPN weekend movie and the *Lion Legacy I* film package, as well as other MGM library and produced programming.

In other syndication news, Deborah Norville has re-upped with King World as anchor of the newsmagazine *Inside Edition*. She has had the job longer than anybody else, including Bill O'Reilly (now with Fox) and David Frost (remember him? he lasted about six months).

Norville has been there seven years and signed on for another three seasons. The former *Today* show co-host assumed the *Inside Edition* anchor chair in 1995, and the company credits her with a ratings increase. "The show continues to be a solid performer" that's highly compatible with local news, said Bill Carroll, vice president, programming, Katz Television Group.

—Steve McClellan

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Cheryl Mahon: 212-463-6528  
Yvonne Pettus: 212-337-6945

Chuck Bolkcom: 775-852-1290  
Rob Payne: 212-337-7022

**BROADCASTING CABLE**



# Programming

## BroadcastWatch

COMPILED BY KENNETH RAY

APRIL 22-28 Broadcast network prime time ratings according to Nielsen Media Research

Week 31	abc 6.9/11	CBS 7.5/12	NBC 7.1/11	FOX 5.9/9	PAX TV 0.9/1	UPIN 2.1/3	WB 3.5/5
<b>MONDAY</b>	8:00 55. America's Funniest Home Videos 5.7/9	29. Yes, Dear 7.3/12 31. Baby Bob 7.0/11	35. Fear Factor 6.9/11	43. Boston Public 6.4/10	125. Miracle Pets 0.6/1	101. The Hughleys 1.9/3 101. One on One 1.9/3	75. 7th Heaven 4.3/7
9:00 19. The Bachelor 8.6/13	16. Ev Lvs Raymnd 9.6/15 19. Becker 8.6/13	24. Third Watch 7.5/11	60. Ally McBeal 5.4/8	118. Touched by an Angel 0.8/1	98. The Parkers 2.3/3 99. Girlfriends 2.2/3	93. Angel 2.7/4	
10:00 43. Contact: Talking to the Dead 6.4/11	43. First Monday 6.4/11	36. Crossing Jordan 6.8/11		111. Diagnosis Murder 1.4/2			
<b>TUESDAY</b>	8:00 72. Dharma & Greg 4.6/8	31. JAG 7.0/12	61. Frasier 5.3/9	69. That '70s Show 4.9/9	120. Mysterious Ways 0.7/1	105. Buffy the Vampire Slayer 1.7/3	89. Gilmore Girls 3.0/5
8:30 69. Spin City 4.9/8	43. The Guardian 6.4/10	22. Frasier 8.0/13 49. Scrubs 6.3/10	63. 24 5.2/8	129. Ooc 0.5/1	105. Roswell 1.7/3	84. Smallville 3.4/5	
9:00 57. Philly 5.6/9	14. Judging Amy 9.7/16	37. Dateline NBC 6.7/11		114. Diagnosis Murder 1.1/2			
9:30 55. Philly 5.7/9							
<b>WEDNESDAY</b>	8:00 57. My Wife & Kids 5.6/10	23. Survivor: Marquesas—Look Closer 7.9/14	51. Ed 6.0/10	87. That '80s Show 3.3/6 82. Grounded/Life 3.5/6	118. Candid Camera 0.8/1	89. Enterprise 3.0/5	95. Dawson's Creek 2.6/4
8:30 57. According to Jim 5.6/9		11. The West Wing 10.3/16	74. Bernie Mac 4.5/7 82. Greg the Bunny 3.5/6	115. Touched by an Angel 0.9/1	103. Wolf Lake 1.8/5	96. Felicity 2.4/4	
9:00 66. Drew Carey 5.0/8	51. The Amazing Race 2 6.0/10	4. Law & Order 12.6/21		112. Diagnosis Murder 1.2/2			
9:30 75. The Job 4.3/7							
10:00 53. Oowtown 5.9/10							
<b>THURSDAY</b>	8:00 24. The Bachelor: Women Tell All 7.5/12	7. Survivor: Marquesas 11.1/18	3. Friends 14.4/23 6. Friends 12.0/18	78. Fox Movie Special—The Empire Strikes Back 3.9/6	120. It's a Miracle 0.7/1	84. WWF Smackdown! 3.4/5	109. 'NSync in Concert 1.5/2
8:30	5. The Bachelor 12.2/18	2. CSI 14.5/22	11. Will & Grace 10.3/15 17. Just Shoot Me 8.9/13		125. Dove Awards 0.6/1		93. Charmed 2.7/4
9:00 21. Primetime 8.2/13	37. The Agency 6.7/11	1. ER 15.9/26					
9:30							
10:00							
10:30							
<b>FRIDAY</b>	8:00 71. America's Funniest Home Videos 4.8/9	26. Carol Burnett Show: Show Stoppers 7.4/14	31. Providence 7.0/13	81. When Animals Invade Your Home 3.6/7	125. PAX Family Movie—Terminal Error 0.6/1	99. UPN's Movie Friday—Under Siege 2: Dark Territory 2.2/4	103. Sabrina/Witch 1.8/4 108. Raising Dad 1.6/3 92. Reba 2.8/5 105. Maybe It's Me 1.7/3
8:30 72. Best Commercials Never seen 4.6/8	43. CBS Friday Movie Special—Diagnosis Murder: Without Warning 6.4/11	26. Dateline NBC 7.4/13	87. Dark Angel 3.3/6				
9:00 37. 20/20 6.7/12		14. Law & Order: Special Victims Unit 9.7/17					
9:30							
10:00							
10:30							
<b>SATURDAY</b>	8:00 65. ABC Saturday Night Movie—Armageddon 5.1/9	29. CBS: 50 Years From Television City 7.3/14	89. Dateline NBC 3.0/6	61. Cops 5.3/10	120. Diagnosis Murder 0.7/1		
8:30			80. NBC Saturday Night Movies—The Thomas Crown Affair 3.7/7	43. Cops 6.4/12 41. Cops 6.6/12			
9:00		37. The District 6.7/12			115. Lucky Day 0.9/2		
9:30							
10:00							
10:30							
<b>SUNDAY</b>	7:00 84. Before They Were Stars! 3.4/6	8. 60 Minutes 11.0/20	50. NBA Playoffs—L.A. Lakers vs. Port. and Trail Blazers 6.1/12	77. The Simpsons 4.2/8 63. King of the Hill 5.2/9	120. Candid Camera 0.7/1		96. Flix From the Frog—Lethal Weapon 4 2.4/4
7:30		9. Everybody/Raymond: First Six Years 10.4/17	66. Weakest Link 5.0/8	26. The Simpsons 7.4/12 31. Malcolm/Middl 7.0/11	112. Doc 1.2/2		
8:00 42. ABC Big Picture Show—The Sixth Sense 6.5/10	9. CBS Sunday Movie—Living With the Dead, Part 1 10.4/16	18. Law & Order: Criminal Intent 8.7/13	13. Law & Order: Criminal Intent 9.9/16	54. The X-Files 5.8/9	120. Ponderosa 0.7/1		109. Jamie Kennedy 1.5/2
8:30					125. Touched by an Angel 0.6/1		
9:00							
9:30							
10:00							
10:30							
<b>WEEK</b>	6.1/10	8.3/14	7.9/13	4.8/8	0.8/1	2.4/4	2.6/4
<b>5-13</b>	6.4/10	8.1/13	8.8/14	5.8/9	0.9/1	2.7/4	2.4/4

KEY: RANKING/SHOW TITLE/PROGRAM RATING/SHARE  
 • TOP TEN SHOWS OF THE WEEK ARE NUMBERED IN RED  
 • TV UNIVERSE ESTIMATED AT 105.5 MILLION HOUSEHOLDS;  
 ONE RATINGS POINT IS EQUAL TO 1,055,000 TV HOMES  
 • YELLOW TINT IS WINNER OF TIME SLOT • (NR) = NOT RANKED; RATING/SHARE ESTIMATED FOR PERIOD SHOWN  
 • \*PREMIERE • PROGRAMS LESS THAN 15 MINUTES IN LENGTH NOT SHOWN • S-T-D = SEASON TO DATE  
 • SOURCES: NIELSEN MEDIA RESEARCH, CBS RESEARCH

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## THE CABLE PROGRAMMER

**SOME RANDOM (MUSICAL) NOTES**

MTV is keeping its *Video Music Awards* in New York City but moving the extravaganza to August to avoid the one-year anniversary of Sept. 11. The VMAs will air live from Radio City Music Hall Aug. 29, instead of the usual first Thursday in September. ... Pat Benatar and her daughter, along with other musician moms, will be featured in a **WE: Women's Entertainment** original documentary on Mother's Day. *Rock 'N Moms* explores how artists and their kids balance fame and family.

**TALK IT UP**

Popular Bravo interview series *Inside the Actors Studio* returns in May with new episodes, including chats with **Hugh Grant**, **Richard Gere** and **Samuel L. Jackson**. Upcoming episodes of another Bravo favorite, *Musicians*, will feature artists **Wyclef Jean**, **Randy Newman**, **Daryl Hall & John Oates**, among others. ... *Brady Bunch* mom **Florence Henderson** hosts the **Travel Channel's** upcoming *Great Family Vacation Week* May 6-11. Specials on family destinations, including *Walt Disney World Resorts* and *America's Best Waterparks*, will air nightly and as a Saturday marathon. ...

**Turner South** is adding two original series. *Southern Living Step-by-Step*, a companion for

*Southern Living Presents*, will launch in July. *B Street Live* will showcase emerging Southern R&B artists beginning in August. Acquired series *In the Heat of the Night* joins the daily lineup June 4. ... TNT is gearing up a promotional blitz for *Witchblade's* season-two premiere June 16. Plans call for in-theater trailers during *Spider-Man* and *Star Wars: Episode II—Attack of the Clones* in 14 major markets; on-air spots across the Turner networks; outdoor billboards in 23 markets; and giveaways at 19 NASCAR races. ...

Soviet-era prison camps are the subject of upcoming TLC documentary *Gulag*, debuting May 9. On a lighter note, **Kelly Ripa**, of *Live With Regis and Kelly*, will narrate three-part original miniseries *A Child's World*, exploring how kids' minds develop, May 11-13.

**REALITY BITES**

**Animal Planet** goes behind the scenes of the *Crocodile Hunter's* new movie during *Croc Week*, June 23-29. *Crocodile Hunter: Collision Course* airs June 27 (the movie bows in theaters July 12). The stunt week also features new episodes of *The Crocodile Hunter* and *The Crocodile Hunter Diaries*. ... **TBS** debuts original series *Worst Case Scenarios* July 10. The reality show instructs participants—and viewers—how to survive difficult and dangerous situa-



tions. The series will play Wednesday nights after *Ripley's Believe It or Not*.

**GOING TO THE MOVIES**

**American Movie Classics** delves into the history of Hollywood gossip May 7 with *Dish*, one of three upcoming original specials. On June 4, *Shirtless: Hollywood's Sexiest Men* surveys the 20th century's most attractive actors, and *Bruce Lee: A Warrior's Journey* premieres 38 minutes of missing footage from Lee's final film on July 2. ...

The **Sundance Channel** inked two acquisition deals to bring 13 new films to its viewers. It secured pay-TV rights to six movies from Lot 47, including *Scotland, PA*, starring **Christopher Walken**. A separate deal with **Zeitgeist Films** gives Sundance TV rights to seven pictures. ...

**IFC** will celebrate the **Cannes Film Festival** May 15-26 with a lineup of classic festival movies, including *Monty Python's Meaning of Life* and *I*

*Shot Andy Warhol*. **IFC** will air the red-carpet arrivals and opening ceremony on May 15 and the closing ceremony and award show May 26.

**DEMANDING VIDEO**

**Mag Rack**, **Rainbow Media's** video-on-demand magazine service, is adding two services, *Yoga Retreat* and *Fame and Faith*. **Mag Rack** currently offers 24 video mags, and plans call for 40 by the end of 2002. ... **BBC America** unveiled a VOD and SVOD service to showcase its array of British TV imports. **BBC America Showcase** will be a free on-demand service with up to 30 hours of programming, including comedies *Absolutely Fabulous* and *Keeping Up Appearances* and style programs *Changing Rooms* and *Ground Force*. The service will accept ads and sponsorships for its VOD product. **BBC America's** pay SVOD product will offer additional programming.

—Compiled by Allison Romano

# KNOW-IT-ALLS DROPPED DOWN DEEP DARK HOLES.

**[WHAT'S NOT TO LIKE?]**



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# Nachman the niche-maker

*News veteran sets out to find a place for MSNBC between CNN and Fox News*

By Allison Romano

**D**on't call MSNBC "America's News-Channel" or "fiercely independent" around Jerry Nachman. The channel's new editor-in-chief isn't interested in MSNBC's latest rebranding campaign.

"I'm not going to work for a slogan," said Nachman, a New York media vet who has been editor-in-chief at Rupert Murdoch's feisty *New York Post* and ran WNBC(TV) and WCBS-TV New York.

Nachman aims to make MSNBC more "smart, spontaneous and thoughtful" and is eyeing NBC's broadcast talent. He signed on last week as MSNBC's top editor and vice president, a new position, and he'll anchor a weekday afternoon show.

He compares the current cable news war—in which Fox News dismissed MSNBC as "irrelevant" and CNN lashed out at MSNBC's use of its international footage—to the news-radio business. CNN, the "grandfather" in Nachman's view, is the all-news format, while Fox News Channel's the upstart news-talk alternative.

Exactly where MSNBC fits, he isn't sure.

"We've been outflanked, for sure. But there's a huge middle ground out there that seems unoccupied," said Nachman, whose radio credits include general manager for WRC(AM) (now WWRC[AM]) Washington, formerly owned by NBC, and reporter for WCBS(AM) New York.

He believes MSNBC needs to strengthen its authenticity. He admires Fox News star Bill O'Reilly because he repels the traditional television template. "He's successful because he's being himself," Nachman said. "Give Fox credit, they let people do what they are supposed to do."

With MSNBC a distant third to Fox News and CNN, network execs are trying to "turn the aircraft carrier around," said President Erik Sorenson. NBC News officials have recently shown renewed interest in its cable

outlet, co-owned by Microsoft.

Phil Donahue joined MSNBC last month to host a soon-to-launch show to compete head to head with Fox News' Bill O'Reilly and then CNN's Connie Chung.

Nachman's appointment was expected after Donahue arrived. "He'll have responsibility without the administrative headaches," Sorenson said,

noting that Nachman should give MSNBC an editorial rudder: "What is the angle, the headline? What is our angle on the story?"

Sorenson pursued Nachman after seeing



**New MSNBC Editor/VP Jerry Nachman aims to make the cable news net more "smart, spontaneous and thoughtful."**

him in guest appearances on MSNBC. "We're breaking the rules," Nachman warned. "A good guest does not necessarily make you a good host."

Nachman's own afternoon show, slated for a summer launch, will be a news-analysis program. He returns to New York after five years in Los Angeles, where he was a

staff writer for NBC's canceled *UC: Undercover* and executive producer of *Politically Incorrect With Bill Maher* during the 2000 election season. ■

## MTV's April spike

*The Osbournes translates into a big \$!@\*!# hit*

By Allison Romano

**S**kip the champagne. They're probably biting the heads off bats these days at MTV. In April, cable's strange flavor of the month, *The Osbournes*, propelled MTV to its best ratings month in more than a year.

MTV notched a 1.2 average in prime for the month, up 33% from its first-quarter average, according to Nielsen. *The Osbournes* scored April's highest single-show rating, a 5.9 rating on April 23, and shoved the usual winner, TNN's World Wrestling Federation *Raw*, to second place (a 5.2 on April 1). Two *Osbournes* episodes earlier in April registered a 5.2 rating each, but *Raw* delivered a few more households.

*The Osbournes* has more than doubled its audience since its March 5 debut garnered a respectable 2.8 rating. MTV's mainstay teens have tuned in from the

beginning and may have actually understood much of what Ozzie said. But then *The Osbournes* attracted mainstream attention, becoming fodder for late-night TV and obsequious magazine covers. "Adults have been pouring in since *The Osbournes* has gotten so much publicity," said Lifetime's head of research Tim Brooks.

*The Real World XI*, Tuesday-night lead-in to *The Osbournes*, is a workhorse, pulling in a 4.5 rating April 9 and 4.4 April 23.

Lifetime led all networks in prime time for April, with a 2.2 average; Television for Women's latest original movie, *We Were the Mulvaney's*, collected a 4.7 rating April 8. Nickelodeon followed in second with a 1.9 average rating, and USA, TNT and TBS tied for third with a 1.7. Four of the top five networks showed ratings growth in April.

Fox News Channel held its top spot among cable news nets, with a 1.2 prime time average. CNN improved slightly in April to a 0.9 rating, and MSNBC lagged with a 0.4. ■



ming than any other women's network.

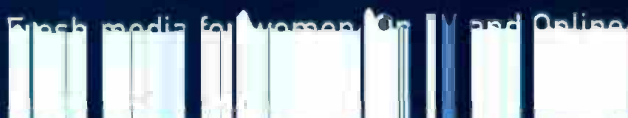


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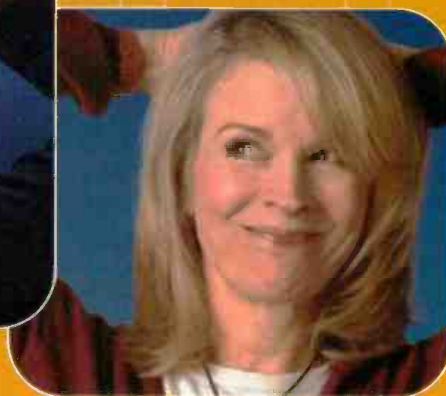
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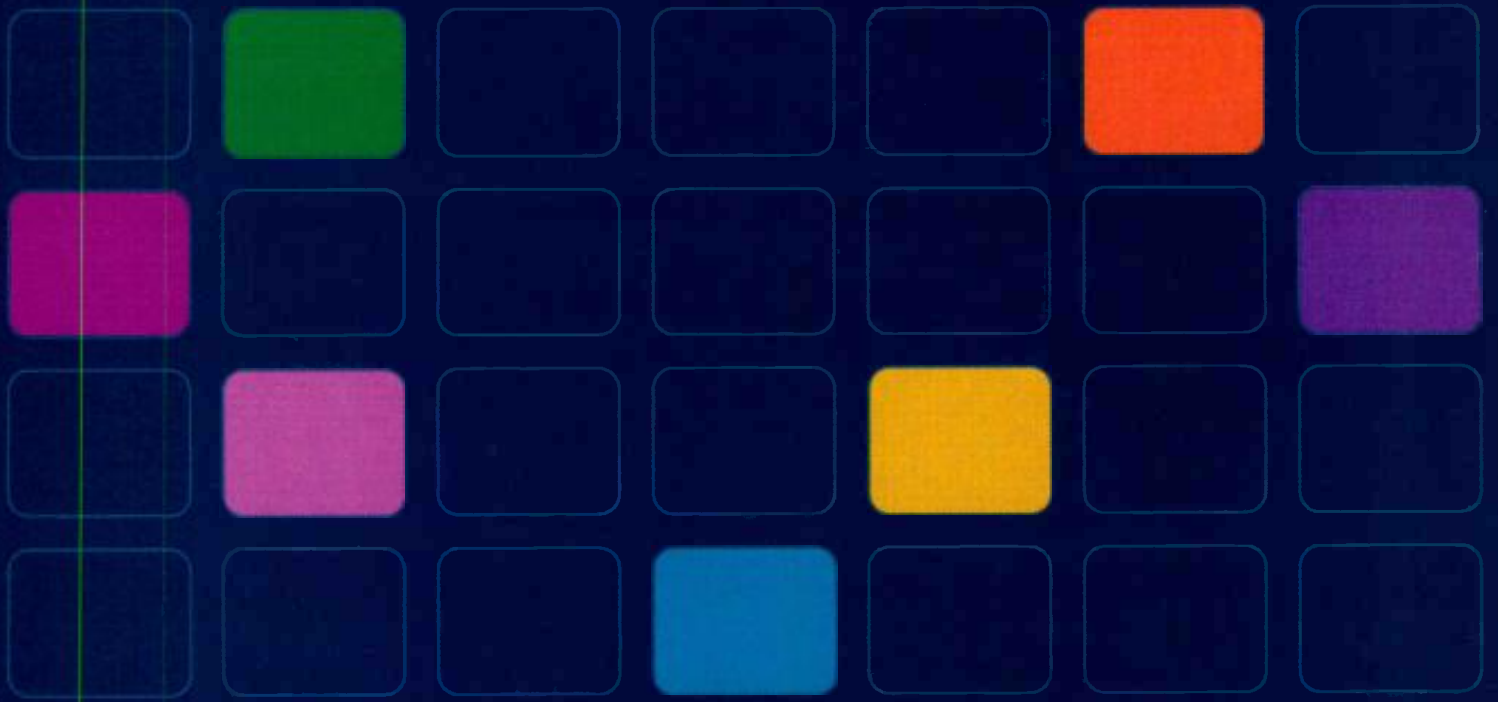


Oxygen airs more new, original programs

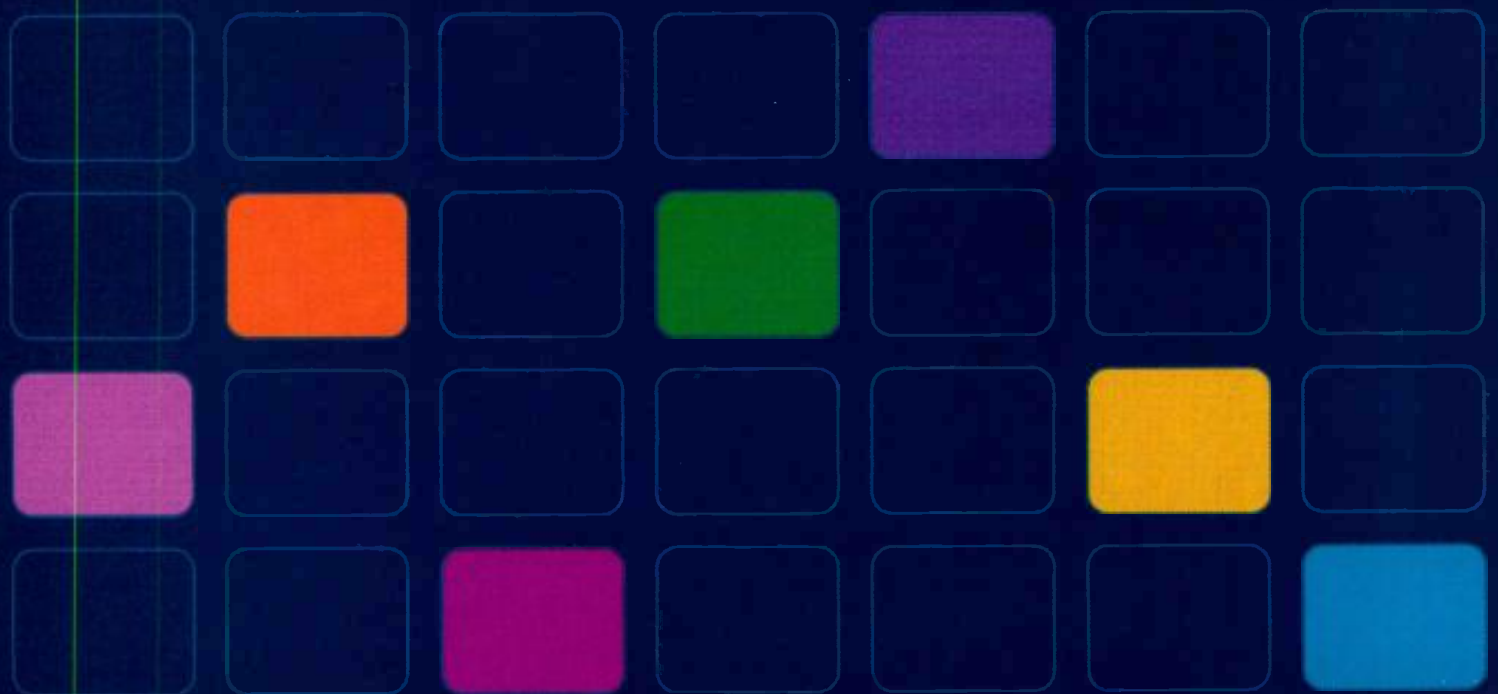


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If themes in women's television feel all too familiar,  
perhaps it's because you've already seen them.





side, have participated in hazard training.

Reporting from a danger zone “used to be more hit-and-run,” recalled Associated Press Deputy International Editor Nick Tatro. “You look, you leave.” But technology now allows transmission from the scene, and “sometimes we stay for hours or days on end in that environment.”

Kain, who says his was the first group to bring special-forces expertise to journalists, says the classes were the result of entreaties from freelance journalists in the early 1990s.

“There’s some correlation between what journalists do and what special forces do,” he explained, “particularly the reliance on their own skills and equipment. Journalists don’t want to know how to be soldiers, but they do want to know how things happen when the military is involved. We’re trying to give people more control or give them the tools to retain control over their own destiny, reducing their dependence on luck.”

CNN plans to take AKE consultants into the field to address safety concerns and operate its fleet of armored cars. Jordan said CNN also plans to have an AKE consultant available in Atlanta at all times.

CNN Cairo Bureau Chief Ben Wedeman, who took the training only last month after years as a foreign correspondent, thinks it’s a good idea: “We’ve all been in dangerous situations, we’ve dealt with landmines and bombs, and we’ve been shot at. Most of the time, journalists emerge unharmed, as it’s happened with me—except in that one case [he was wounded by gunshots in Gaza two years ago]. This course prepares you for when your luck runs out.”

Despite years in the field, he learned a bit from AKE Ltd. about weaponry and a great deal about first aid. “We’ve all been in situations where we wish we’d known something more,” Wedeman said.

He’d seen the training used before, when his car was in a serious multi-vehicle accident while driving from Baghdad, Iraq, to Amman, Jordan. Cameraman Brian Puchaty “took out his AKE medical bag and certainly established an element of



**Sergei Volkov (l), a Moscow-based CNN cameraman, responds in a simulated encounter with a hostile paramilitary—actually, instructor Dave Smith—trying to rob him. AKE Group Ltd. says simulated hostilities are part of its training for journalists but not the emphasis.**

order in a chaotic situation.” Wedeman believes lives may have been saved by the quick action.

CBS Senior Vice President for News Coverage Marcy McGinnis says that, although correspondents are not required to take the training—veteran correspondent Allen Pizzey could probably teach a class, she notes—a five-day course in London is “strongly encouraged. We want our people to know how to assess an environment, how to handle negotiations at roadblocks, how to handle trauma and administer first

aid, if they find themselves in a dangerous environment, to get out.”

ABC News Chief Washington Correspondent John Cochran—who moderated a panel on preparing for dangerous assignments at the recent Radio-Television News Directors Association Convention—recalled that, when he became a Middle East correspondent decades ago, he had had some military training but none as a journalist.

Failing to understand hostilities among rival Palestinian factions led to a near-fatal confrontation, he recalled, and some issues

**‘We’re trying to give people more control or give them the tools to retain control over their own destiny, reducing their dependence on luck.’**

**—Andrew Kain, AKE Group Ltd.**

aid. We want them to know how to avoid becoming a hostage but how to negotiate with abductors in case it happens.”

First-aid training, news executives say, has been especially useful. McGinnis said that, covering the Bosnian war, CBS staffers were able to help some of their injured colleagues in the field.

“We look at the list of those who are trained before we make assignments,” said ABC Director of Foreign News Coverage Chuck Lustig. “We don’t look for training in self-defense or weapons. Our preference is to give them the knowledge to be safe

about how and where to point the camera came up the first day. “I learned that you don’t want to shoot incoming fire. You want to shoot outgoing.” He and his crew sustained some shrapnel bruises and vehicle damage but got out with a lesson: “Training for journalists is a very smart thing to do. If the opportunity is there, take it.”

CNN’s Wedeman joked that the training may have already contributed to his safety. “I was in Israel, and things were getting pretty nasty there. What better way to get out? So I bailed out of there and took this course.” ■



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## Programming

# Journalists' survival schools

*Before reporters head out for war zones, networks teach them how to stay alive*

By Dan Trigoboff

Spanish journalist Javier Sierra thought he was in Woodstock, Va., only to serve as interpreter for a group of Latino student journalists in a class on battlefield conditions. Then, suddenly, someone stuck a hood over his head.

"It scared the hell out of me," recalled Sierra, who has worked with APTN, CNN and Univision and is now a Washington-based consultant. Although he knew that the training for journalists included simulated danger situations, he didn't know he'd be drawn in so directly or that the loss of control would be so affecting—even though, in the strictest sense, he knew he was in no danger.

"They manhandled me, put me on the floor ... I had no idea what they were going to do. Even though I knew nothing was going to happen, the shock of that hood over my head was pretty intense." Since that class, in 2000, Sierra has attended many classes, at the same military academy in Virginia and at Centurion Risk Assessment's main facility in England. Now working as a consultant to Centurion, Sierra has even driven the getaway car for ersatz "kidnappers."

Hazard training seems more Journalism 9/11 than Reporting 101, but networks are finding it necessary before sending their staffs into hostile or dangerous environments, foreign or domestic. Network executives say they want their staffers' first exposure to gunfire, dangerous chemicals, landmines, kidnappers, battle wounds and trauma to come at a time when they can learn—not suffer—from them.

The Freedom Forum lists more than 1,300 journalists killed on the job over 200 years. Because eight reporters were killed



Hazard training for reporters typically includes discussions of weapons, as in this AKE Group Ltd. classroom, promoting a better understanding of how weapons are used by others.

covering the war on terrorists in Afghanistan and because *Wall Street Journal* reporter Daniel Pearl was kidnapped and murdered in Pakistan, CNN now mandates hazard training. "We took a program that had been optional and made it mandatory," said the network's newsgathering head, Eason Jordan. "It was no longer just a question of putting on better flak jackets."

Fox News Channel also says training for hostile environments is mandatory for its foreign correspondents but would not discuss its programs for security reasons.

Possibly because Great Britain is a base for so many foreign journalists, some of the most prominent schools for journalists and others seeking safety training are taught there by former British military specialists, including Centurion Risk Assessment Services Ltd. founder Paul Rees, who lists Associated Press, BBC, Reuters and NBC among clients, and by Andrew Kain, the "AK" in AKE Group

Ltd., whose clients include NBC, BBC, *Time*, *Newsweek* and CNN.

In addition, Bruhn NewTech, with offices in the U.K., the U.S. and Denmark, specializes in chemical- and biological-weapons awareness and has worked with ABC. Pilgrims Security Services is yet another U.K.-based security trainer and adviser.

Courses typically run several days, at a cost of \$400 to \$600 per day, during which students may be in classrooms or in simulated hostilities, complete with explosives and belligerent soldiers or civilians.

"It's important that as many people as possible be given this exposure," said Denise Vance, of Associated Press Television News. "What do you do when a peaceful demonstration gets out of hand? Where do you stand when there's gunfire around you? We all use what our guts tell us. But it does not hurt to have someone who's looked at these scenarios advising you." AP estimates that about 400 of its staffers, more than 100 on the television

# Doing the ABC reshuffle

*Steve Bornstein is the latest to exit stage left but probably not the last*

By Steve McClellan

If Disney approaches you about taking the top spot at ABC, turn tail and run like hell. Many have served; few have survived.

The latest departee: ABC Television President Steve Bornstein, the one-time golden boy who grew ESPN's revenues and profits by leaps and bounds for a decade as CEO of the all-sports network.

Bornstein's departure last week was part of what Disney sources call an ongoing reorganization at ABC that included the departure earlier this year of Stu Bloomberg, who was forced to take the fall for ABC's failure to gain little traction in the prime time ratings over the past season.

Until the restructuring is completed, Bornstein's direct reports will report to Disney President Robert Iger. They include Alex Wallau, president of ABC-TV; Walter Liss, head of the ABC-owned TV stations; Angela Shapiro, president of ABC Family; and Janice Marinelli, president of Buena Vista Television.

Sources say to watch for other departures. First on the list, perhaps: Walter Liss. He was about to retire when Bornstein talked him out of it; Liss stayed out of loyalty.

One of Bornstein's strengths is said to be finding strong talent. He was instrumental in the move to have Susan Lyne replace Bloomberg at the Entertainment division.

According to company officials, the two tasks that preoccupied Bornstein in recent months were replacing Bloomberg and reorganizing the ABC Family Channel, acquired from Fox last year.

One network official said, presumably with a straight face, that Bornstein was leaving because "he felt he accomplished his mission" at the network. Other sources said Bornstein was "frustrated" at being the head of ABC but without the authority to make critical decisions.

Clearly, there is much more work to be done. Season-to-date, through 31 weeks in prime time, the network is down 25% in household ratings, well behind CBS and NBC, and not too far ahead of Fox.

Perhaps more disturbing, from an ad-sales standpoint, ABC is down 20% and in fourth place among adults 18 to 49, its target demographic. It has a backlog of make-

goods to advertisers that will make climbing out a long ordeal.

One Wall Street analyst blamed ABC's woes "on Chairman of the Board Michael Eisner's micro-management and driving people nuts." A Disney spokesman didn't return a call seeking comment on that assessment.

Others blamed Bob Iger. "For five years, he's been saying that his top priority is to fix ABC," said one station-group head. "I can't believe how many chances he's had to say that without actually doing it."

Added another ABC affiliate manager, glumly, "Steve Bornstein was about the only one there that I had a lot of confidence in."

Ad buyers aren't thrilled with ABC's predicament. "They are in a world of pain right now," commented one major agency executive recently. "That's not good. It means less overall gross rating points in the market. I'd rather have them competitive because it gives me more leverage when I'm talking to the other networks." ■



Photo: ABC, Inc./Steve Fenn

Bornstein was reportedly 'frustrated' by bureaucracy.



Preston Padden's stint at ABC's helm lasted a little over a year, before he moved to head Disney's Washington office.

## Running the show: Not easy as ABC

It hasn't been easy for those who would run ABC. Here's a quick take on top-tier executives who have come and gone in the past five years:

- **Steve Burke:** Appointed president of broadcasting at ABC in 1997. He was gone a year later, taking a post at Comcast Cable.
- **Preston Padden:** Appointed president of ABC-TV in May

1997. By July 1998, he went back to Washington to head the Disney office there.

- **Steve Bornstein:** Named president of ABC Inc. in March of 1999; six months later, was drafted to clean up the mess at Disney's Go.com, which was eventually dismantled.
- **Pat Fili-Krushel:** Replaced Padden as head of the network.

A year and half later, she was reluctant to accept a Disney mandate to move West and headed for dotcom country instead.

- **Robert Callahan:** Named ABC Group VP in 2000. A year later, he was gone.
- **Bornstein:** Replaced Callahan and, not unlike the latter, apparently got tired of the bureaucracy and left. —S.M.



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questioned last week said it would be hard to imagine any major system that doesn't carry local broadcasters' digital programming. "I'm very anxious to carry HD signals from broadcasters," Willner said, "to put together a package attractive to consumers."

"You will see a large number of customers delivered with digital broadcast programming over cable plants," said Cox's Elander.

Consumer electronics companies were underwhelmed by cable operators' pledge to offer HD set-top boxes. They have long complained that cable's traditional suppliers will have the edge over manufacturers that rely on sales to retail outlets.

The Consumer Electronics Association argues that the cable industry has failed to complete operational standards necessary for all manufacturers to offer cable-compatible digital set-top boxes and "plug-and-play" sets, which don't need set-top devices. "Onerous" copy-protection standards demanded by Hollywood and the cable industry also are blocking progress, CEA said in a written statement following the cable industry announcement.

Meanwhile, suppliers Scientific-Atlanta, Motorola and Pace will continue to grab market share, the trade group says. "Continued delay and the growth of the installed base of legacy cable digital equipment,"

CEA said, "may be foreclosing a retail market for cable-compatible products."

The cable's pledge comes after several moves by operators to launch HD service.

Time Warner Cable has launched HDTV service to nearly 5 million homes in more than 40 markets, including New York City, Orlando, Houston, Minneapolis and Raleigh, N.C. "We've been very aggressive about HDTV already," said CEO Britt. "Ninety-eight percent of our customers can receive HDTV today. Thirty-eight of our big-city clusters carry HDTV today."

Charter Communications plans HDTV tiers in seven markets, including Alhambra/Pasadena and Glendale/Burbank, Calif.; University Park, Texas; South Miami, Fla.; Birmingham, Ala.; Kalamazoo, Mich.; and St. Louis.

Cox is testing digital services in Omaha, Neb., and Las Vegas.

It was no accident that the cable industry set itself up for Washington Beltway praise at the precise moment broadcasters were taking flak for most TV stations' missing the government-imposed deadline.

The timing of the announcement, issued in a letter to Powell from NCTA's Sachs, allowed the cable industry to take a shot at frequent antagonists in the broadcast industry without mentioning woes of TV stations specifically. More than two-thirds of

the industry's more than 1,300 commercial stations informed the FCC they wouldn't make the May 1 deadline. Of the 388 stations on the air with digital last week, about 28% are taking advantage of relaxed FCC rules that allow them to transmit at power levels lower than needed to reach their entire coverage area.

Powell offered his initiative to eliminate some of the roadblocks that are stalling the DTV transition, including the lack of cable carriage and cable-interoperable sets. Broadcasters face the only legal mandates to launch DTV. Equipment makers are reluctant to install DTV tuners into a majority of sets until there is sufficient consumer demand to drive set sales. Cable systems have been loath to give broadcast DTV channels preferential carriage treatment.

When it comes to other services—such as multicast channels, interactive programming and electronic program guides—that broadcasters may offer in addition to or in lieu of HDTV, cable operators made it clear they are of no mind to carry those services for free. "We will negotiate acceptable business terms for those services," Elander said.

NAB's Fritts said he is pleased by the cable initiative. "We look forward to the day when cable operators carry all-digital broadcast signals in their entirety." ■

## DTV extinction

Is the DTV transition a class-action lawsuit waiting to happen?

While cable is committing itself to helping give consumers reason to buy sets, copy-protection measures taken by the studios may have those who have spent thousands for a DTV set crying foul.

The backlash to standard-setting efforts of the High Definition Multimedia Interface consortium of manufacturers and studios is already being heard, with at least one company involved in the consortium getting nasty e-mails and phone calls from current DTV owners. Those owners fear that, once there is standard for the HDMI digital interface, sets that have analog connections (especially first- and second-generation sets) will be left behind.

Michael Silbergleid, an HDTV owner, industry consultant and former editor of *Digital TV* magazine, says that many of the early adopters understand the risks of using first- and second-generation

equipment. "HDMI is a solution to the piracy problems that concern content owners, but there is a question on whether HDMI and [its standard] disenfranchise current HDTV owners."

Michael Petricone, Consumer Electronics Association vice president, technology policy, government and legal affairs, says that, while the legal rights of content owners have been well-defined, it's important that rights of consumers be defined as well. It also appears that Hollywood may need to separate out Internet distribution from home recording in their concerns.

"It's incumbent on Hollywood to respect home-recording rights and to ensure that viewers aren't cut off," Petricone says. "I understand their issues and concerns, but the consumer concerns are critical as well. That's why we oppose such proposals as selectable output control, which would allow Hollywood to turn off trans-

missions into some consumers homes."

But piracy assumptions of content owners may be valid. A percentage of current HDTV set owners can record HD digitally via 1394 (or FireWire) connections through what's called the "Panacombo," which is the Panasonic TU-DST51 ATSC set-top box connected to the Panasonic PV-HD1000 D-VHS.

"The D-VHS records the ATSC bitstream, and you must have the set-top box for the system to work, but there are enough of us out there now that trading movies and specials recorded in HD does occur," says Silbergleid.

Recording may lend credence to Hollywood's fears, but there's little doubt that the rhetoric in the battle of home recording rights vs. copy-protection rights will rise as proposals move from studio board rooms and into consumer's living rooms.

—Ken Kerschbaumer

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# People

## F A T E S & F O R T U N E S

### Broadcast TV

**James Baum**, president/CEO, WLVT-TV Allentown, Pa., joins KETC(TV) St. Louis in the same capacity.

**Adam Gronski**, manager, corporate underwriting, WNYC(AM)/-FM New York, joins WETA-TV/(FM) Washington as director, corporate marketing.

**Jim Briggs**, director of marketing at WFXB(TV) Myrtle Beach, S.C., has been named general sales manager at WVVA(TV) Bluefield, W.Va.

### Programming

**Matthew Palmer**, VP, marketing, Blue Man Productions Inc., New York, joins Discovery Networks, New York, as VP, marketing, TLC: The Learning Channel.

**Marcy Ross**, senior VP, comedy programming, Studios USA, Los Angeles, named senior VP, current programming, Fox Broadcasting Co., Los Angeles.

**Chris Smith**, head, CSS Entertainment, Los Angeles, named VP, sales, Western region, NBC Enterprises, Burbank, Calif.

**Anne Murphy**, long-term contractor, Discovery Networks, Bethesda, Md.,

appointed VP, strategic marketing, affiliate sales and marketing.

Appointments at Turner South, Atlanta: **Christina Salviski**, marketing director, promoted to VP, marketing and interactive; **Monica Neal**, director, public relations, promoted to VP.

Appointments at Bravo Networks, Jericho, New York: **Francine Ricchi**, assistant manager, promotion scheduling, Comedy Central, New York, joins as manager, scheduling and operations; **Terence Coffey**, manager, program operations and administration, USA Networks, New York, joins as manager, program continuity; **Leslie Tseng**, senior marketing manager, Sony Pictures Digital Entertainment, New York, named manager, advertising sales marketing.

Appointments at Fox Cable Networks Group: **Dale Albright**, GM, Charter Communications, Altoona, Pa., joins as director, Northeast division, affiliate sales and marketing, Pittsburgh; **Matthew Keller**, manager, sales operations, Los Angeles, promoted to director, affiliate marketing.

**Suzanne Bussart**, account executive, national sponsorship sales, Oxygen Media, New York, joins Hallmark Channel, New York, in the same capacity.

### Journalism

Promotions at Fox News Channel, New York: **Dennis Murray**, executive producer, daytime programming, promoted to director, radio and news development; **Gerry Burke**, executive producer, *The Fox Report*, named executive producer, daytime programming; **Jay Wallace**, Northeast bureau chief, named senior producer, *The Fox Report*; **Scott Norvell**, executive producer, Foxnews.com, named Northeast bureau chief.

**Jennifer Westhoven**, senior markets editor, CNNfn, New York, joins CNN Headline News, New York, as business correspondent.

**Jessica Yellin**, reporter/fill-in anchor, WTVT(TV) Tampa, Fla., joins MSNBC, Secaucus, N.J., as anchor/correspondent.

**Tiffany McElroy**, weekday morning anchor, KATU(TV) in Portland, Ore., joins WCAU(TV) Philadelphia in the same capacity.

**Stefanie Cruz**, reporter, WVIT(TV) Hartford, Conn., promoted to weekday morning anchor.

**Aditi Roy**, reporter, KHIQ-TV Spokane, Wash., joins WCAU(TV) Philadelphia in the same capacity.

### Radio

**Jim Donahoe**, senior VP, regional radio operations, Clear Channel Communications Inc., San Diego, Calif., named acting CEO, Millennium Radio Group, Trenton, N.J.

**Morgan Bohannon**, director, sales, Greensboro, N.C., cluster, Clear Channel, promoted to market manager.

**John Pepe**, executive in charge of programming, Hollywood Hamilton's Weekend Top 30 Countdown, Los Angeles, named national marketing manager, radio, EWTN Global Catholic Network, Birmingham, Ala.

### Advertising/Marketing/PR

**Bob McCauley**, VP/general sales manager, KCOP(TV)/KTTV(TV) Los Angeles, named president, Adlink, Los Angeles.

**Marla Goldstein**, senior director, media planning,



Matthew Palmer



Marcy Ross



Chris Smith



Christina Salviski





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F A T E S & F O R T U N E S

NBC, Los Angeles, joins MediaVest, Los Angeles, as VP/group media director.

Appointments at CMR, precision marketing services division, New York: **Jack Bedell**, CEO, Erdos & Morgan, Syosser, N.Y., joins as senior VP, business development; **Suzie E. Ross**, research director, *Fast Company* magazine, New York, joins as VP, operations.

Appointments at Millennium Sales & Marketing: **John Wahlert**, VP/GM, Los Angeles, promoted to VP/regional sales manager; **Hakimu Jackson**, senior account executive, Portland, Ore., promoted to sales manager; **Nancy McDonauld**, account executive, Petry Media, Denver, joins as sales manager, Denver.

Appointments at Tribune Media Services, Chicago: **Wil Allmendinger**, regional sales director, promoted to VP, affiliate sales, TV publishing division; **Rich Masterson**, account executive, TV publishing division, named director, national circulation.

**Technology**

Promotions at Canal+ Technologies Inc., Cupertino,

Calif.: **Christy Martin**, principal engineer, named chief architect; **Neven Haltmayer**, director, software engineering, named VP, engineering.

**Satellite**

Promotions at Crawford Communications Inc.'s Satellite Services, Atlanta: **Brian Roland**, director, network operations, named director, business development for networks; **James Kenny**, manager, network operations, promoted to director.

**Allied Fields**

Appointments at Tigar Hare Studios, Sherman Oaks, Calif.: **Kristi Frazier**, producer, Celluloid Studios, Hollywood, Calif., joins as executive producer; **Neil Richmond**, director, commercials, Rhythm & Hues, Los Angeles, joins as director, character animation; **Mark Brown**, senior VP, strategic development, Fresh Technologies, Los Angeles, joins as VP, business development.

P. Llanor Alleyne  
palleyne@cabnrs.com  
212-337-7141



Neven Haltmayer



Christy Martin

**Obituaries**

**Edward De Fontaine**, award-winning broadcast journalist, died in his sleep on April 23. De Fontaine, who survived throat cancer, had been hospitalized a few days before his death in Alexandria, Va., after collapsing from congested heart failure. He was 72.

Born in Dubuque, Iowa, De Fontaine received his calling at an early age. He was 15 when KDTH(AM) Dubuque hired him to work part-time in the engineering department. By 1951, he was a full-time reporter with the station.

De Fontaine joined the Army in 1953, becoming a newsman with Armed Forces Network Europe. He eventually became AFN's news director, based in Frankfurt, Germany. He joined Westinghouse Broadcasting's Berlin division in 1962 and became its London-based foreign-news editor in 1969.

De Fontaine was on the original staff of the Associate Press's radio network, which launched in Washington in 1974. He initially served as AP Radio's assistant managing editor and was promoted to managing editor in 1978, a post he held until 1982, when he joined Voice of America. At the time of his retirement from VOA in 1997, he was director of broadcast operations.

Among the accolades De Fontaine received during his career were two Overseas Press Club awards, two Peabody awards and a Foreign Press Club award.

He is survived by his daughters, Stephanie and Katherine, and ex-wife, Karin. His daughters request that donations be made to the American Cancer Society in lieu of flowers.

**Herman W. Land**, former president of the Association of Independent Television Stations, died in New York on April 25 of complications due to Parkinson's disease. He was 81.

Land was most recently a professor of communications at San Diego State University. For many years, he served as chairman of the editorial board of *Television Quarterly*. He was also president of his own consulting firm, which had such clients as ABC, Corporation for Public Broadcasting and Westinghouse.

An author, Land wrote *The Children's Television Workshop: How and Why it Works*; *The Hidden Medium: A Study of Education Radio in the United States*; and *What You Can Do About Drugs and Your Child*.

Land was born in Brooklyn, N.Y., in 1920. He served in the U.S. Army Signal Corps during World War II.

He is survived by his wife, Dorothy, and his daughter, Mady.

—P. Llanor Alleyne

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T H E F I F T H E S T A T E R

# A flair for the dramas

Television lets Dwyer-Dobbin satisfy her passion for theater, career

**A**fter a brief flirtation with teaching in the mid 1960s, followed by a stint in professional theater, Mickey Dwyer-Dobbin, who now oversees Procter & Gamble's daytime soap operas, found her calling: television.

She was a stage manager looking for the next gig when it hit her: Theaters often go dark. Despite a passion for the stage, Dwyer-Dobbin realized that television—with its constant need for programming, and people to produce it—might just satisfy both her flair for the dramatic and her professional ambitions.

She was right. Of course, she learned early on that TV programming has its own unpredictable rhythm—a rhythm that can end abruptly. She learned that lesson first at game-show maker Bob Stewart Productions, where she worked on three game shows, each having 13 weeks of fame before being axed.

After two years of producing game shows, Dwyer-Dobbin tried her hand at animation, joining Rankin/Bass Productions and pro-

ducing a show called *Festival of Family Classics*, specifically designed to fulfill the new Prime Time Access Rule. Three years later, the company, which had had a boatload of cartoons on the NBC and ABC Saturday-morning schedules, suddenly had none. "I got married that season. People at Rankin/Bass would be asked, so what are you working on this year, and they'd say we're producing Mickey's wedding," she jokes.

The good news was that Dwyer-Dobbin almost immediately landed a job developing daytime shows at ABC. One of the shows she helped birth was *Ryan's Hope*. In '76, she was promoted to director of children's programming

and, that season, brought to air the Emmy-winning daytime special *My Mom's Having a Baby*, which the network subsequently broadcast in prime time.

A year later, she jumped to NBC as director of daytime and kids programming and was subsequently promoted to vice president, children's programming. Remember the *Smurfs*? Credit Dwyer-Dobbin with bringing them to the Peacock web.

In '81, Dwyer-Dobbin took on her most challenging assignment yet: vice president, programming, for cable-network startup Daytime, which merged with the Cable Health Network in '83 to create Lifetime. "It was a lot of fun," she recalls



**Mary Alice Dwyer-Dobbin**  
Executive in charge of production, Procter & Gamble Productions

**B. Dec. 22, 1942, St. Louis; BA, speech and drama, Webster University, 1963; MFA, theatre, Catholic University of America, 1967; manager, ABC Daytime Programming, 1974-76; director, ABC Children's Programming, 1976-77; director, NBC Daytime and Children's Programming, 1977-79; vice president, NBC Children's Programming, 1979-81; vice president, Programming, Daytime/Lifetime, 1981-86; vice president, senior vice president and executive vice president, ABC Daytime, New York, 1986-94. Current position since 1996; m. Leon Dobbin, July 29, 1973**

of the startup. "We would sit in meetings with [ABC founder] Leonard Goldenson and [for-

mer ABC president] Fred Pierce, and they would say this is just like it was back in the beginning of television."

Dwyer-Dobbin returned to ABC Daytime as head of East Coast programs in 1986 and soon became executive in charge of all programming and development for the division.

At the top of her short list of mentors is Dennis Swanson, to whom she reported when she was senior vice president, ABC Daytime, from '91 to '93. "I probably learned the most from Dennis. He taught me to go after it. He taught me that winning is important," she recalls.

"She did a great job for me," says Swanson, now general manager at WNBC(TV) New York, describing her as "tireless," "hands-on" and "tough. I had more fun working with Mickey. She just had an energy and a creative level" that were unsurpassed, he says. ABC's daytime had been slipping when he took it over, and he gives her "a lot of credit" for getting it back on track.

In 1994, Dwyer-Dobbin started a two-year sabbatical, during which she read, traveled, basically did her own thing, she says.

At the end of it, she joined P&G to run the company's soaps. She's still at it and having fun, too. Winning helps. Since she joined the company, its *As the World Turns* has garnered eight Emmys, including outstanding drama series in 2001. —Steve McClellan

eye  
on

ISSUE DATE:  
**May 20, 2002**

SPACE CLOSE:  
**Friday, May 10**

MATERIALS DUE:  
**Tuesday, May 14**

# video SERVERS

On May 20, **Broadcasting & Cable** will serve up all the latest information on video servers. This report will provide everything you need to know on the newest technology and applications. Plus, we'll provide a rundown of some of the biggest players – and most promising upstarts – in the video server market.

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A I R T I M E

# Another DTV threat

*Cutting power could kill the service before it gets started*

**S**inclair has always viewed the success of the DTV transition as dependent on the ability of our signals to reach an over-the-air audience. Long before we discovered that the 8-VSB system was flawed, Sinclair fought the FCC, MSTV and the NAB for the need for increased UHF transmission power to be able to reach indoor antennas. We won that battle, and the Maximization Principle was written into the rules.

When the FCC changed the ground rules and allowed TV stations to transmit at low power for DTV, many broadcasters welcomed it, but that decision may have fed the DTV transition a poison pill. While low-power operation saves on the station's initial investment and the operating-power bill, it does great harm to the public's perception of the new digital service.

It is fully understandable, from a political point of view, that the FCC would allow the low-power option in order to be able to report that a large percentage of stations have met the DTV deadline, as amended. However, what is very disappointing is the lack of recognition of the long-term impact of that action. Initial operation at uselessly low power is to condemn over-the-air DTV to a long and painful period from which it may never recover.

There are a host of reasons for not launching over-the-air DTV at low power. For one, the FCC Table of Channel Allotments was based on the assumption that all stations would operate at their assigned power levels. This ensured that the interference between stations would be manageable. When DTV stations operate at much lower power than originally

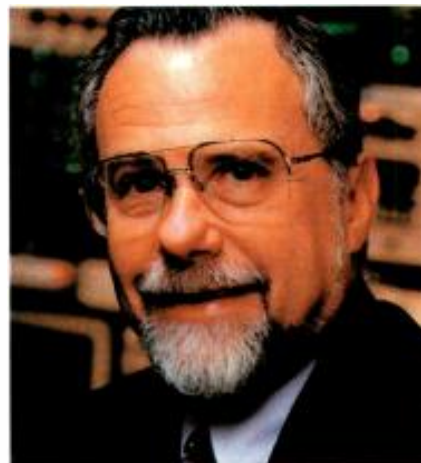
assumed, they are subject to interference that would otherwise have been overcome.

Another reason is the adjacent channel assignments for DTV. It is one thing for the DTV receiver to separate adjacent channels when they are close in power level. It is quite difficult to separate adjacent channel signals if they are separated in power by a ratio of 100 to 1 or more.

Perhaps the most egregious major new development is the current, widely recognized understanding that the FCC's DTV planning factors are in error by a factor of 10 or more. In other words, DTV reception, as calculated by the FCC and used to determine transmitted power levels and coverage, has been too optimistic by 10 dB. This means that the predicted coverage of a DTV station's signal is currently overstated, using the FCC planning factors, by more than 60%. At lower powers, the coverage is practically useless.

Low-power operation of DTV will eliminate the most important over-the-air audience for the new service: the home viewer with an indoor antenna. In short, low power really means no power to most of our audience and certainly eliminates indoor reception in most cases.

Whatever happened to the broadcasting industry's principle of always striving for the best over-the-air coverage and reach? Have we become so complacent that we abandon the over-the-air audience and slip into a slavish reliance on cable delivery? The birthright of our industry was and still remains the ability to reach our audience on a wireless basis. That and that alone distinguishes the broadcaster from being just another cable programmer. It is also worth



**Nat Ostroff is vice president, new technology, Sinclair Broadcast Group.**

noting that an FCC license and the accompanying RF spectrum are not a requirement to be a cable programmer.

The FCC has made a short-term political decision that will allow it to dodge the bullet that its continued technical mismanagement of the DTV rollout has created. It will be able to say to Congress that it got most of the DTV stations in the U.S. on the air on or close to its deadline. On the air, yes, but not into America's living rooms. As broadcasters, we should remember that operation at low power is an option, not a requirement. We can and should do better for our audiences and ourselves.

Our industry's grateful acceptance of this economic escape hatch stands as testimony to the failure of the DTV/HDTV vision put forward more than a decade ago. It also is evidence of how far our industry leaders have strayed from the original ethic of our industry. That ethic was once to provide maximum free, over-the-air service. The unintended consequences of the FCC ruling may very well be to kill over-the-air DTV service or, at best, marginalize it out of existence.

Putting the poor performance of the 8-VSB standard aside, the consequence of low-power DTV rollout is that the public will not be able to receive our DTV signals. Over-the-air DTV service will be relegated to a historical backwater, and the well of public opinion will be poisoned for many years to come. ■



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**Speakers:**

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## Television

### PRODUCERCAREERS

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Cablevision's highly successful regional network, consisting of five, 24-hour channels devoted exclusively to traffic and weather in the NY market, is currently seeking an individual for their Woodbury, NY facility. Position involves being responsible for a significant portion of all on-air traffic incident related programming, taking an active leadership role in the look and content of all traffic segments and working with and improving the performance of all on-air traffic reporters. This is an excellent opportunity to be involved with a dynamic reporting team in a state-of-the-art traffic information gathering facility.

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Cablevision offers a competitive compensation and a comprehensive benefits package. For consideration, send resume which must include REF # 0506BC7448JFE in cover letter, to: Rainbow Staffing Dept JFE, 1 Media Crossways, Woodbury, NY 11797, careers@cablevision.com (include REF # in subject line of e-mail). Equal Opportunity Employer & A Drug Free Workplace

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#### COMMUNITY AFFAIRS DIRECTOR

WISH-TV is accepting resumes for the Community Affairs Director. Qualified candidate will be able develop and maintain a liaisons between station and community organizations, manage station events, produce and schedule PSA's, administer the preparation of quarterly reports, and coordinate the station's ascertainment program. Position requires experience in community affairs, media, or public relations. On-air abilities preferred. Letter and resume to General Manager, WISH-TV, P.O. Box 7088, Indianapolis, IN 46207. EOE, M/F

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New England Sports Network (NESN), the regional sports network of the Boston Red Sox and Boston Bruins, is looking for a GSM. Candidates should have at least 15 years of broadcast sales experience with a minimum of 5 years in sales management. In addition, a proven track record of growing sales and expanding the client base is a must. Bachelors degree or greater is required. Send resume and salary requirements to Raymond Guilbault, NESN, CFO, 70 Brookline Ave., Boston, MA 02215, or fax to (617) 267-0796. NO PHONE CALLS PLEASE. EOE.

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For immediate, confidential consideration, please send your resume to:

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### TECHNICAL CAREERS

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Review of applications will begin immediately and continue until the position is filled. The Department of Mass Communications offers undergraduate majors in broadcasting, (print) journalism, and public relations and has been developing courses in "media integration" with faculty in music and art. The department is responsible for WNCP-TV, a cable outlet for student work and other university / community programming.

Send cover letter, c.v., and VHS sample of own or students' work to Dr. Jamie Litty, Search Committee Chair, Dept. of Mass Communications, P.O. Box 1510, UNC-Pembroke, Pembroke, NC 28372, or [Jamie.litty@uncp.edu](mailto:Jamie.litty@uncp.edu). Complete application will eventually include three letters of recommendation, official transcripts and state employment application.

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# Editorials

COMMITTED TO THE FIRST AMENDMENT

## HDTV, after all

In 1997, the government handed each TV station a second hunk of spectrum, figuring the broadcasters would use it to rush out and provide America with HDTV—a new service that would be just like having a movie theater in your living room. Well, it didn't happen for a variety of well-documented reasons, most notably the broadcasters' inability to figure out how they would make any money on the service. ABC and CBS offer much of their prime time schedules in HDTV (so does Fox, if you stretch the definition of HDTV to include its lower-res version). But most of their affiliates haven't built the second stations needed to broadcast HD, and many that have are operating at power levels so low that one can conclude only that they intend not to reach viewers but merely to placate lawmakers. If you wait for broadcasters to make HDTV happen, we suspect you will still, in 2012, be watching that 26-inch RCA you bought in 1992.

Into this HD wasteland last week came cable with a promise to serve up at least five channels of HD to its big-system subscribers next year. We are not sure how many subscribers that will be, but it should be millions, and the number should grow steadily if there is actually consumer demand for the service (most think there is) and if lingering concerns about copy-protection and interoperability can be settled quickly. Some of cable's enthusiasm for HD comes from a desire to appease FCC Chairman Michael Powell. But not all. Cable operators think HD might be a good business, at least a way of driving digital set-top penetration. "HD is a wonderful product," says Glen Britt, CEO of Time Warner Cable, which is already offering HD in many of its systems. "It's something customers like. We see this as a new service like video-on-demand, home networking and multiple ISPs." In any event, cable's initiative is significant and one that every HD proponent should heartily cheer. Cable has gone from HD laggard (see this space, April 15) to HD leader.

The big question is what HD programming the cable operators will carry. As our chart on page 58 shows, they have a fairly good selection already, including broadcast and cable networks. They are free to choose whatever they want. Despite the wishful thinking of broadcasters, cable operators are under no obligation to carry broadcast HD signals. This means that, if any broadcaster wants to be a part of cable's HD package, it had better get its HD act together and do it fast. Thanks to their networks, ABC, CBS and Fox affiliates are in pretty good shape, although the low-res Fox HD might not satisfy every cable operator. On the other hand, NBC affiliates should worry about being left behind. NBC has dragged its feet, offering no regular HD programming other than *The Tonight Show*. Jay Leno is a funny man, but he's no match for 24 hours of HBO, Showtime and Discovery. NBC just celebrated its 75th anniversary, filled with back-patting for pushing color sets into homes. (Today, 99% have one, according to Nielsen.) It's an auspicious time for it to look to the future, and that future, we think, is HDTV.

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