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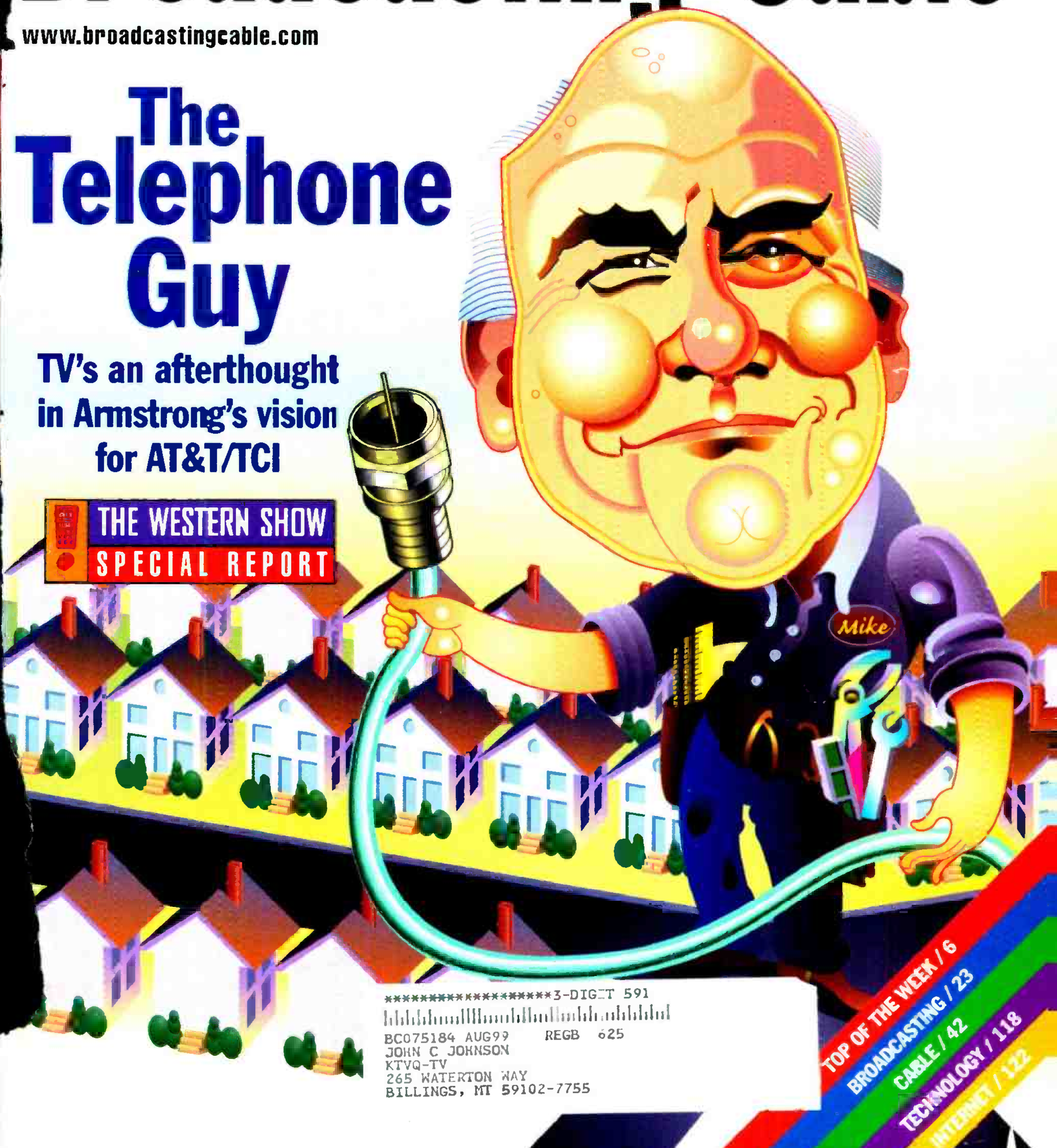

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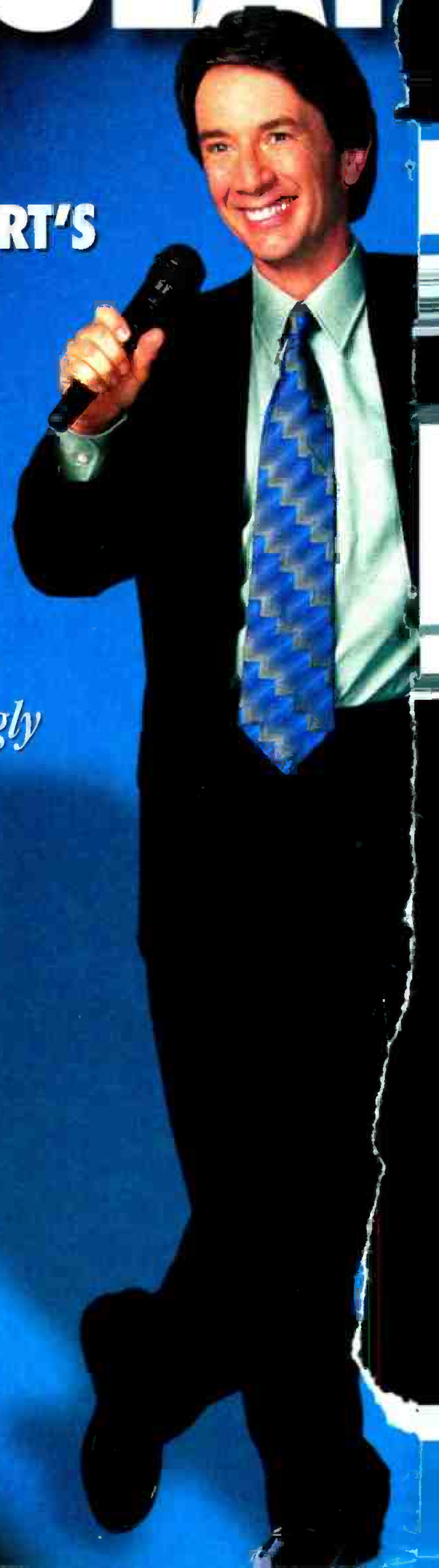

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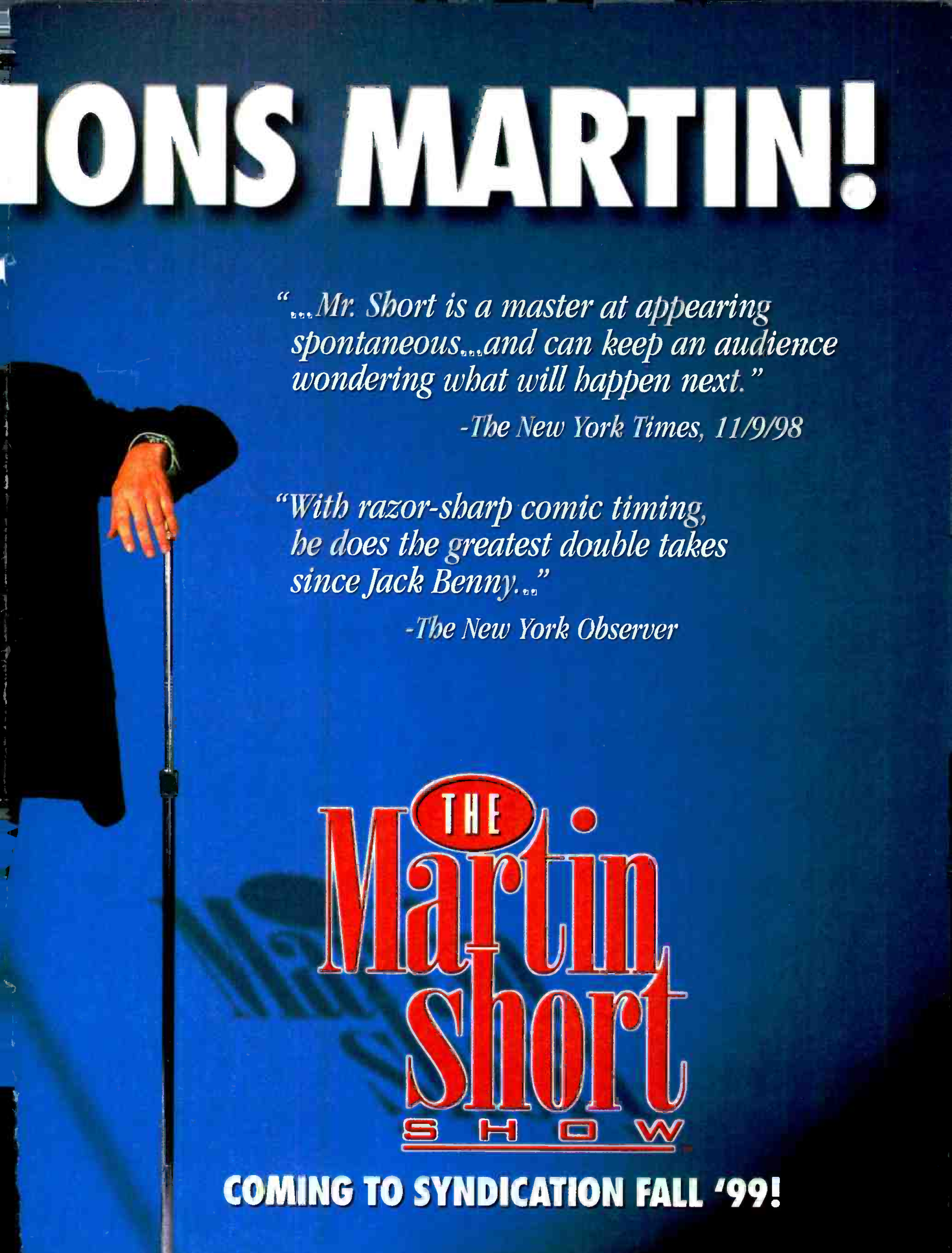
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Nov. 30, 1998
Volume 128 Number 49

The A Team

Oprah joins Laybourne, Carsey in all-star cable programming venture

By Donna Petrozzello

It's an axiom that an independent company cannot launch a basic network in cable today. But the rules seem to bend in the rarefied air occupied by Geraldine Laybourne.

Laybourne's Oxygen Media—a venture that now includes Oprah Winfrey's Harpo Entertainment and the Carsey-Werner-Mandabach TV production team—looks like it may beat the odds late next year with a network aimed at women.

The 24-hour service, which is sharing the Oxygen name for the moment, already has won a carriage commitment from Tele-Communications Inc. and is winning support of other MSOs.

"I didn't need a serious pitching on it; I just needed to understand what it was and who was behind it," says Bernard Gallagher, president and chief operating officer of Century Communications Inc.

"There are channel capacity constraints right now, but what sets this apart are the people involved," Gallagher says. "I think the concept is very good, and I don't think the women's programming genre is adequately satisfied."

"Now that she's got the triumvirate put together—with the most successful writing and producing team in Hollywood; the most successful woman, period, in television, and the most successful network chief executive officer, I think they've got endless opportunity," says Lynne Buening, vice president, programming, Falcon Cable.

Laybourne anticipates reaching 20 million cable homes when Oxygen launches on Dec. 31, 1999.

Laybourne and the other principals are not talking about the ownership structure of the company. In addition to Laybourne, Harpo and the production trio of Marcy Carsey, Tom Werner and Caryn Mandabach, investors include America Online, from which Laybourne purchased three Websites earlier this year, and ABC.

Geraldine Laybourne (l) expects the channel to be seen in 20 million homes when it is launched at the end of next year. Marcy Carsey (c) and partners Tom Werner and Caryn Mandabach will supply original and library programming like 'Cybill.' Oprah Winfrey will sit on the Oxygen's board.

Oxygen hopes to get up and running with a budget of $75 million, industry sources say. But that may be too low, especially if the service has to buy its way onto cable systems.

Any basic cable channel hoping to launch in 20 million homes needs at least "$100 million to prevent it from doing everything on a wing and a prayer from day one," Buening says.

Like other cable operators, Buening says there is room on the cable roster for another targeted women's network.

Oxygen's biggest competitor, Lifetime Television, says it welcomes the challenge. According to a Lifetime spokesperson, the network has ranked fifth among basic cable networks in prime time all year, averaging a 1.2 national rating/1.17 million homes, based on Nielsen data.

A Lifetime spokesperson adds that the network's ratings have grown since last year despite competition for women viewers from Home & Garden TV, Food Network and E! Entertainment Television.

Laybourne already has secured a carriage agreement for Oxygen with TCI for a guaranteed 7 million TCI homes as of its launch date. TCI is committed to launching Oxygen on analog channels that reach all of the MSO's subscribers. That's important, Laybourne says. "We need broad distribution for this channel."

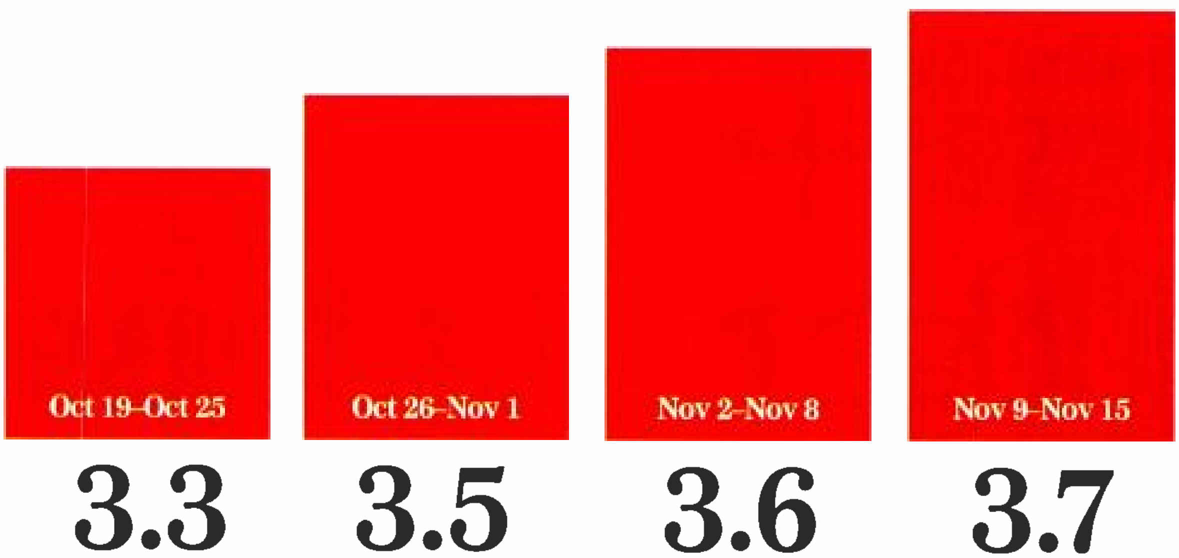
Laybourne is talking with other operators about launching the channel. As an incentive, she says, Oxygen is offering "generous local ad avails" and launch fees—a bounty of several dollars for each home the operator delivers.

Oxygen plans to launch with up to nine hours of original programming. Oxygen will pick up Carsey-Werner-Mandabach's library titles, which include *Roseanne*, *Cybill*, *The Cosby Show* and *Grace Under Fire*. Of those titles, *Cybill* is available immediately and likely will air on Oxygen at the time it launches. The other sitcoms will be considered for Oxygen after their existing syndication rights deals expire, Mandabach says. None will be available until 2002.

The arrangement with Carsey-Werner-Mandabach does not preclude the company from continuing to produce shows for the broadcast networks, perhaps two a year. The remainder of the company's time will be spent developing shows for Oxygen, Laybourne says.

Bringing Harpo into the venture

The #1 New Daytime Strip Keeps Growing...



Source NSS Dailies Plus GAA Ratings (*AA Ratings) HH premiere thru 11/8/98 New daytime strips are Judge Mills Lane, Judge Joe Brown, Roseanne Show* Forgive or Forget Donny & Marie* Howie Mandel* Match Game

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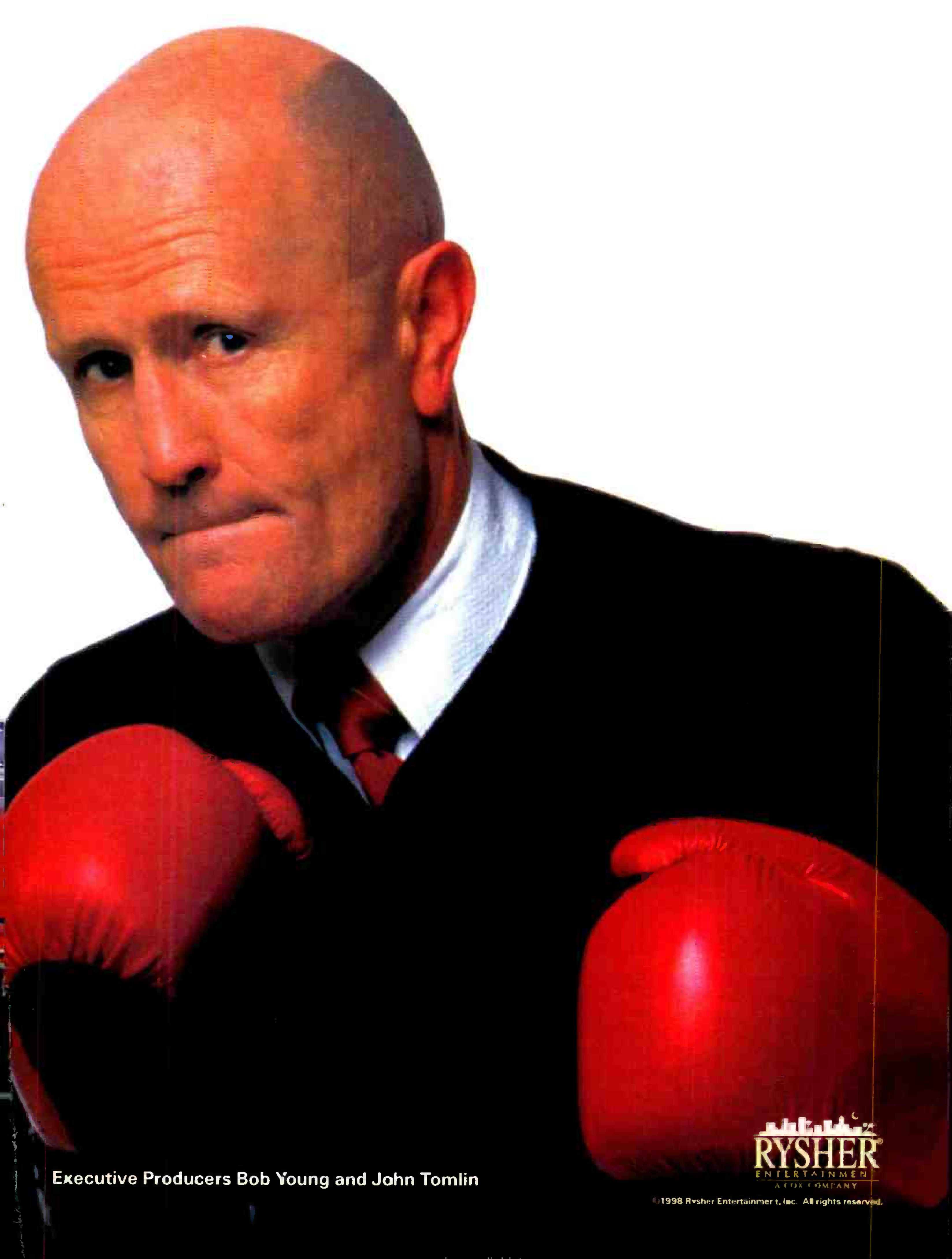
Executive Producers Bob Young and John Tomlin
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gives Oxygen Media rights to *The Oprah Winfrey Show* library after Winfrey's existing contract with King World expires in 2002, according to Laybourne. Winfrey, who will have a seat on the Oxygen board, will be "part of setting the vision" for Oxygen, Laybourne says.

The Internet is a big part of Oxygen's plans. The company will combine the three sites that Laybourne purchased from AOL earlier this year—Thrive, Moms Online and Electra—with Harpo's Oprah Online site. Altogether, the sites log about 57 million page views per month, according to Oxygen and Harpo.

All the sites are "on the verge" of becoming profitable, says Laybourne. But the company needs to figure out a new advertising model, she says. "I don't believe the banner ads are a be-all or end-all.

"Aside from doing something great for women, this is the most exciting part because we're creating a brand that is born today and that integrates online and on TV," Laybourne says. "This is a convergence brand. This is a brand that will have its heyday when there is true convergence."

Matt Bond, executive vice president of programming at Tele-Communications Inc., says TCI was attracted to Oxygen Media on the strength of the partners behind it and its programming focus. But he also expects that the channel will help to drive sales of cable's high-speed Internet-access services.

"Our whole approach ... is to figure out how to weave in the information that comes through the Internet and extract from that content that is telegenic and create TV programming from that," Laybourne says. "Television does a great job of covering a broad topic. The Internet does a good job of drilling down on that topic."

Citing women as a woefully underserved cable TV audience, Laybourne says Oxygen's main mission as a cable service will be to help women with their careers, lifestyles and personal goals.

"There's a lot of things we can do to help women," Laybourne says. "What this is all about is creating a brand that will help women manage their lives. The only thing that's motivated me in my career is, how do we make the audience feel better about themselves and how do we build a brand that understands an audience?"

Laybourne declined to make comparisons between Oxygen and veteran women's programmer Lifetime Television.

"The thing that is wrong with television is that everybody is focused on competition," she says. "And if the networks would just focus on consumers and stop focusing on each other, they might make some progress. Our intent is to keep looking at the audience." ■

Cablevision/Yankees deal collapses

MSO, owner of MSG, facing major rights increase at end of 2000 season

By John M. Higgins

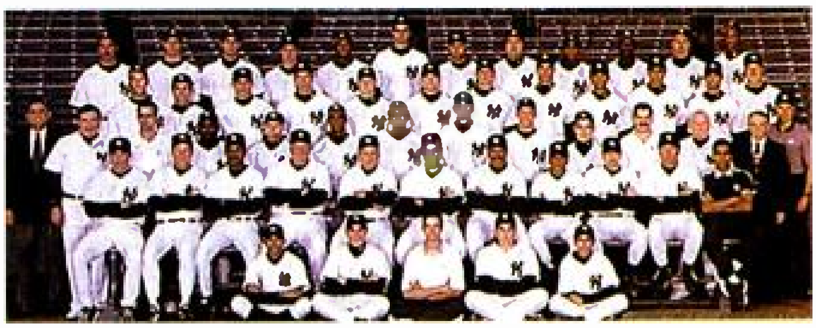
Since talks to buy the New York Yankees crumbled last week, Cablevision Systems Corp. faces a tense round of negotiations for TV rights for its Madison Square Garden Network.

Discussions between Cablevision and Yankees managing partner George Steinbrenner stalled last week over Steinbrenner's demands to maintain management control after giving up a majority stake in the team.

MSG, owned by Fox Liberty Sports and managed by Cablevision's Rainbow Programming unit, counts the Yankees as a cornerstone of its New York regional sports operation, alongside its SportsChannel New York channel that is anchored by New York Mets games.

But MSG's Yankees deal expires at the end of the 2000 season and Cablevision faces a massive price bump. The current contract was cut in 1998 by Gulf & Western, which later became Paramount Communications Inc. and owned both the MSG network and the Manhattan arena at the time. That deal cost \$500 million over 12 years, a dramatic price at the time but probably an incredible bargain given what has happened to TV rights in the intervening decade.

Clearly, it could be cheaper for Cablevision to buy the team than face continuing rights escalation.



The Yankees lineup may cost MSG a lot more if Cablevision doesn't find a way to buy the team.

"All I know is MSG is paying the Yankees \$55 million in 1999," says Bear, Stearns & Co. media analyst Ray Katz. "Any renewal is going to cost them a lot more than the check they write to buy the team."

Sources familiar with the discussions say that Cablevision had agreed to pay about \$330 million for a two-thirds stake, valuing the whole team at \$500 million. Steinbrenner wanted to continue as a part-owner and manager. That was fine for Cablevision Chairman Charles Dolan, who has shown little interest in running the teams he already controls.

But Steinbrenner demanded minimal financial oversight of his activities and wanted to manage the New York Knicks basketball and New York Rangers hockey teams, which Cablevision purchased along with MSG.

"He wanted to be the New York sports czar," says one executive familiar with the discussions. That was more control than Dolan was willing to cede.

One Wall Street executive familiar with the talks says he believes that Steinbrenner made the control demands to disrupt the talks and attract other bidders: "He's using Dolan as a stalking horse to get an auction going. He'll be back talking with Dolan after Christmas." ■

Sweeps fail to stem slide

November ratings for six broadcast nets down from 1997

By Michael Stroud

The six broadcast networks, off to a slow start against the cable competition, got more bad news from the November sweeps as their audience share declined in what has always been broadcasting's marquee month.

With two nights left, the six networks cumulatively commanded a 66% share of TV households, down from 71% for the same period last year— against cable, pay TV, independents, PBS (not to mention fledgling Pax TV and the Internet). Among 18-49-year-olds, the networks slipped from a 65 share to a 63, according to Nielsen Media Research data through the first 26 days of the sweeps.

The decline came despite some strong programming, including NBC's *Temptations*, Fox's airing of "Lost World" and ABC's final episodes of *NYPD Blue* with Jimmy Smits.

Season to date, the six networks registered a 64 share, down from a 71 share last year. In 18-49s, the networks logged a 63 share, down from a 68.

NBC, suddenly vulnerable in its first post-*Seinfeld* season, continued to take some of the hardest hits in sweeps among 18-49-year-olds and households, providing an opportunity for Fox and CBS to challenge the network for number one in those categories.

At press-time on Wednesday night (Nov. 25), the race was still too close to call. Through the first 27 days of the sweeps, CBS had a 9.5/16 in households, NBC had a 9.5/15, ABC had an 8.8/14, Fox had a 7.8/12, The WB had a 3.4/5 and UPN had a 2.0/3. CBS has the lead in total viewers with an average of 13.74 million, compared with NBC's 13.5 million.

In 18-49s, NBC had a 5.9/16, Fox had a 5.8/15, ABC had 5.1/14, CBS had 4.1/11, The WB had 1.9/5 and UPN had 1.1/3. Nielsen wasn't expected to release final sweeps numbers until Monday (Nov. 30).

NBC received a boost from the unexpectedly strong performance of its *Temptations* miniseries, as well as expected strong performances from its Tuesday and Thursday night lineups.

Still, the network was hurt by Fox's aggressive reality programming and specials on Thursday night.

Fox's strong performance came despite a disappointing start for its freshman comedies and dramas. The network was able to make up for those problems with strong ratings from sports programming, theatricals and reality shows and strong showings from regular programs including *X-Files* and *Ally McBeal*.

The final showdown between Fox and NBC in 18-49s was set for last Wednesday night, as NBC's *World's Greatest Magic* dueled Fox's second showing of "Lost World". Fox appeared poised to take the sweeps crown aomng adults 18-34 and teenagers.

CBS, which won last year's sweeps, appeared to have a strong shot at a repeat peformance going into the final night of the sweeps.

ABC's 'Mission' fell short of expectations.

CBS's sweeps performance, with little in the way of "stunts" to garner higher ratings, "bodes well for the future," CBS Television President Leslie Moonves said last week. "It was done without smoke and mirrors. CBS ran more of its core schedule than any other network."

ABC's performance this year suffered by comparison with the strong showing of last year's Sunday sweeps specials, *Oprah Winfrey Presents: When Women Had Wings* and *Rodgers & Hammerstein's Cinderella*. This year's sweep events, including "Mission: Impossible," didn't perform as well.The network did get a strong boost last Tuesday (Nov. 24) from Smits's final episode of *NYPD Blue*. ■

Digital public interest demands toned down

The Gore commission is softening a recommendation that broadcasters fulfill a minimum amount of mandatory public interest requirements in return for carriage by cable operators, according to the commission's third draft, which is circulating among members.

The commission is standing firm on its recommendation that digital broadcasters should have to meet a mandatory minimum of public interest requirements. But after the National Association of Broadcasters and the National Cable Television Association protested—for different reasons—tying digital cable carriage to broadcasters' fulfillment of a mandatory minimum of public service obligations, the Gore commission chose to leave that issue to the FCC.

"Our recommendation for mandatory minimum standards stands alone," the report reads. "[But] if digital broadcasters meet those obligations, the Advisory Committee recommends that appropriate governmental authorities should consider ways, including digital 'must carry' by cable operators, to expedite the widespread availability of digital broadcast television to the public."

The commission, formally known as the Advisory Committee on the Public Interest Obligations of Digital TV Broadcasters, supports cable's view that cable channels should not be dislocated during the transition to digital TV, even though broadcasters argue that their digital TV stations must be carried as soon as possible. —*Paige Albiniak*

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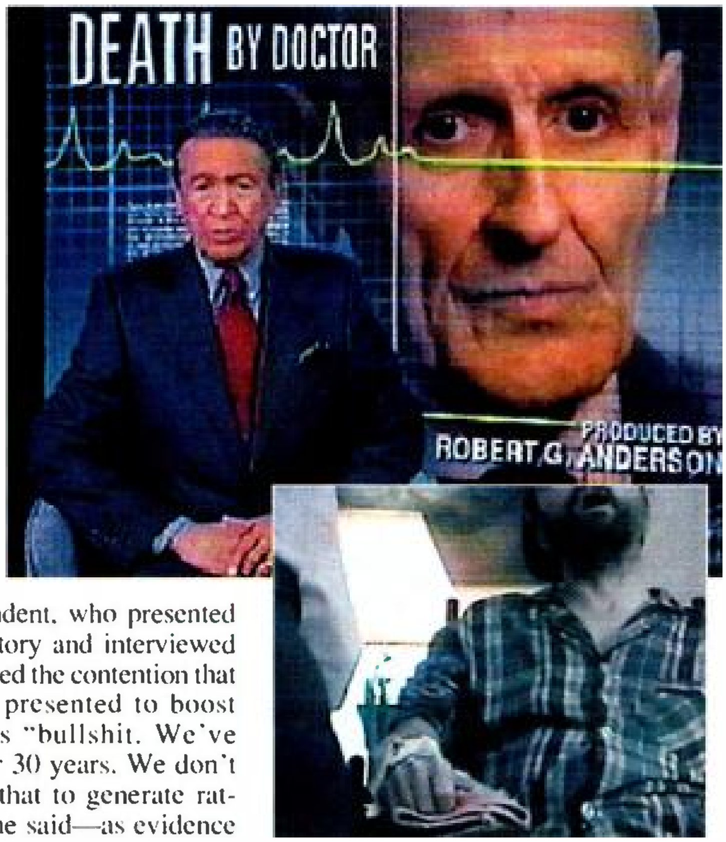
CBS takes heat over Kevorkian

Belo chooses not to air '60 Minutes' segment showing death of ALS patient



'60 Minutes' correspondent Mike Wallace dismisses criticism that the network presented the segment during the sweeps to boost viewership: "We don't need a story like that to generate ratings." CBS is believed to be the first U.S. network to show the moment of death in a euthanasia case.

By Dan Trigoboff and Steve McClellan

Jack Kevorkian predicted his own indictment as a videotape he made aired on *60 Minutes* Nov. 22. The tape showed him administering a fatal injection to an apparently willing patient suffering from Lou Gehrig's disease.

But CBS faced an indictment of its own from the public and in the media, much of which contended that the network allowed itself to be used by a ruthless and crafty media manipulator—even as the network served its own aims during sweeps month. The other view was that it was a legitimate news story, seriously handled.

"This road to ratings is paved with disgrace," said a *Boston Globe* editorial. "The CBS news program *60 Minutes* entered broadcasting's lower world Sunday."

"If the spectacle of death becomes a new, eerie, spooky kind of entertainment," said media critic Bernard Kalb, "it's a new low for news magazines. The issue" of euthanasia, said the longtime CBS newsman and current host of CNN's *Reliable Sources*, "could have been forced without the specter of death."

Andrew Heyward, president of CBS News, said he realized that the story would be controversial, "but we didn't do it just because it was controversial. At the same time you don't shy away from a story just because it's controversial." Heyward said there was some internal debate over whether to show the video, but "we overwhelmingly believe we made the right decision."

Mike Wallace told BROADCASTING & CABLE he had no idea the piece would create such a stir. But the longtime *60 Minutes* correspondent, who presented the controversial story and interviewed Kevorkian, dismissed the contention that the segment was presented to boost sweeps ratings as "bullshit. We've been on the air for 30 years. We don't need a story like that to generate ratings." Moreover, he said—as evidence that CBS did not hold the story for sweeps—Kevorkian offered the tape to *60 Minutes* only nine days before the broadcast.

As to whether the network was used by Kevorkian, Heyward noted that Kevorkian was clear about his intentions and obviously had no hidden agenda. Wallace was more blunt. "We're [the media] used all the time by lots of people."

Dallas-based A.H. Belo, which owns six CBS affiliates, was not willing to participate in broadcasting the segment. Although executives say they had no problem with presenting a discussion of euthanasia or discussing it with Dr. Kevorkian, they would not show the killing of 52-year-old Thomas Youk, who was suffering from amyotrophic lateral sclerosis.

General managers at KENS-TV San Antonio, Tex.; KOTV(TV) Tulsa, Okla.; KREM-TV Spokane, Wash.; KMOV(TV) St. Louis; WWL-TV New Orleans, and KHOU-TV Houston appeared at the beginning of *60 Minutes*, and sometimes at the end of the program, to explain the decision to viewers. Abbreviated local newscasts were broadcast instead.

Marty Haag, Belo vice president, news, says: "We didn't feel that we wanted to show the moment of death on the air." Belo's corporate and station executives met by conference call Saturday after word from the network regarding the segment's potentially inflammatory content. They agreed not to air the report. Haag says he asked Heyward whether Belo stations could run an edited version (without the actual death of Youk) in late night, but he was turned down by the network.

The Kevorkian piece is believed to be the first time that a major U.S. network has shown the moment of death in a euthanasia case. ABC aired a *Turning Point* special (produced by Dutch Television) in 1994 on the subject but edited out the moment of death. "We felt it was an invasion of privacy of the [dying] person, and we didn't feel it was appropriate for our audience," says an ABC News spokesperson.

About 100 protesters gathered outside KENS-TV Sunday night and reportedly cheered when they were told that the station was not running the segment. In Tulsa, a Belo executive says, some Saturday callers to the station said they were praying that the show would not run.

Dow Smith, a longtime broadcast newsman who now is a professor of broadcast journalism at Syracuse University, was sympathetic to Belo's decision. "This was not censorship," Smith says. "Censorship is official government interference. Stations always have the right and must exercise judgment.

At Freedom Communications' WRGB(TV) Albany, NY., the station ran *60 Minutes* in its entirety Sunday night. A follow-up story the next night led its 5:30 p.m. newscast and included the most controversial parts of the videotape—made available on its news feed by CBS.

"We chose to do a follow-up piece about the Kevorkian situation," says news director Joe Coscia. "It wasn't our intent to sensationalize by using that footage. There's a tremendous amount of interest in Kevorkian and this case. We presented a balanced follow-up story about euthanasia."

Paul Karpowicz, executive vice president, LIN Television, and incoming CBS affiliate board chairman, says that viewer feedback at LIN's CBS affiliates was "limited" and mostly negative, but from people who hadn't actually seen the broadcast. "If those people saw how it was presented, perhaps they would have been less concerned."

Mark Effron, vice president, news, Post-Newsweek Stations, says that individual station managers at the group's CBS affiliates made the call to carry the program. Effron says he was confident in *60 Minutes*' ability to do the segment. "This wasn't a Fox special. It was done seriously and in line with *60 Minutes*' high standards."

There were other defenders as well. Bob Giles, executive director for the Freedom Forum's Media Studies Center, comments that "although his methods are crude, Dr. Kevorkian has chosen to raise an issue we have had a difficult time dealing with. I think the public needed to have an opportunity to watch how he operates and make up its own mind. The debate is important enough to offend someone's sensibilities."

Prior to Kevorkian's indictment for murder, last Wednesday, Oakland County, Mich., prosecutors had asked *60 Minutes* for the videotape. Sources at the network say that considering Kevorkian's virtual invitation to prosecutors in the segment, there was no reason to refuse. ■

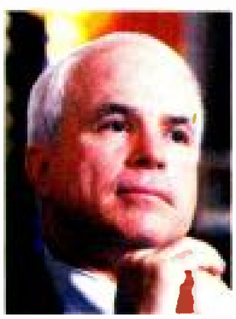
LMA battle lines being drawn

FCC chairman's desire to end or restrict LMAs is meeting with stiff resistance

By Bill McConnell and Paige Albiniak

FCC Chairman William Kennard last week presented the other commissioners with a staff plan to restrict or eliminate most TV local marketing agreements.

Kennard plans to bring the LMA rollback and other broadcast ownership rule changes to a vote at the commission's Dec. 17 meeting, but broadcasting trade groups are lobbying vociferously against the plan and are hoping to enlist enough congressional support to at least delay any FCC action.


John McCain

"The unrest may make them rethink how quickly they want to move," says Jack Goodman, lobbyist for the National Association of Broadcasters.

Kennard, with expected backing from Democratic colleagues Susan Ness and Gloria Tristani, would have little trouble getting the measure approved. But he has consistently tried to win support from the panel's two Republicans on major issues, and they are likely to resist efforts to eliminate existing LMAs.

Kennard insists that the fate of LMAs has not been determined. "He will continue discussions with all affected parties," spokesperson says.

Several lawmakers are expected to weigh in on the plan this week, lobbyists say. Lining up against the LMA rollback are Senate Commerce Committee Chairman John McCain (R-Ariz.) and Senate Communications Subcommittee Chairman Conrad Burns (R-Mont.), sources say. The two are expected to argue that the commission does not have authority to dismantle LMAs, which allow broadcasters to own one station in a market and manage another.

Staffers for McCain and Burns were out for the Thanksgiving holiday last week and could not be reached.

Although McCain and Burns are likely to take the lead in opposing the plan, the House Commerce Committee also is expected to get involved. House Commerce Committee Chairman Tom Bliley (R-Va.) is "following the issue closely," says a staffer. One surprising opponent of the FCC plan is House Commerce Committee ranking member John Dingell (D-Mich.). Although he dislikes LMAs, he is worried that the FCC is extending its authority into the realm of Congress, according to a Dingell aide.

Another opponent is Rep. Richard Burr (R-N.C.), who told the FCC Nov. 12 that "restricting LMAs or eliminating the existing grandfather provisions for them would not only be bad communications policy, but contradictory to the Telecommunications Act of 1996." Sinclair Broadcasting, one of the largest LMA operators, has five TV stations (two of which are LMAs) and four radio stations in North Carolina.

But the FCC does have some powerful support on Capitol Hill. Senate Commerce Committee ranking member Ernest Hollings (D-S.C.) is against LMAs. A Hollings staffer says that the FCC clearly has authority in this area. "The commission doesn't have any regulations about LMAs. [According to the Telecommunications Act of 1996], they can write them, and they don't have to grandfather them," the staffer says.


Conrad Burns

"Hollings will definitely try to eliminate LMAs. Hollings has never liked the idea of LMAs or limiting the number of voices in the market," says Maury Lane, Hollings's spokesman.

Lobbyists are hoping that Republican commissioners Harold Furchtgott-Roth and Michael Powell will ask that the vote be delayed until January. Staffers for both say a delay might be considered but that neither commissioner would review the proposal until this week. ■

FCC says nets do OK job of kids TV

By Bill McConnell

The broadcast TV networks won passing grades from regulators last week for sticking to children's programming schedules, but media watchdogs say the industry deserves detention.

Children's shows were preempted less than 7% of the time on network owned-and-operated stations, the FCC found. The FCC also found that O&Os consistently rescheduled shows to fixed "second-home" time slots or to periods adjacent to other kids programs.

The new report takes a much softer tone than Oct. 29 letters admonishing CBS and NBC for failing to adequately promote their educational programs. NBC also was chastised for a high preemption rate—10.7%.

But the Center for Media Education says that the FCC is not doing enough to enforce the 1996 rule requiring stations to offer a minimum amount of educational programs for children each week. CME wants the FCC to set a level for permissible preemption rather than allowing stations to reschedule Saturday morning educational programming for sporting events. The group also called on the agency to evaluate preemption rates among all affiliates, not just O&Os.

Also, preemption rates should be evaluated market by market, rather than based on a national average, the group said. CME noted that ABC was praised for its low 5.7% national preemption rate even though West Coast ABC stations preempted 24% of their kids programming for sporting events.

CME also is calling for more stringent enforcement of promotion and notification requirements and wants a definition of "isolating circumstances" that allow stations to shirk rescheduling obligations. The group said that parades, rodeos and other scheduled events should not be classified as "breaking news," which also is exempt from preemption. ■

CLOSED CIRCUIT

BEHIND THE SCENES, BEFORE THE FACT

WASHINGTON

Wasteland revisited

Former FCC chairman Newton Minow already has filed his dissent with the Gore commission's upcoming report on the public interest obligations of digital broadcasters, even though the report is not officially due until Dec. 18. "Howard Stern's new television show featured Stern shaving a young woman's pubic area. Have our broadcast standards descended to a level where public interest is confused with pubic interest?" wrote the man famous for calling television a "vast wasteland." Minow asserts in comments to the FCC that broadcasters received $70 billion in digital spectrum for free and now are obligated to give something back. "Digital broadcast licenses should not be awarded without a broadcaster's explicit commitment to provide public service time in campaigns and not to sell time," Minow says. The Gore commission plans to come a little short of that, recommending that broadcasters volunteer five minutes of free airtime for candidates per night during the 30 evenings leading up to an election and that the FCC examine instances in which broadcasters will not take ads for state and local campaigns.

DENVER

Primestar additions

Primestar Inc.'s renewed effort to grow its core business appears to be paying off. The DBS provider added 52,000 new subscribers from Oct. 24 to Nov. 24. Despite continuing churn—Primestar added more than 100,000 new customers in gross—it's the best monthly performance in more than a year for the company. As part of a broad cost-cutting effort, Primestar will ax 250 more jobs by year's end. It's the second round of job cuts since June, when Primestar Chairman Carl Vogel stepped in to head the struggling company and eliminated 275 positions. Thwarted in efforts to implement its prime business plan—merging with ASkyB and acquiring the crucial 110-degree west longitude high-power orbital slot—Primestar is focusing on reducing churn, growing its medium-power business and launching a high-power business, probably in second quarter 1999.

WASHINGTON

Kasem suit dropped

Westwood One Inc. has dropped its $10 million lawsuit against radio countdown king Casey Kasem, according to his new syndicator, AMFM Radio Networks. The parties settled the suit as of Nov. 19 "for nothing. It's gone away," says AMFM spokesman Martin Raab. Westwood One filed suit in March after Kasem switched networks with two years left on his contract. A spokesperson for CBS Radio-managed Westwood One did not return telephone calls seeking comment.

Way too much information

American Enterprise Institute policy wonk Norm Ornstein may be looking at a second career as a comic once his stint as Gore commission co-chair is up Dec. 18. Ornstein told a live audience and a C-SPAN camera that he and his wife "have had sex just 117 times in 13 years" and that his wife thinks "oral sex is adultery—that probably explains why we haven't had any," reports the *Washington Post*'s "Reliable Source." With such cracks, Ornstein won third place in the "Funniest Celebrity in Washington" contest, held at the Improv Comedy Club in downtown Washington to raise money for the Child Welfare League of America. But perhaps his wife really should have taken home the prize. In response to Ornstein, wife (and partner at Washington law firm Reed Smith Shaw & McClay) Judy Harris said of the routine: "Norm told me just to lighten up—that it was for charity. I told him that all 117 times had been for charity."

With some shows, you wait for the next ratings book. **With one, you wait for the next millennium.**

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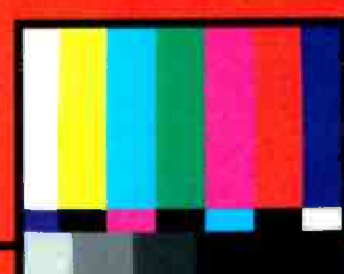


PLEASE ADJUST YOUR PROGRAMMING NOW.

Broadcasters take aim at DirecTV

Groups oppose plan by DBS service for additional spectrum

By Bill McConnell

Broadcasters and other industry groups are trying to shoot down DirecTV's bid for more spectrum.

At DirecTV's request, the FCC is exploring whether to create an additional 500 mhz of spectrum on the 18 Ghz band for direct broadcast satellite providers and other fixed satellite users.

Opponents, represented by the Fixed Wireless Communications Coalition, complained in comments last week that the plan would result in "widespread interference" and "costly dislocation" for broadcasters and other users of fixed terrestrial systems on the 18 Ghz band.

The latest proposal follows a string of FCC decisions since 1982 to reassign spectrum for new satellite technologies at the expense of space for earthbound services, the coalition said. "The reallocation proposals continue a sequence of FCC actions in recent years that are bringing about unacceptable erosion of spectrum available to terrestrial fixed service at a time when competitive local market demands and the demands of new and emerging wireless technologies require access to more spectrum," the group wrote.

Members of the opposition group include the National Association of Broadcasters, the Independent Cable Telecommunications Association, the Association of Public-Safety Communications Officials, BellSouth and People's Choice TV.

But DirecTV countered that the extra spectrum is critical to DBS providers. "The allocation is essential to accommodate the rapid growth of DBS service in the U.S.," wrote DirecTV. The company noted that two of the three U.S. orbital DBS-designated locations in the 12 Ghz band already are licensed, and additional spectrum will be needed in the next decade.

Although the new spectrum would not be available for satellite users until 2007, DirecTV said the FCC should make its decision quickly. "Given the tremendous cost involved and long lead time necessary to plan and deploy satellite systems, a reservation today ... will give certainty for planning and investment purposes," the company said.

Much of the 18 Ghz band is allocated for shared use by satellite services and earthbound operators, such as microwave communications, cable television relay stations and electronic newsgathering activities. The FCC in September proposed to reduce the amount of separation between signals and to move some existing services to create the extra space. ■

By Bill McConnell and Paige Albiniak

Public TV: Parks for the airwaves

Like land for national parks, the government should be adding to the spectrum reserved for public television, a public interest group said last week. "The FCC should act decisively to protect forever the public's last remaining electronic unprotected space," civil rights lawyer David Honig wrote on behalf of the Coalition for Noncommercial Media.

Honig said the FCC should set aside all channels carrying public television stations if those channels are not currently reserved for noncommercial use. The coalition's request was prompted by Western New York Public Broadcasting Corp.'s request to swap the reserved designation for the two channels it controls in the Buffalo market.

Western New York Public Broadcasting wants wned-tv, operating on unreserved ch. 17, to be given reserved status. In return, the FCC would redesignate ch. 23, where its weak-sister wneq-tv operates, as unreserved.

The switch would allow Western New York Public Broadcasting to sell wneq-tv to a commercial broadcaster and invest the proceeds in equipment and programming improvements for wned-tv.

Approving the switch would spell doom for two-channel public television in other markets as well, Honig said: "The proliferation of commercial attractions means we need our public broadcasting stations more than ever."

Broadcasters keep ENG

The administration and the FCC will allow broadcasters to hold on to 35 mhz of electronic newsgathering (ENG) spectrum, even though Congress, in the Balanced Budget Act of 1997, authorized auctioning off 50 mhz of that spectrum.

Earlier this year, the Commerce Department announced that it had found 15 mhz of spectrum somewhere else in the band that the FCC will auction instead. Broadcasters also claimed a victory when the FCC ruled that mobile satellite services, which are located in the same 2 Ghz spectrum band as ENG services, will have to pay to move broadcasters elsewhere.

The FCC last week also invited comment on a rulemaking that would allow Northpoint Communications to use direct broadcast satellite spectrum frequencies terrestrially to offer local broadcast signals to DBS providers. The rule also would allow non-geostationary satellite services to share spectrum with incumbent services.

ABC ponders 'Green Hell'

Witt-Thomas-Harris Vietnam dramedy, family comedy are under consideration at network

By Michael Stroud

Fresh from canceling Witt-Thomas-Harris's *The Secret Lives of Men*, ABC is considering an hour dramedy from the production company focusing on the drama and unlikely humor of the Vietnam war. The script, titled "Green Hell," was written by Don Reo (*The John Larroquette Show*), who also would executive produce the show if it's picked up. *The Secret Lives* may also be shopped to other networks if ABC passes, a person close to the project says.

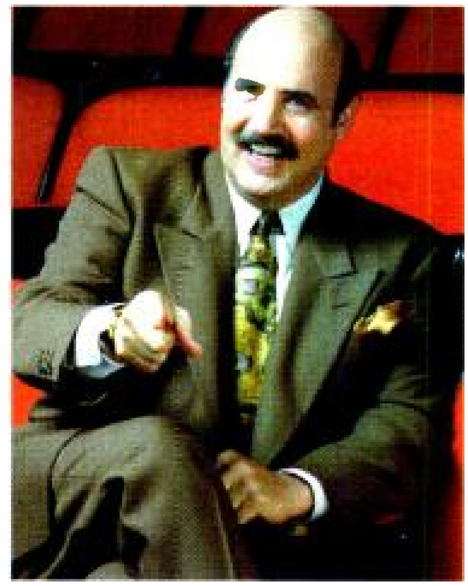
The show would mine some of the same territory as *M*A*S*H*, although the hour format is designed to allow deeper character exploration and plot development. Actors have not been picked for the show, which might be shot in Hawaii.

An hour Vietnam drama with *M*A*S*H*-like elements, *China Beach*, ran on ABC in 1988-91.

If selected, the "Green Hell" development project would be ABC's second attempt at dramedy. *SportsNight*, its freshman half-hour show, has been one of the season's most critically acclaimed shows and has enjoyed modest success.

Witt-Thomas is also shopping to ABC a family comedy that is reminiscent of *Home Improvement*. Reo and Witt-Thomas also have an NBC project, whose status is unclear since the departure of former NBC Entertainment president Warren Littlefield, the source says. Details about the project weren't immediately available.

Witt-Thomas plans to start work in early January on the pilot for comedy *Everything's Relative*, starring Jeffrey Tambor (*The Larry Sanders Show*). The show, pegged for midseason, doesn't yet have a multiepisode commitment from the network. Tambor will play a divorced father. Tambor previously appeared in a Witt-Thomas pilot starring Melanie Griffith that never made it to the small screen.



'Larry Sanders' sidekick Jeffrey Tambor is slated to take center stage in Witt-Thomas-Harris's 'Everything's Relative.'

ABC canceled *Secret Lives* recently after the show failed to garner sufficient ratings.

A Witt-Thomas official confirmed that the development projects are under consideration. ABC and NBC officials couldn't be reached for comment. ■

Like a TV virgin

Game show producer with the mostest: Madonna.

Madonna is getting into the syndication business with PolyGram Television. Sources say PolyGram executives are taping a pilot in Los Angeles this week for a new late-night show based on the game *Truth or Dare*. Madonna, who played the adult-oriented game in her 1991 film of the same name, is co-executive-producing the show with her partner at Mad Guy TV and Film, Guy Oseary.

This is Madonna and Oseary's first attempt in television since forming their partnership in 1997. Howard Schultz, the former producer of Fox's game show, *Studs*, is also an executive producer on the show, sources say. *Truth or Dare* is being positioned for late night time periods for fall 1999 and will pit four friends against each other to compete for cash prizes. The contestants will talk about each other's secrets, with those trailing in the game performing dare "stunts" to make up ground. Sources say PolyGram may position the show as a companion to its already announced relationship half-hour, *Blind Date*. Sources also say the host will be comedian Randy Kagan, who has appeared on *In Living Color* and *The Dennis Miller Show*. PolyGram and Mad Guy TV and Film executives had no comment. *—Joe Schlosser*

Syndicating for a song

BVT will distribute talent-search show for fall 1999

By Joe Schlosser

If you can sing like Mariah Carey or Michael Jackson, Buena Vista TV wants you.

The Disney syndication division is launching *Your Big Break*, a weekly musical talent show that takes amateur singers and makes them look and—the contestants hope—sound like big-name stars.

The hour show is being sold on a pure barter basis for a fall 1999 launch. *Your Big Break* is going to be produced by Dick Clark Productions and is based on the European version of the show, which currently airs in 13 countries including the UK, Germany and Spain.

"You get to live out your total fantasy of being your favorite star," says Stephanie Drachkovitch, Buena Vista Television's senior vice president of de-

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velopment. "Whether you are a cashier, an accountant or a pilot, we bring you on the show and make you into the artist you are going to imitate."

On each episode, five "talented" guests are given the opportunity to portray their favorite singers and perform one of their hit songs. But before the person gets on stage, the show airs a brief video biography of the contestant in his or her daytime occupation. Each guest is then transformed by professional make-up artists and costumers into the star they will be imitating.

"There is nothing like it on the air, and the whole goal of programming is to put something on the air that is not already there," Drachkovitch says. "I think it's really the next generation of the variety talent show. It is one of those shows that makes you smile. You want to see if someone can top the karate instructor who is doing Tom Jones."

Would-be Michael Jacksons will try to moon walk their way to victory.

Buena Vista executives say they have not decided whether to produce the show in Los Angeles or New York. Drachkovitch says they will use karaoke clubs, local radio station contests, the internet and newspaper advertising to find the stars-to-be. A studio audience will decide the winner on each episode, with that winner moving on for the chance to becoming the grand prize winner at the end of the season. ■

GET WITH THE PROGRAM

By Michael Stroud and Joe Schlosser

Divorce, CBS style

CBS is working with Larry Charles (*Seinfeld*) and Daniel Stern ("Home Alone") to develop a new comedy about a divorced father. CBS has ordered six episodes. The two are already working together on UPN's *Dilbert*, which is set for midseason with Charles serving as the executive producer and Stern voicing the *Dilbert* character.

Fore! for Forrer

Forrer Communications is bringing out a new weekend half-hour series with famed golf professional Butch Harmon. *All Star Golf with Butch Harmon* will be available in 22 original episodes for fall 1999. Harmon, who played on the PGA Tour in the early 1970s, is personal instructor for such PGA stars as Tiger Woods, Davis Love III and Greg Norman. The half-hour show, taped in Las Vegas, will feature celebrities, top PGA players and a variety of golf tips from Harmon. Forrer Communications is also bringing back *Mounties: True Stories of the Royal Canadian Mounted Police* for a third season in syndication. The reality series, a Canadian version of *Cops*, is being sold as an hour for fall 1999. Forrer executives say stations will receive back-to-back half-hour episodes of *Mounties* that can be run in tandem or split up. Twenty-two original episodes are being produced, available on an eight-minute national/six-minute local barter split.

'Zoe' on Sunday

WB has picked Sunday night to air its midseason comedy *Zoe Bean*, hoping to strengthen a weak night in an otherwise strong programming lineup. "We are very high on *Zoe Bean*, and it will ultimately make its mark on Sunday night," says WB spokesman Brad Turell. The show, which follows high school best friends growing up in Manhattan, could be a fit at either 9 p.m. or 9:30. WB has decided to discharge its Sunday night 9:30 comedy, *The Army Show*, after three shows now in the pipeline are used up, a source says.

Neville joins Fox

Fox News says former *Extra* host Arthel Neville will serve as a correspondent for Fox Broadcasting Co.'s *Fox Files* and an anchor for Fox News Channel. Neville will do investigative features, celebrity interviews and human interest stories for *Fox Files* and will anchor and report for FNC programs, including specials and breaking news. Before joining Fox, Neville was co-host of nationally syndicated daytime talk show *The Arthel & Fred Show*.

Greene upped at UPN

UPN has named Danielle Greene director of comedy development and Brad Sterling director of current programming. Greene was manager of UPN's current programming and has overseen such sitcoms as *Moesha* and *Clueless*. Sterling has been the network's manager of comedy programming.

It's ABC's line again

ABC's comedy *Whose Line is It Anyway?*, starring Drew Carey, will return to the network on Wednesday, Dec. 9, taking the place of canceled sitcom *The Secret Lives of Men*. ABC has 13 episodes in the can for the comedy, which consistently won its time period during a summer run.

Rosie goes live

Rosie O'Donnell is returning her Warner Bros. Domestic Television daily show to a live format at the beginning of next year. The show will be produced live in New York at 10 a.m. ET and sent out live to a number of markets that carry it at that time. Top-25 markets that air *The Rosie O'Donnell Show* at 10 a.m. ET include WABC-TV New York, WPVI-TV Philadelphia and WCPO-TV Cincinnati. "Jan. 4 we are once again a live show," O'Donnell says. "I'm sick of this. Tuesday is Wednesday. Friday is Sunday. March is February. Christmas is Easter." O'Donnell's show is currently in its third year in syndication.

NOVEMBER 16-22

Broadcast network prime-time ratings according to Nielsen Media Research

PEOPLE'S CHOICE

A controversial '60 Minutes' led off a powerful Sunday for CBS and helped the network to retake the lead in the season-to-date ratings.

Week 9	ABC	CBS	NBC	FOX	UPN	WB
MONDAY	**13.4/21**	**9.5/15**	**7.5/12**	**8.4/13**	**1.7/3**	**4.0/6**
8:00–10:30	36. NFL Blast/Pre 9.1/15 7. NFL Monday Night Football—Denver Broncos vs. Kansas City Chiefs 13.9/22	25. Cosby 9.9/15 30. King of Queens 9.5/14 13. Ev Lvs Raymd 11.5/17 26. Becker 9.8/15 49. L.A. Doctors 8.1/14	64. Suddenly Susan 7.2/11 85. Conrad Bloom 5.4/8 87. Caroline in/City 5.2/8 83. Will & Grace 5.7/8 17. Dateline NBC 10.9/18	78. Melrose Place 6.4/10 20. Ally McBeal 10.4/15	112. Malcolm & Eddie 1.9/3 115. Guys Like Us 1.7/3 114. Malcolm & Eddie 1.8/3 116. DiResta 1.5/2	84. 7th Heaven 5.5/9 110. Hyperion Bay 2.4/4
TUESDAY	**10.0/16**	**9.6/16**	**8.2/13**	**6.3/10**	**2.0/3**	**4.2/7**
8:00–10:30	31. Home Imprvmt 9.4/15 53. The Hughleys 7.9/12 34. Spin City 9.2/14 47. Sports Night 8.3/13 10. NYPD Blue 12.6/21	15. JAG 11.3/18 42. CBS Tuesday Movie—My Father's Shadow 8.7/14	61. Mad About You 7.5/12 44. Just Shoot Me 8.6/14 36. Just Shoot Me 9.1/14 64. Working 7.2/11 46. Dateline NBC 8.4/14	85. King of the Hill 5.4/9 88. King of the Hill 4.9/8 61. Guinness World Records 7.5/12	100. Moesha 3.[illegible]/5 111. Clueless 2.3/4 116. Am Greatest Pets 1.5/2 121. Reunited 1.0/2	92. Buffy the Vampire Slayer 4.4/7 98. Felicity 3.9/6
WEDNESDAY	**9.9/16**	**6.9/11**	**10.3/17**	**8.0/13**	**3.5/5**	**4.5/7**
8:00–10:30	34. Dharma & Greg 9.2/15 53. Two Guys, a Girl 7.9/12 15. Drew Carey 11.3/18 24. Drew Carey 10.0/15 19. 20/20 10.5/18	70. The Nanny 6.9/11 75. Maggie Winters 6.7/11 82. 48 Hours 6.1/9 59. Chicago Hope 7.7/13	29. Garth Brooks Double Live 9.7/15 26. Dateline NBC 9.8/15 14. Law & Order 11.4/19	49. Beverly Hills, 90210 8.1/13 57. Party of Five 7.8/12	104. 7 Days 2.7/4 95. Star Trek: Voyager 4.3/7	90. Dawson's Creek 4.6/7 92. Charmed 4.4/7
THURSDAY	**4.5/7**	**9.2/14**	**16.5/26**	**10.5/16**	**1.4/2**	**2.7/4**
8:00–10:30	90. I Survived a Disaster 4.6/7 92. ABC Thursday Night Movie—Max Q: Emergency Landing 4.4/7	38. Promised Land 9.0/14 33. Diagnosis Murder 9.3/14 31. 48 Hours 9.4/15	2. Friends 16.3/26 9. Jesse 13.3/21 3. Frasier 15.4/23 8. Veronica's Clst 13.7/21 1. ER 20.1/34	39. World's Worst Drivers: Caught 8.9/14 12. Busted on the Job 3 12.1/18	118. UPN Thursday Night Movie—Dream House 1.4/2	106. The Wayans Bros 2.6/4 106. Jamie Foxx 2.6/4 102. Steve Harvey 2.8/4 106. For Your Love 2.6/4
FRIDAY	**8.3/15**	**8.3/15**	**8.7/15**	**5.5/10**	**1.4/2**	
8:00–10:30	70. Two of a Kind 6.9/13 64. Boy Meets Wrld 7.2/13 51. Sabrina/Witch 8.0/14 70. Brother's Keeper 6.9/12 21. 20/20 10.3/19	42. Kids/Darndest 8.7/16 53. Candid Camera 7.9/14 57. Funniest Flubs 7.8/14 41. Nash Bridges 8.8/16	22. Dateline NBC 10.1/18 48. Law & Order 8.2/14 59. Homicide: Life on the Street 7.7/14	97. Brimstone 4.2/7 73. World's Shocking Moments 6.8/12	120. Legacy 1.3/2 118. Love Boat: The Next Wave 1.4/3	
SATURDAY	**5.6/10**	**7.9/14**	**5.6/10**	**6.6/12**		
8:00–10:30	79. ABC Movie Special—Billy Madison 6.2/11 95. Cupid 4.3/8	63. Early Edition 7.4/14 64. Martial Law 7.2/13 36. Walker, Texas Ranger 9.1/17	98. Exposed: Pro Wrestling 3.9/7 79. The Pretender 6.2/11 75. Profiler 6.7/12	79. Cops 6.2/12 73. Cops 6.8/12 77. AMW: America Fights Back 6.6/12		
SUNDAY	**11.3/17**	**14.9/23**	**7.9/12**	**7.7/12**		**2.6/4**
7:00–10:30	22. Wonderful World of Disney—The Santa Clause 10.1/16 11. ABC Original—Rear Window 12.5/19	(nr) NFL Game 2 17.8/31 3. 60 Minutes 15.4/24 6. Touched by an Angel 14.2/21 5. CBS Sunday Movie—Saint Maybe 14.4/23	64. Dateline NBC 7.2/12 45. Dateline NBC 8.5/13 53. NBC Sunday Night Movie—Get Shorty 7.9/12	89. World's Funniest! 4.7/8 51. The Simpsons 8.0/12 69. That '70s Show 7.0/10 18. The X-Files 10.8/16		101. 7th Heaven Beginnings 2.9/5 109. Sister, Sister 2.5/4 102. The Smart Guy 2.8/4 104. Unhap Ever After 2.7/4 112. The Army Show 1.9/3
WEEK AVG	**9.1/15**	**9.7/16**	**9.2/15**	**7.6/12**	**2.0/3**	**3.5/5**
STD AVG	**8.6/14**	**9.3/15**	**9.3/16**	**7.5/12**	**2.0/3**	**3.4/5**

KEY: RANKING/SHOW TITLE/PROGRAM RATING/SHARE • TOP TEN SHOWS OF THE WEEK ARE NUMBERED IN RED • TELEVISION UNIVERSE ESTIMATED AT 99.4 MILLION HOUSEHOLDS; ONE RATINGS POINT IS EQUAL TO 994,000 TV HOMES • YELLOW TINT IS WINNER OF TIME SLOT • (NR)=NOT RANKED; RATING/SHARE ESTIMATED FOR PERIOD SHOWN • *PREMIERE • SOURCES: NIELSEN MEDIA RESEARCH, CBS RESEARCH • GRAPHIC BY KENNETH RAY

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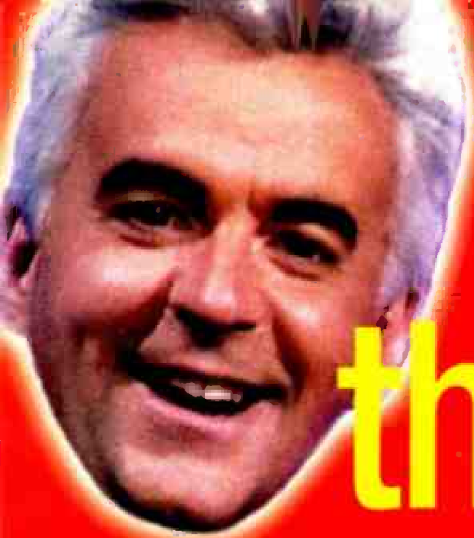
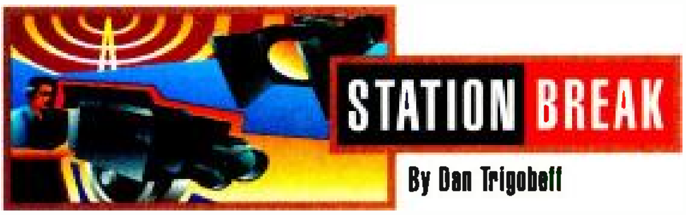


Introducing the game show that looks at the

origins of phrases

and words we use every day. It's one part trivia, two parts bluff

and all laughs!



Bilingual education

English-language stations in South Florida are complaining that the Nielsen ratings overestimate the number of viewers watching Spanish-language stations at the expense of numbers for viewers watching English-language stations.

"This is an ongoing problem," says Robert Leider, executive vice president and general manager at WSVN(TV) Miami. "South Florida is a bilingual, bicultural community. Nielsen is doing an injustice to that part of our population by not sampling it properly. It doesn't credit bilingual Hispanics who are assimilating and not watching only Spanish-language TV." Executives at other English-language stations agree and have asked Nielsen for changes, but Nielsen stands by its numbers.

"The fact that they're bilingual doesn't make them less Hispanic," says Milagros Carrasquillo, director of program research for Univision, which owns WLTV(TV) Miami. Nielsen numbers, he says, "speak to the strength of our Spanish-language sector here in Miami."

A site you won't believe

The website of Raleigh, N.C.'s KRAP4-TV reveals an investigation into the possible death by domestic violence of housewife Alice Kramden by her bus driver husband, Ralph; an investigative report that exposes the greasy practices behind the glazing of a Thanksgiving turkey, and an introduction to the "NewsBuzzard 4" chopper—all while delivering the weather via

All KRAP, all the time.

its Super-Duper Doppler 40000—the only live local television Doppler radar powerful enough to see you showering.

KRAP4.com, intended as a parody of a typical station's Website, is the brainchild of third-year North Carolina State broadcasting student and WRAL-TV (Raleigh) part-timer Brian Shrader. "I was looking at station Websites and thought that a lot of these stories would be really funny if you took that kernel of truth and just expounded on that." KRAP4 launched during the hiatus of TV station whine repository NewsBlues (since reinstated). "It's possible we were filling a much-needed gap," Shrader says. He hopes to update the site bi-weekly.

Suits that don't need pressing

A national survey of local TV news directors finds that nearly 30% have omitted information from news stories for fear of being sued. Close to 30% of the 360 news directors polled by the Center for the Advancement of Modern Media said they omitted stories altogether out of fear of lawsuits. Paul Driscoll, director of broadcasting and broadcast journalism at the University of Miami, and one of the study's authors, says that lawsuits always have been an occupational hazard of the business, but "news directors are under increasing pressure to air edgier stories that will hold on to viewers in an environment where suits or threats are increasingly commonplace." Six in 10 said the threat of legal action was a daily concern. Nearly half said they were more concerned about running up legal expenses than about losing the case.

Homecoming weekend

WTNH-TV Hartford/New Haven, Conn., is putting out a call to alumni to contribute memories—and even more important—film or video—of major news events in Connecticut during the past 50 years. The station is having a golden anniversary celebration and is hoping to add the perspectives of past staffers and fill gaps in its own memory vault. "We've moved three times," says producer Nina Bradley, who is working on a 50th anniversary special for the station, scheduled for Dec. 29. "And each time they threw everything out. There have been some amazing stories, stories everyone remembers, but the video was thrown out." Bradley is hoping some of the stories were memorable enough to remain on some reporters' or producers' audition tapes or other forms of keepsakes. "Some people have saved their work," she says, "and that's what we have to rely on."

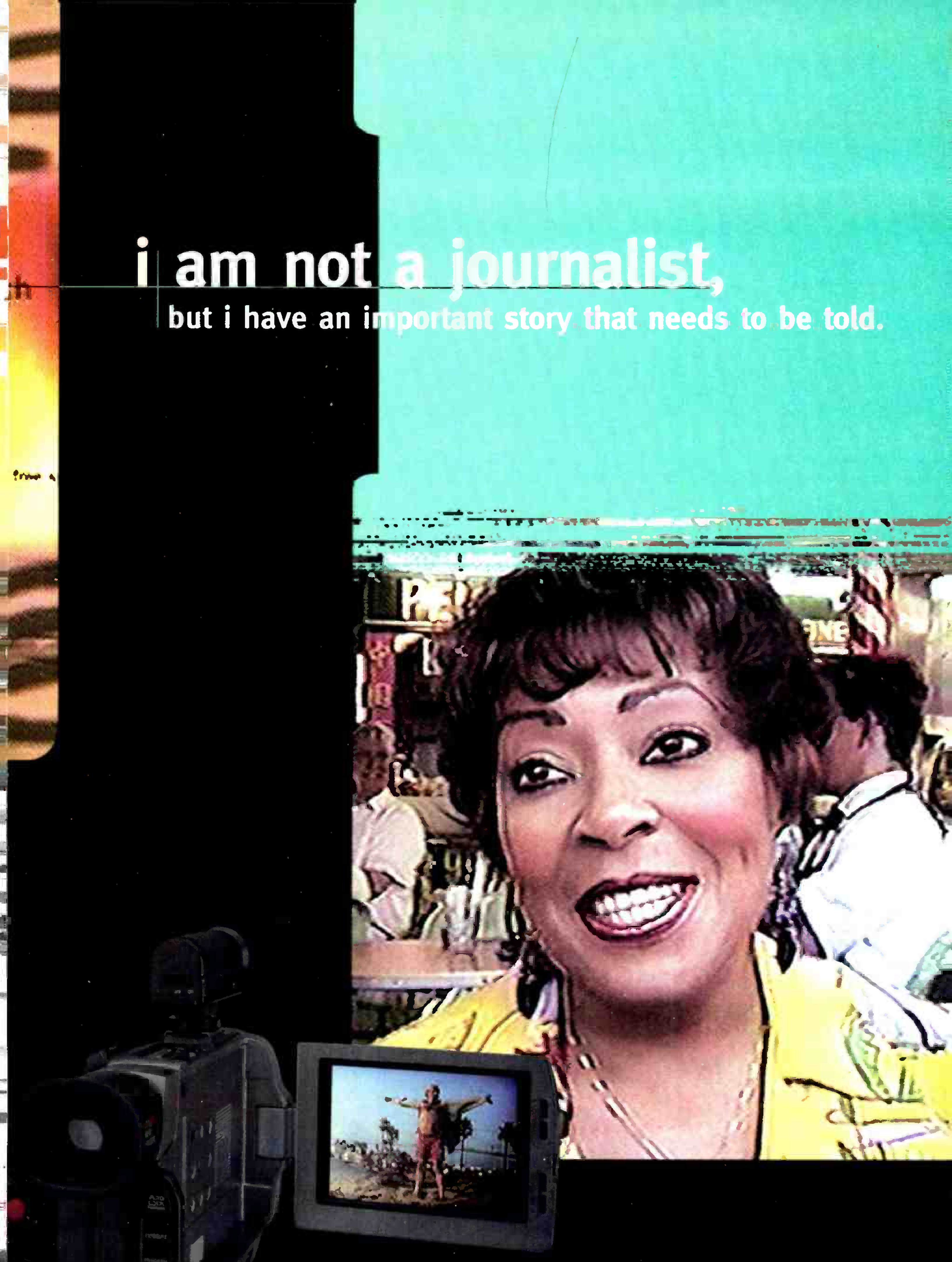
No more preemptive strikes

After complaints from viewers about WUSA(TV) Washington's pre-emption of the exciting conclusion to the Arkansas/Tennessee football game for public affairs programming a couple of weeks back, station president and GM Dick Reingold decided to make sure it wouldn't happen again. In the future, instead of a standing order to leave a game in favor of local or other programming, there'll be a manager on call to make the decision. Referring to Tennessee's thrilling comeback, he commented: "This pointed out a weakness in our system. That's the lesson: TV is a living, breathing organism."

A gap a mile high and getting higher

Last week we reported that a WWOR-TV New York investigation into the safety pet travel on airlines prompted a U.S. senator to demand action from the Department of Agriculture. Now a report by Denver station KMGH-TV has prompted Federal Aviation Administration officials to reconsider security issues involving wheelchair passengers. The story, reported by John Ferrugia, showed a woman in a wheelchair clearing security together with two pounds of metal, to simulate the size of a weapon. KMGH-TV said it reported the situation to the FAA.

All news is local. Contact Dan Trigoboff at (202) 463-3710, fax (202) 429-0651, or e-mail to d.trig@cahners.com.


i am not a journalist,
but i have an important story that needs to be told.

Reprising radio's third quarter

By Elizabeth A. Rathbun

The following companies' third-quarter financial documents recently were released or filed with the Securities and Exchange Commission:

■ Net loss and revenue remained essentially flat for **Interep National Radio Sales Inc.** Revenue rose slightly, to $24.9 million from $24.8 million, while Interep's net loss increased from $5 million to $5.1 million. Interep is the nation's largest independent national spot radio advertising firm.

■ Fast-growing **Cumulus Media Inc.** reported a $10.2 million loss attributable to common stock in the third quarter, compared with $256,000 in the third quarter of 1997. The loss reflects a one-time charge of $2.9 million associated with the company's efforts to raise the money to acquire 120 radio stations in the first nine months of the year. But the acquisitions fueled net broadcast revenue, which skyrocketed 1,694%, from $1.6 million to $28.7 million. Meanwhile, broadcast cash flow grew from $409,000 to $8.8 million, and Cumulus said it improved BCF margins from 26.4% to 30.6% in the third quarter. When pending acquisitions are completed, Cumulus will own or operate 204 radio stations in 39 markets.

■ **Triathlon Broadcasting Co.**, which is being acquired by Capstar Broadcasting Partners Inc., which in turn is merging into Chancellor Media Corp., lost $43,000 in the third quarter, compared with net income of $325,000 in 3Q 1997. Net revenue was up 8.5%, to a record $10.2 million. Broadcast cash flow grew 16%, to a record $3.9 million. Triathlon owns or operates 32 radio stations in six markets.

■ **Big City Radio Inc.**'s broadcast cash flow was in the negatives again this quarter—negative $425,000, compared with a negative $166,000 in the third quarter of 1997. Meanwhile, the company's net loss decreased to $4.2 million, from $6.2 million, including a $3.7 million charge for stock options granted to certain employees. Net revenue increased to $4 million, from $2.8 million. Big City says it expects significant losses "for the foreseeable future" as it develops brand-new stations in major markets by buying stations and then trimulcasting and simulcasting programming, a company statement and SEC documents say. So far, Big City's markets include New York, Los Angeles and Chicago.

"Our energies remain focused on developing our existing properties and evaluating acquisitions opportunities in additional major markets," CEO Michael Kakoyiannis said in Big City's statement.

■ **Redwood Broadcasting Inc.**'s net loss more than doubled, from $40,566 to $81,224, on net revenue that free-fell from $332,900 to $34,239. Redwood explained the numbers by noting that its subsidiary, Alta California Broadcasting Inc., agreed to merge into Regent Communications Inc. in October 1977. Under the merger agreement, Regent took over the operation of Alta's four California radio stations, and Alta lost the revenue from their operations.

■ **Saga Communications Inc.** saw net income increase 60%, to $2.4 million, on net operating revenue that rose 16.4%, to $19.9 million. Meanwhile, under its $2 million stock buy-back plan announced in August, the company has purchased $123,200 worth of its shares, SEC documents say.

■ **Regent Communications Inc.** lost nearly $844,000 in the third quarter, compared with a net loss of about $124,000 in 3Q 1997. Meanwhile, net broadcast revenue shot up 184%, to $5.4 million. Broadcast cash flow grew 85%, to $1.4 million. However, the results are not comparable, since they reflect the purchase of all but one of Regent's stations since this past June. ■

Losses continue at CBC

Despite recently emerging a winner in its $30 million lawsuit against ABC Radio Networks, Children's Broadcasting Corp. continued to fight financial losses in the third quarter. Revenue plunged nearly 71%, to $531,842, while CBC's net loss increased, to $4.1 million, compared with $2.8 million in the same period a year ago.

CBC's earnings have never been enough to fund ongoing operations, according to documents filed Nov. 17 with the Securities and Exchange Commission. Losses continued in the third quarter because of the discontinuing of CBC's children's radio network, Radio AAHS, this past Jan. 30, and because of sales-force reductions made in anticipation of the sale of its 13 radio stations, according to the documents.

"The [financial] figures will change rather dramatically in the next quarter or so, hopefully to a small profit or break-even," CBC President Christopher T. Dahl said last Monday.The awarding of the money from the ABC lawsuit is expected next month; the sale of CBC's radio stations for $72 million is completed, or nearly so.

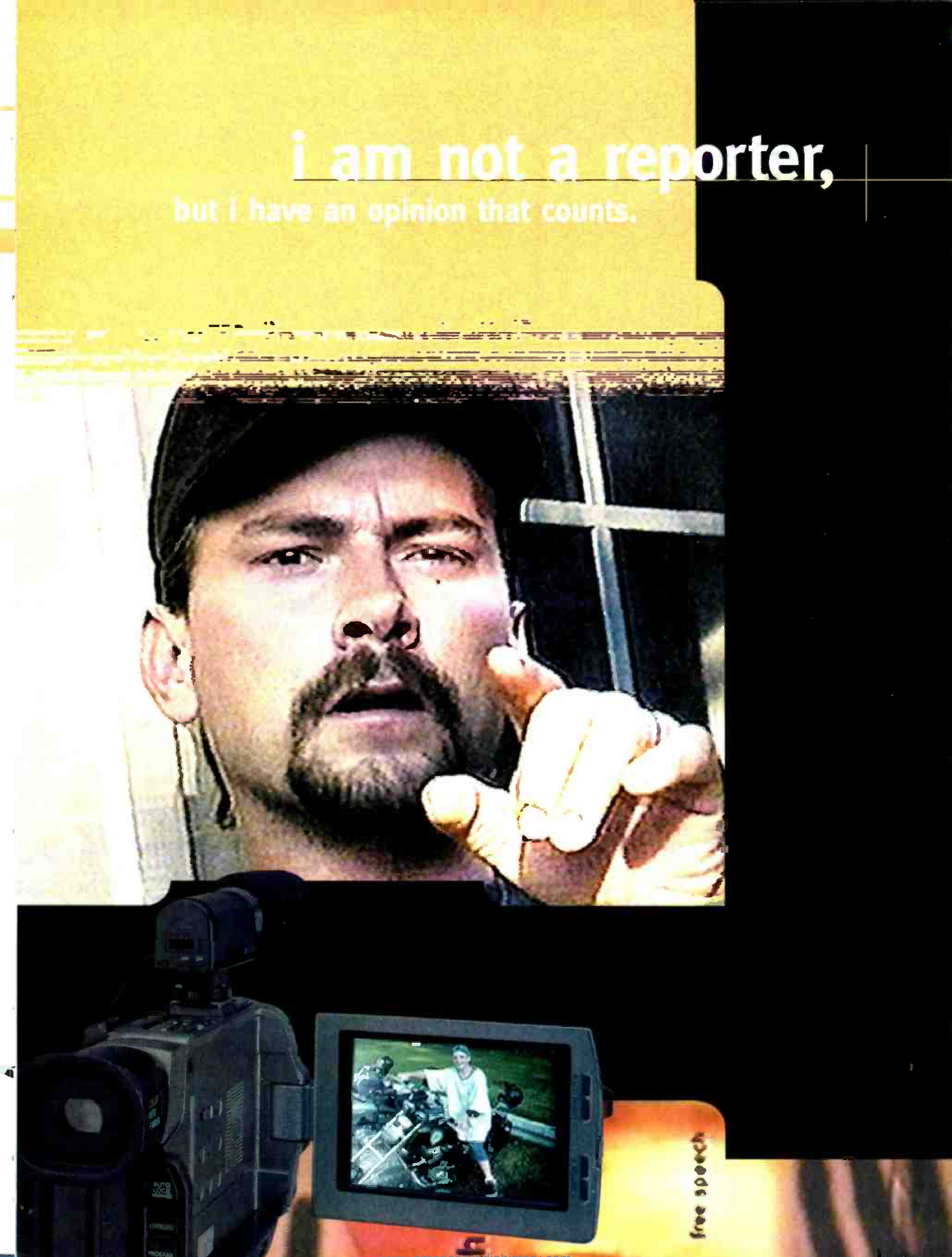
With those events, "at last we will have the opportunity to take a breath of fresh air and begin the execution of our business plan," Dahl said in a Nov. 16 statement.

CBC has spent up to $5 million pursuing the suit, but that paid off Sept. 30 when a federal court jury awarded $20 million for breach of contract by ABC and $10 million for misappropriation of trade secrets by the Walt Disney Co.

ABC and CBC linked up in November 1995, when ABC agreed to sell ads and recruit new affiliates for Radio AAHS. ABC quit the deal on July 30, 1996, the same day it announced that it would set up its own children's radio network with its new parent, Disney. CBC says it was forced to shutter its radio network and sell its stations because of ABC's actions.

CBC now intends to reposition itself as a TV commercial production company. It already owns about 49% of such a company, Harmony Holdings Inc., with the option to invest more for a larger ownership stake. CBC says it plans to reverse Harmony's loss of $4.5 million in the first half of this year. That process has begun with the elimination of Harmony's Harmony Pictures division, according to SEC documents.

—Elizabeth A. Rathbun


i am not a reporter,
but i have an opinion that counts.
free speech

'Mystery Theater' vanishes, reappears?

Hi Brown directing 'Mystery Theater' in 1988.

Consolidation killed the radio star, according to longtime radio-drama producer Himan Brown. The last episode of Brown's *Mystery Theater*, which is distributed by CBS Radio–managed Westwood One Inc., was to air last Friday (Nov. 27).

Under consolidation, which took off in 1996, commercial radio stations are pressured by their group owners to make more money—i.e., run more ads per hour, Brown says. That means stations weren't interested in his hour-long show, which rwas offered in 14-minute segments broken only by four sets of two-minute ads (another two-minute set runs at the top of the hour). Stations would prefer to run 15 or 18 or even 21 minutes of ads an hour, he contends.

But "I can't do a drama and break it up in 16 pieces," says Brown, who is responsible for such radio classics as *Dick Tracy* and *Terry and the Pirates* and who produced *The Adventures of the Thin Man*. Besides, "radio should have something more than ... the Howard Sterns and [Don] Imuses," he says.

Mystery Theater, which ran for 10 years in its first go-round, attracted 350 stations at its peak in the 1970s, says Ed Salamon, president of programming for Westwood One. But the new version, which went on the air six months ago after a 14-year hiatus, could find only about 50 station customers. That's not enough to support it to company shareholders, Salamon says.

"We were glad for the association. *Mystery Theater* is the highest-quality radio drama ever produced" and its listeners rave about it, Salamon says. But "radio is so competitive that stations are much choosier in what they'll give up their ad time for," he says.

Westwood One's relaunch of *Mystery Theater* on May 23 was inspired by numerous e-mail requests. Six episodes were made available over CBS's Website about a year ago and the response was "smasharoo," according to Brown: 250,000 e-mails begging for more.

Radio drama deserves a home, Brown says, and he is determined to find it--this time on public radio. He says he has an agreement with WNYC(AM) New York to air *Mystery Theater* five days a week starting at the end of January 1999. A station spokeswoman confirmed that discussions are underway but added, "It's really premature to discuss it at this point."

Brown says he will fund the show on public radio himself. "I want the spoken word to live," he says. *—Elizabeth A. Rathbun*

Radio looks at targeting life-in-fluxers

By John Merli, B&C correspondent

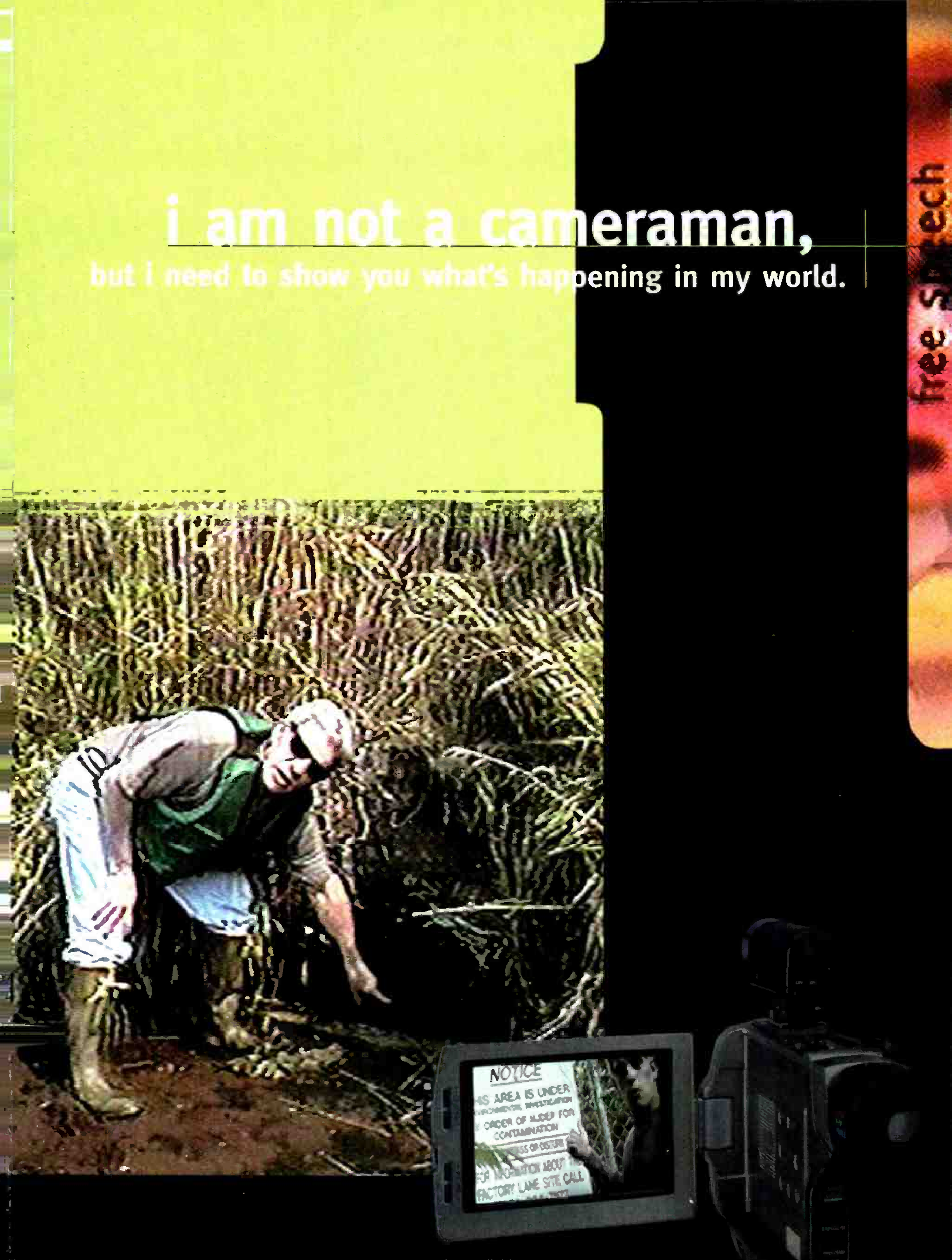
Know anyone whose life is in flux? Just married? Buying a home? Changing careers or divorcing? Marketers want their business in a big way, according to a new study by Interep Research based on Simmons spring 1998 data. Consumers going through major life changes are prime targets for advertisers, and the report finds that the strongest media advantage "may go to radio, specialty magazines and cable TV."

Life in flux "creates a new set of wants and needs for a consumer," says study author Michele Skettino. "When a person is actively in the buying cycle, especially if they have never been in a given market before, the opportunity for advertisers to influence their purchasing decision is the greatest."

The report lists specific potential markets based on seven life-changing experiences. Divorce, for example, nearly always creates marketing opportunities for legal services, furniture, phone products and services, pain relievers and sleeping aids, dating services and real estate assistance. The arrival of a new baby usually prompts consumers to seek services for mortgages, health insurance, cameras, detergents, baby products, toys and (like divorce) pain relievers.

Other life-in-flux stages in the study include marriage, buying a home, changing careers, becoming a grandparent and retirement. Bolstering the value of radio as the prime medium for reaching these special target audiences, Interep cites Simmons research showing the percentage of these groups reached weekly as listeners: marriage (85%), job change (84%), new baby (82%), new home (81%), divorce (80%), new grandchild (74%) and retirement (66%).

The study also indexes the groups according to their use of media (with radio usually indexing the highest) and compares the groups' appeal to various radio formats. ■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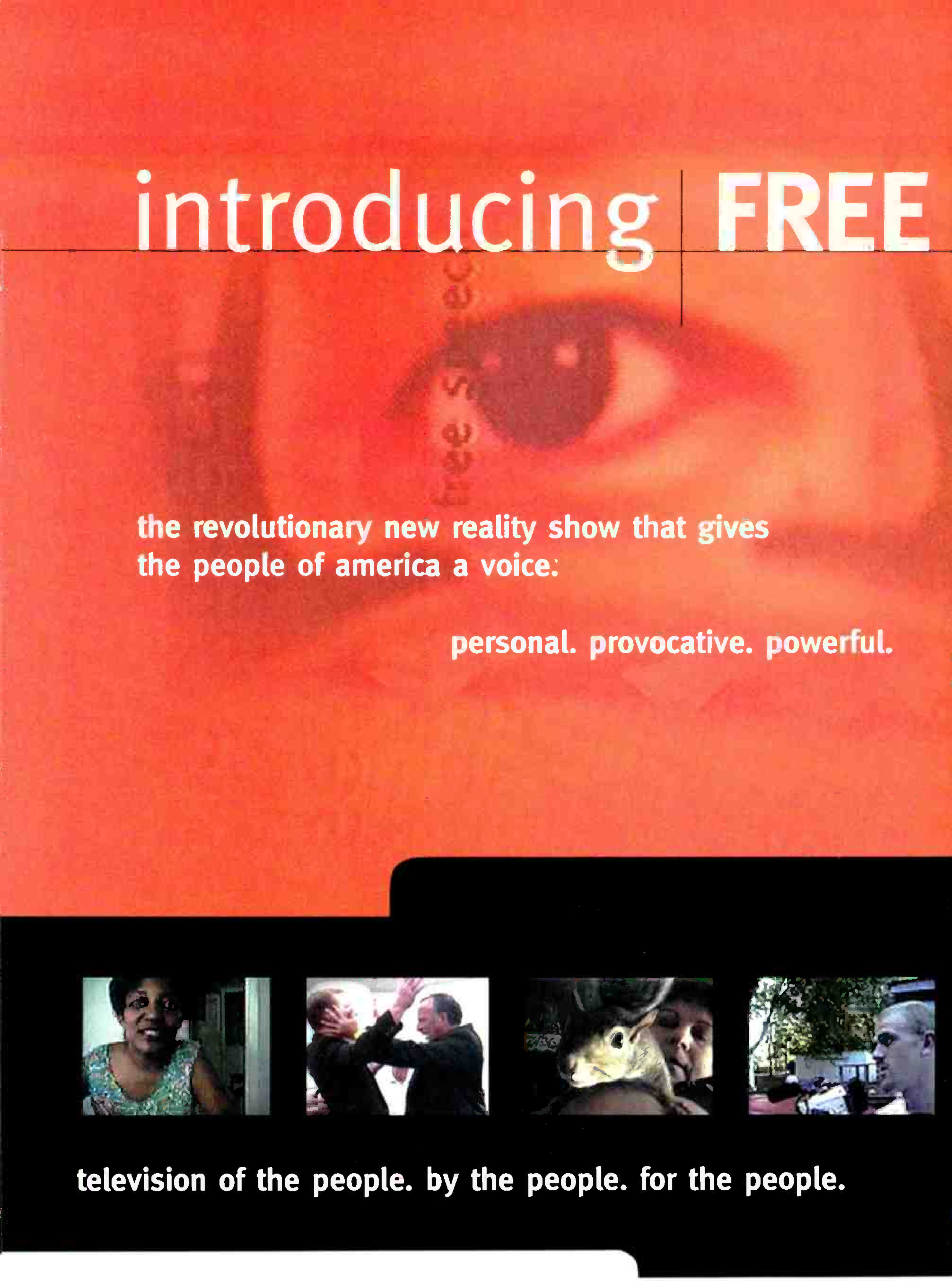
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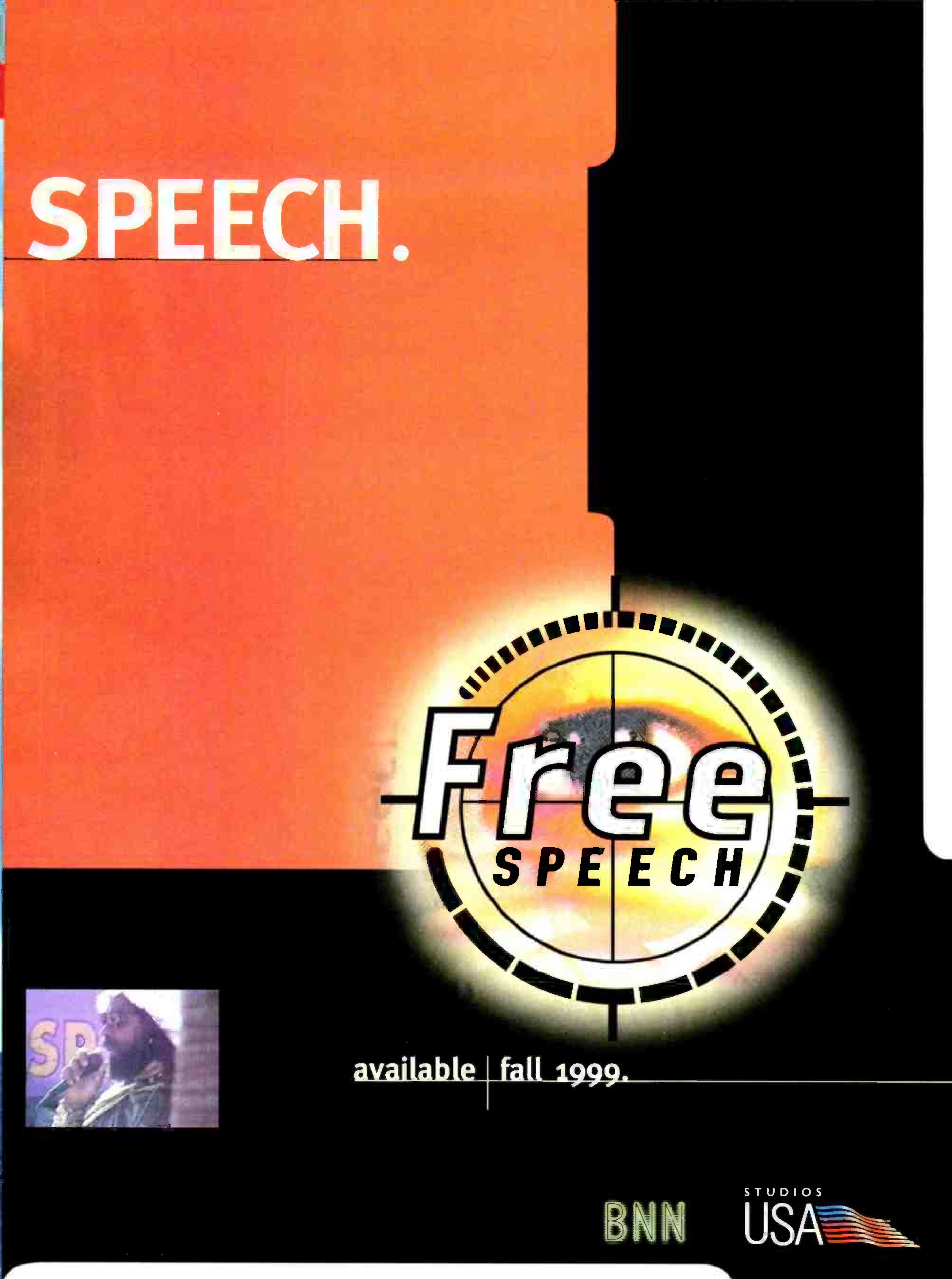
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The Western Show—the nation's second-largest cable convention—pulls into Anaheim, Calif., this Wednesday for three days with an expected 30,000 operators, programmers and exhibitors in tow. Here are some of the things they'll be talking about.

Can AT&T make TCI ring a Bell?

Corporate cultures clash as the merger plan tries to turn the MSO into a phone company

By John M. Higgins

Tucked away inside AT&T's Basking Ridge, N.J., corporate headquarters is an office wired with what the long-distance telephone company's chairman, Michael Armstrong, envisions as the cable system of the future. Loaded with telephones, the single room is linked to the cable system headend about eight miles away, designed to shuttle local telephone traffic over the property's existing optical fiber and copper coaxial network.

Listen carefully to different phones. Can you distinguish the signal quality of the sound of plain-old, but reliable, twisted-pair copper from the super-advanced IP telephony call straight over the cable system? Check your e-mail over high-speed WebTV and click on a phone number that a colleague includes in her "signature." The digital set-top converter system calls her back and then rings your phone when the call connects. Home sick today? Read your office faxes over your Trinitron.

AT&T executives have been parading congressmen, regulators, securities analysts and anyone else they feel the need to impress through the demo room and a similar one in Washington. The aim is convincing these players of the wealth of new products—and competition—that AT&T will create if Armstrong is allowed to mate AT&T's long-distance operation with cable in a $48 billion takeover of MSO Tele-Communications Inc.

But one thing stands out starkly in AT&T's little room. What about TV? The futuristic vision of cable that AT&T is displaying has no futuristic vision of video. No episodes of *South Park* interlaced with information from Comedy Central's Website. No playing against Whoopi Goldberg on *Hollywood Squares*. No interactive advertising, no video on demand.

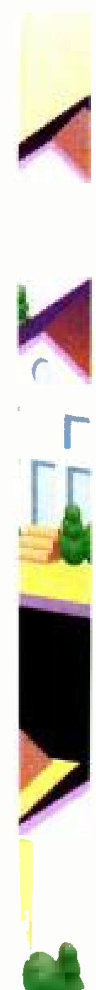
Has the AT&T chairman has forgotten that he's buying a company that has no telephone business and only a sliver of a data business? A company where nonvideo businesses will generate less than $100 million of TCI's $5.9 billion in revenue next year?

What that video-impaired demo reflects is how tightly Armstrong is focused on saving AT&T's core long-distance business by buying his way into the local market. After a year on the job of trying to transform AT&T, the message is clear: TCI will have to transform as well, from a TV company into a telephone company.

"TCI will give AT&T a path into almost one-third of all American homes. But more than that, it will give us the ability to exploit the convergence of the TV, PC and telephone to create a whole new generation of communications, information and entertainment services," Armstrong said in a recent speech.

In doing that, Armstrong also needs to bring other cable operators on board. Despite its size, TCI doesn't give AT&T a truly national reach. He needs to get access to other MSOs' coax into the home through joint ventures that will let them share revenue from subscribers' long-distance calls. Time Warner executives seem far along in negotiations, openly acknowledging that they would like an alliance with AT&T.

The big question is, who has the leverage? Armstrong, who after butting heads with operators over a joint-venture proposal last spring gave up and bought his own cable systems? Or other MSOs, which now see that Armstrong has committed $48 billion to



AT&T's Michael Armstrong wants to use cable to bypass local telephone companies.

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cable telephone and is under even more pressure to secure partners to truly make it nationwide?

"Don't kid yourself," says an executive on the AT&T side, confident that operators will ally with the long-distance carrier. "Who do you think needs who right now?"

Most operators are past the financial crunch that hindered capital spending and don't necessarily need AT&T's cash. Cox Communications Inc., in particular, is showing that operators can launch telephone services on their own—and without a major telephone brand name—and get double-digit percentage penetration.

The question is, can operators make better returns on investment by going alone and keeping all the profits or by splitting revenue with a powerhouse brand name?

"When you're dealing with a world-class brand, it can't help but enhance your local business," says Cox Communications Inc. Chairman James Robbins, who has had extensive discussions with AT&T. But he won't characterize how the financial model that the telco is proposing would work out.

"The RBOCs have some facilities, they're knocking on AT&T's door in long distance," says the CEO of one cable operator. "He has the world's greatest brand, but what else?" Still, almost all senior MSO executives contacted believe they could hammer out a deal that works for both sides.

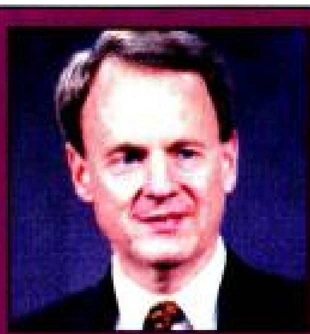
Armstrong and other AT&T executives declined requests for interviews, citing a "quiet period" while the Securities and Exchange Commission reviews the merger. That hasn't prevented Armstrong from making other public appearances, including a sit-down with PBS interviewer Charlie Rose.

AT&T's problems are an old story. For years it has been hammered by long-distance competition from the likes of MCI and Sprint, not just losing market share but actually seeing its revenue decline. A looming attack from the local Baby Bells is only going to make things worse.

At the same time, AT&T is almost completely dependent on the Baby Bells for transport to consumers and businesses and has to pay to access their local networks. Armstrong assails the local-access charges as "a tax" on phone service amounting to up to 30% of every long-distance phone call.

If Armstrong can either own the wires on one end of the call or cut a better deal with cable operators in other markets, AT&T could save billions of dollars during the next decade.

"By most estimates, the real cost of handling a call at the local end runs about a half-cent a minute," Armstrong said in a recent speech aimed at pushing regulators to slash access fees. "But the local monopolies charge three cents a minute for handling long-distance calls, six times higher than cost. And all those extra pennies add up—to over $10 billion per year in excess fees."



AT&T Vice Chairman John Zeglis, who was to be named chairman of AT&T's consumer business unit last June, has been keeping a low profile.

And with about $35 billion of AT&T's $52 billion in revenue this year coming from long-distance calls, AT&T foots a lot of that bill.

Even TCI executives privately express surprise at how little their counterparts at AT&T talk about the video business. "It's almost totally telephone and Internet," says one.

The road to the merger has not been entirely smooth. Friction between AT&T and TCI executives already has appeared, with sources saying that AT&T Vice Chairman John Zeglis is clashing with TCI President Leo Hindery.

A planned "tracking stock" to hold all of AT&T's retail businesses, consumer long distance, cable and cellular businesses may be reworked. Long distance may be held out and may stay in AT&T's existing networks unit with services targeted at business customers.

Worried about losing customers, America Online has seized upon the merger to try and wedge its way into TCI's high-speed Internet service @Home, using the regulatory approval process to secure a place on data customers' home screens. AT&T has warned that AOL's proposed restrictions on @Home could completely derail the TCI takeover.

Also a new—and much cheaper—method of trafficking phone calls that Armstrong has bragged about is slow in coming. AT&T executives are instead discussing rolling out more proven—and expensive—circuit-switched service in eight TCI markets next year. Executives familir with the plan say that they initially wanted to go into substantially more markets but were pulled back by TCI executives who thought the plan was too ambitious.

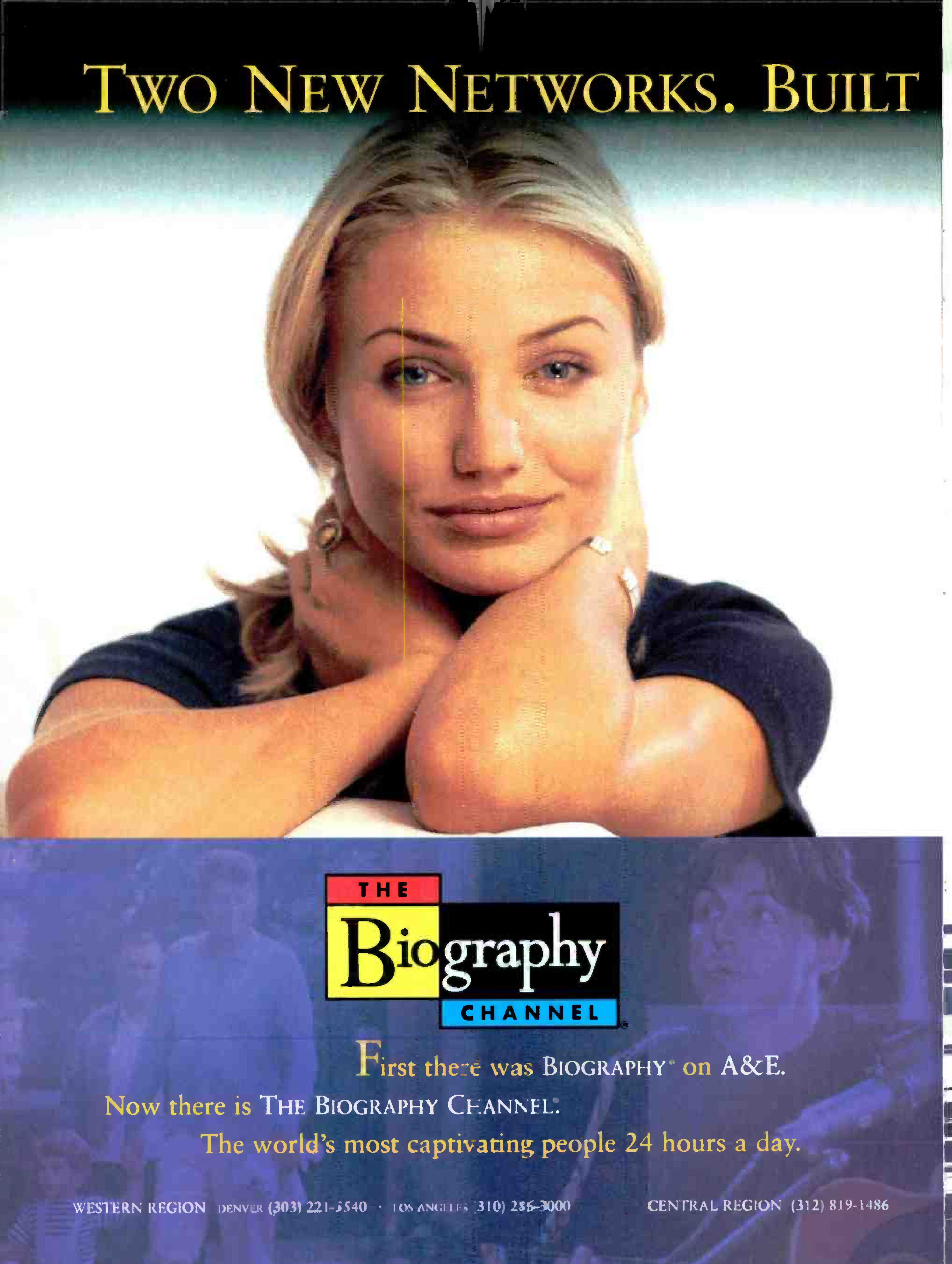
"AT&T gives every indication that not only do they believe in the cable TV infrastructure as the right platform for delivering integrated voice data and video, they think they can deploy telephone on a wide scale, now, in 1999," says William Deathridge, telephone analyst for Bear, Stearns & Co., who is openly skeptical of the aggressive mode.

One executive involved in the telephone rollout says that rollout is being accelerated not because of technology delays but because Armstrong wants to get into the market as quickly as possible. Those customers can be migrated over to IP telephone later, the executive adds.

Still, the deal seems to be on track. Despite TCI's unexpectedly weak operating performance during the third quarter, Armstrong says that he's pleased at what he's found at TCI systems. At a recent public appearance in Washington he acknowledged that when AT&T started reviewing TCI's operations in detail, he went in "with some anxiety about what I might run into." But he said that AT&T executives have found no alarming surprises, "none whatsoever."

Armstrong's task is enormous. He has to revitalize a company best-known for its bloated bureaucracy, where groupthink was a guiding management strategy. Previously CEO of Hughes Electronics Co., parent of DirecTV, Armstrong was tapped in October 1997 to succeed retiring chairman Robert Allen after a previous heir apparent was squeezed out after just eight months on the job.

Since settlement of a government antitrust suit splintered Ma Bell into a long-distance company and seven Baby Bells (since shrunk to five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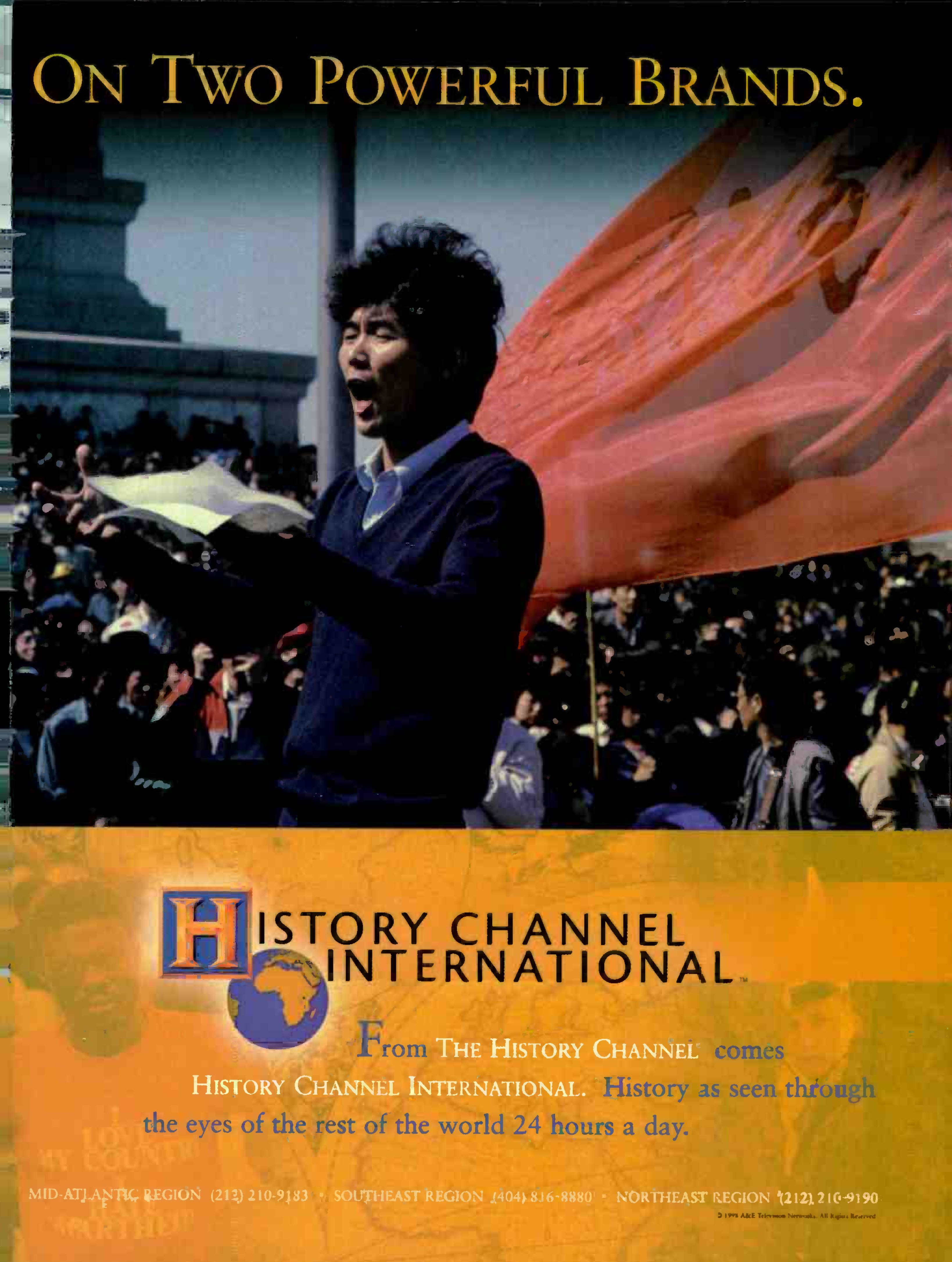
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through mergers) AT&T has been more famous for its missteps than any successes. The company made a complete mess out of venerable computer manufacturer NCR Corp., and a vaunted program to issue credit cards to phone customers misfired.

And most pertinent, Allen had invested $3 billion to push into local markets by reselling capacity on the Baby Bells' systems at a wholesale discount "that didn't leave much margin for selling, provisioning and service costs, much less room for price competition," Armstrong says. "Not too surprisingly, AT&T lost $3 to $5 dollars a month on every new local customer."

One of the first things Armstrong did was to shut that business down. He then sold the credit card unit and worked to slash costs by cutting 15,000 jobs, more than 10% of the work force remaining after earlier cutbacks. He also scrapped a deal to sell DirecTV to AT&T customers and sold the 5% stake in the DBS service back to Hughes. Owning even a small stake in cable's biggest competitor was impeding other discussions with cable operators. Also, while the telco envisioned signing up millions of DirecTV customers, the venture never went anywhere.

Armstrong, of course, helped negotiate that deal with AT&T as CEO of Hughes. "Bob knew it wasn't a great deal for AT&T when he was at Hughes," said TCI Chairman John Malone in an interview this summer. "So one of the first things he did at AT&T was get out of it."

One move considered a strong success was cutting an $11.4 billion deal to acquire Teleport Communications Group Inc. from TCI and other MSOs that Armstrong now is wooing. The competitive local exchange carrier focuses on large business customers, wiring them to bypass the local Bells and their hefty access charges.

That gives Armstrong a business customer strategy, but it took TCI to get him into customers' homes.

That's going to require a lot of work on TCI's part. Right now, just 19% of the company's plant is technically capable of two-way Internet traffic, much less phone traffic. Armstrong contends that the systems can be speedily upgraded, with 60% ready for two-way data and phone service by the end of next year and 90% by 2000.

The deal presents a difficult culture clash for TCI executives and workers, because the telephone company operates much differently than the relatively fast-moving cable company. AT&T executives speak somewhat derisively of TCI's "cowboy" style. TCI executives describe AT&T's management style as "digital compression," requiring 40 AT&T people to do the job of one TCI employee. However, AT&T generates about $430,000 in revenue per employee, while TCI generates less than half that ratio.

One point of friction is between Hindery and Zeglis. As laid out last June, Zeglis was to be assigned as chairman of what was tentatively called "ConsumerCo," a unit comprising all AT&T's consumer businesses. Hindery was to serve as number two. The consumer unit is to be structured as a tracking stock that would keep the unit ostensibly a subsidiary of AT&T but assign the financial rights to a separate group of shareholders.

Conservative investors could stick with AT&T common shares tied to the steadier services aimed at high-volume business customers. More aggressive investors could shoot for better rewards from the more volatile consumer long-distance, cable and cellular operations.

Few in the cable industry believed that structure will work. Known for his decisiveness, Hindery is the man most responsible for pulling TCI out of a 1996 financial crisis and getting it in shape to sell to anyone. The TCI sale will make him worth at least $250 million.

Zeglis is a longtime AT&T lawyer, first as a partner at Chicago law firm Sidley & Austin, then as inside counsel. One of his claims to fame was taking a pivotal role in engineering the breakup of the old AT&T. Well-liked inside the company, Zeglis was jockeying for position when the board of directors was looking to replace Allen as chairman and CEO.

TCI President Leo Hindery, known for decisiveness, was to serve with AT&T's consumer business unit as number two under John Zeglis, but few in the cable industry believe that structure will work.

It became clear to insiders that Hindery and Zeglis were going to have problems. After the deal was announced last June, AT&T's stock first rose and then plunged, as investors grew confused about the structure of the tracking stock. Executives on both sides went on the road to sell major institutional investors on the merits of the merger.

In the midst of the free-fall, Hindery crisscrossed the county to talk up both companies' stocks. But Zeglis was missing in action, taking a sailing vacation in Europe.

Since then, cable executives have been surprised by Zeglis's low profile. Two senior cable executives who have met with TCI and AT&T to hammer out telephone alliances say that Zeglis sat in the room but didn't really participate. "He's in a meeting and never says a thing," says the CEO of one MSO.

Hindery dismisses any talk of friction: "I'm looking forward to working for both Mike and John. I believe in my industry, I believe in what I do here. Anybody who suggests otherwise is wrong."

How long Hindery sticks around is another question. He has a five-year contract to stay at AT&T. Close associates question whether after running his own company, Intermedia Partners, for nine years before taking on the TCI turnaround, Hindery would be willing to put up with a much more intricate bureaucracy. Particularly since his net worth will be many times that of other executives, including his boss, Zeglis.

However, one TCI executive notes that "a whole lot of that net worth will be tied up in AT&T stock." That gives him a big financial interest in making sure the cable plans stay on track.

But the biggest speculation centers on Armstrong. He's spent his whole career at giant companies, working for 31 years at IBM Corp. as an engineer before going to Hughes. Can he turn around the mighty bureaucracy of AT&T, or will the Bell-head culture overwhelm him? "That," says the chairman of one MSO negotiating with AT&T, "is the most interesting question."

"I'm very impressed," says one cable CEO. "I think he's courageous, and he's tough. But he's got a culture around him that moves at a snail's pace." ■

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IP telephony: promising, but still problematic

The economics of the new technology are attractive but 'the big disadvantage is [IP] ain't done'

By Price Colman

The impending AT&T/TCI merger has created a buzz about Internet protocol telephony as the big score in competitive telephone services, but it's still not clear when that might pay off.

With its core long-distance business steadily losing market share, AT&T desperately wants into the local telephone markets ruled by regional Bell companies since the mid-'80s. The acquisition of TCI would give AT&T access to an estimated 30 million cable homes passed in key local telephone markets.

The economics of IP telephony are attractive. By using packet-switched technology, IP telephony can ride on the network with data and video signals. That means cable operators and other "pipe" owners—including AT&T (with subsidiary TCG), Qwest and Level 3—can leverage their networks even more effectively.

"The big disadvantage is [IP] ain't done," says Jim Chiddix, chief technology officer at Time Warner. "In terms of commercial-grade telephony, there are some missing pieces."

In the packet-switched model, analog signals—video, voice and data—are translated into digital and separated into packets. Like computer e-mail, each packet contains embedded information on where it's going and where it originated. Thus, millions of different packets can flow through the same pipe with, theoretically, no gaps between.

It's a far cry from the traditional switched-circuit, local-loop telephone model. In that, every customer has a dedicated line that goes from premise to central switching office. If the customer isn't using the line, it stays empty. But in a packet-switched platform, only the short chunk of pipe that goes from the customer to a main conduit, or trunk, is periodically empty. The trunk carries traffic constantly.

"For IP to become broadly deployable, we need to have the baseline reliability issue solved"
—Greg Braden

It's the equivalent of increasing traffic flow on interstates by moving vehicles bumper-to-bumper at highway speeds.

With packet switching, "If you need throughput, you can get it," says Tom Elliot, senior vice president of technical projects at Cable Television Laboratories, the industry's research and development consortium. "Having a nailed-up pair of copper wires, which you use irregularly, is not particularly efficient use of that medium."

As promising as IP sounds, cable operators are cautious. Key questions involve supplying power to phones even if electricity goes out, transmission delays or latency and the ability to provide enhanced services, such as call-waiting, three-way calling and caller ID. Those gaps will be filled, Chiddix says, but for now, IP telephony "is interesting but not a product."

AT&T appears to believe otherwise, although it's sending a mixed message. On one hand, the nation's biggest long-distance company launched IP telephony service in several markets even as it was announcing plans to acquire TCI. AT&T now has rolled out the service, Connect 'N Save, in seven markets, and it plans more introductions in coming months.

But AT&T appeared to hedge its IP bets recently when it cut a $50 million–$900 million deal for Arris Interactive circuit-switched cable telephony equipment. Arris Interactive is a joint venture of Nortel and Antec, the latter partly owned by TCI affiliate TCI Ventures Group and sales agent for the AT&T deal.

AT&T officials declined to be interviewed for this article, citing the "quiet period" related to the TCI merger. But the big spread in the order size is an implicit acknowledgement that Ma Bell is unsure just when IP telephony will be ready for prime time.

Cable companies have been seeking to crack the RBOCs' monopoly—with varying degrees of ardor and success—for several years, balancing eagerness with caution. Even small penetration translates into huge revenue, but it's a long way from the core video business and carries different risks.

That message was driven home for Cox Communications recently when a software foul-up by its vendor, Nortel,

Cable's connections

Residential cable telephony update

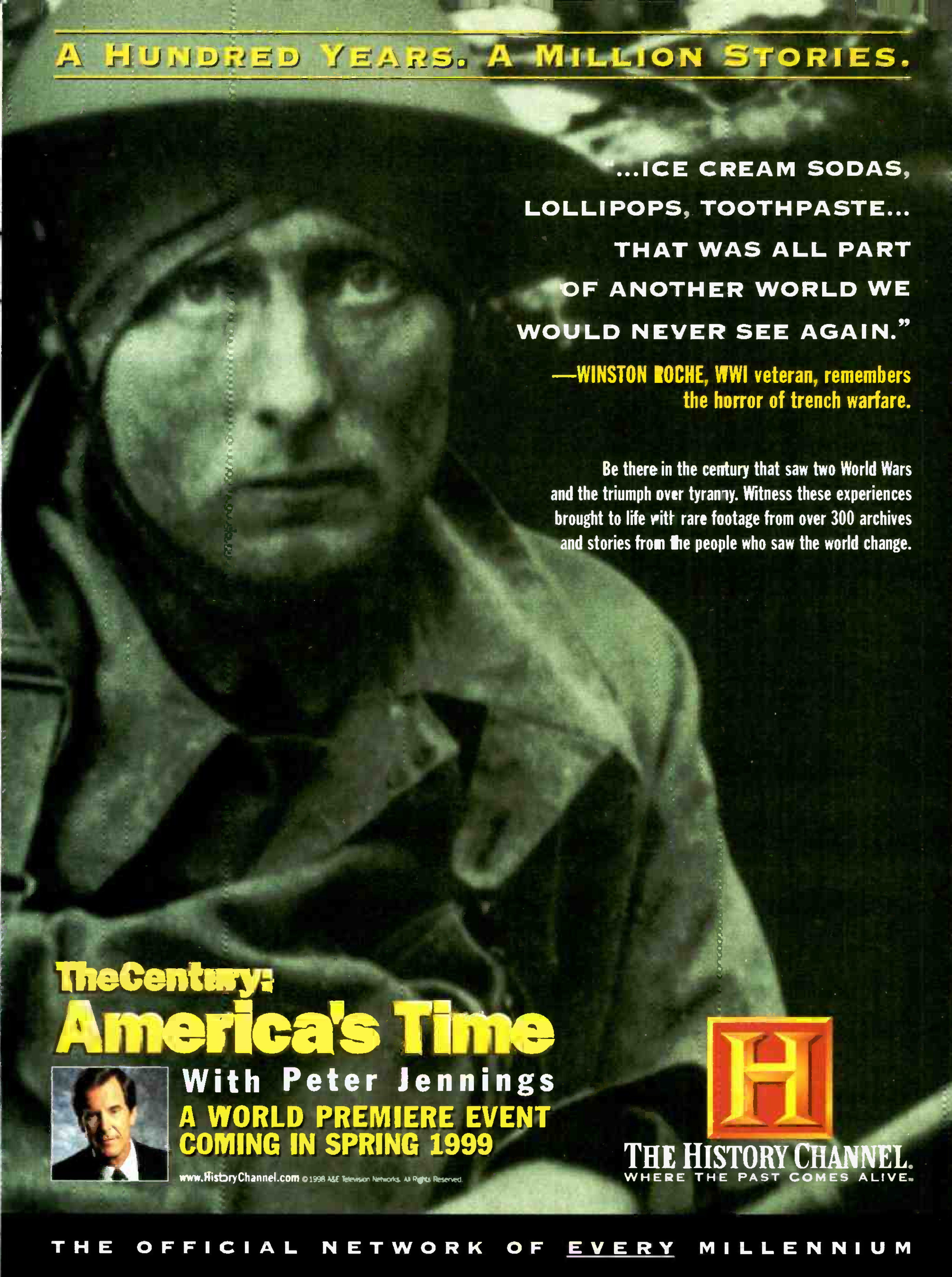
TCI: Launched in Fremont/Sunnyvale, Calif.; customer count: undisclosed

Time Warner: Launched in Rochester, N.Y.; customer count: 5,000

MediaOne Group: Launched in Atlanta; Los Angeles; Pompano Beach and Jacksonville, Fla.; Richmond, Va., and six Massachusetts communities; customer count: undisclosed

Cox Communications: Orange County and San Diego, Calif.; Omaha; Meriden, Conn.; customer count: 18,200

Cablevision Systems: Launched in the New York City area; customer count: 1,100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cut off service for five hours to 8,500 Cox telephone customers in Cox's key Orange County, Calif., market. That problem occurred in a circuit-switched network, which all cable operators have deployed thus far.

IP telephony is even more tricky. "For IP to become broadly deployable, we need to have the baseline reliability issue solved," says Greg Braden, vice president–digital telephone services at MediaOne.

In the three years since cable operators first stuck a toe in the water of local telephony, they've gained fewer than 50,000 customers, and that's a generous estimate. But cable operators are far along in capital spending to upgrade networks to HFC, and they want to maximize the return on their investment by selling as many products and services as they can over that network. The packet-switched approach that enables IP telephony opens up more opportunities by more efficiently exploiting the network's potential.

While the merger will open up local markets, AT&T is facing other pressures. The $48 billion TCI acquisition has raised questions about whether AT&T stock will still qualify as a "widows and orphans" equity. The merger may be a competitive watershed, but investors want assurance that the deal makes economic sense. IP telephony is one of AT&T's key arguments in making that case.

"[IP telephony] is three years old," says David Sokolic of VocalTec, the first company to deliver a commercial IP telephony product. "Circuit-switched is over 100 years old. It's going to take another generation or so until we reach a carrier-grade product. I think AT&T is under tremendous pressure to show revenue potential flowing out of the merger with TCI."

When IP telephony achieves the same quality, reliability and features as circuit-switched telephony, price will become the main differentiating factor, and IP's advantages should rise to the top, experts say. There are signs that voice communications, historically the brunt of traffic on phone networks, are gradually giving way to data. With cable's emphasis on video first, then data and voice last, some predict that telephone service may end up being close to free.

"It's one of the things that's awfully scary to telephone companies—that you start giving away telephony for nothing, it's just part of the package," says CableLabs' Elliot.

MediaOne's Braden contends that's unlikely for some time, given the staggering size—$230 billion annually—of the voice telephone market. For the time being, IP telephony is likely to focus on niche applications (second phones, computer modems and fax lines), Braden says, adding that MediaOne intends to begin testing IP telephony in 1999. ■

John Malone: Powering up a powerhouse

TCI chairman has control of Liberty; now, his task is to boost returns from programming dynamo

By Price Colman

With the AT&T/TCI merger sending John Malone off to run Liberty Media Corp., the TCI chairman and his management team face a gargantuan problem: how to get a return out of the $5.5 billion the deal will leave the programming company.

OK, so it's a problem a lot of people would kill for. For Malone, however, it's a near horror. Throughout his career at TCI, he has operated on two fundamental principles: The first is control; the second is aggressively using debt to boost his return on equity. Leveraged return on investment is practically as much of an article of faith to Malone as minimizing income taxes.

Under terms of the deal with AT&T, Malone has the control. Once the merger closes, his big problem is going to be how quickly he can obtain the debt necessary to put that $5.5 billion to work generating returns. Being Malone, he's going to put all that money to work in a way that keeps tax liability as close to zero as possible.

Post-merger, here's what Liberty looks like: $16 billion, primarily in public and private programming assets, combined with TCI Ventures' $8 billion in holdings; a $5.5 billion check from AT&T for @Home and Teleport (now AT&T) shares; $1.7 billion in tax credits, and AT&T's commitment to fund losses in start-up ventures, which makes Liberty a powerhouse with few peers. Then there's TCIV's 30% interest in the Sprint PCS joint venture, which will have to be sold and could yield some $2.4 billion.

Cable executives expect Malone to go on a takeover spree, spreading Liberty's newfound liquidity among ventures with a few different partners, expanding the programming company's substantial portfolio.

The prime post-merger question: What does Liberty do with that $5.5 billion? Cable executives and Malone associates expect Malone to go on a takeover spree, spreading Liberty's newfound liquidity among ventures with a few different partners, expanding the programming company's substantial portfolio. But the identity of those targets is not clear, perhaps not yet even to Malone.

"You know John. He's very conservative," says one industry executive familiar with Malone. "He's not going to do anything until he knows he's got the money." That means very few plans will be laid until the AT&T deal actually closes.

Malone has talked frequently and at length about creating a financing arm comparable to GE Capital that would put a substantial amount of that money to work buying hard assets—say, digital set-top boxes—and leasing them out to other companies. Be they digital set-top gear or rail cars, it's a quick, efficient way to put the money to work; banks will happily match Liberty up with specific leasing deals. Equipment leasing generates tremendous tax bene-


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fits and would allow him to start generating a return on all those billions that would otherwise sit in a corporate account.

But for a guy regarded as a media titan, going from cable's "Darth Vader" to "Boxcar John" isn't exciting. Industry executives who have spoken to Malone about Liberty say that his enthusiasm for a major leasing scheme has waned.

Some moves are clear. Liberty recently started a small subsidiary, Liberty Interactive, to invest in interactive television ventures. Liberty is acquiring total control of TCI International and intends to take it private. Both interactivity and international operations are fertile ground for investments.

"A lot of the things these guys do is like venture-capital investing," says Mark Greenberg, portfolio manager for mutual-fund giant Invesco's Leisure Fund. "You don't pick one deal you think is going to be a home run, you pick 10 deals. Maybe one is a home run, a few are doubles and singles and then the other five you lose your whole investment on. These are pretty smart guys. They've been successful in the cable business before."

Another key question: Does Liberty remain in the AT&T fold or is there a spin-off ahead? If so, when and what's the rationale?

Denver cable TV consultant Chuck Kersch is convinced that a split is coming, possibly at the end of 1999, when the five-year period since TCI repatriated Liberty ends. IRS regulations add a heavy tax burden to spin-outs effected during that five-year period to prevent companies from endlessly spinning out, reacquiring, and respinning subsidiaries in a sort of shell game aimed at enhancing stock price. And Malone, a Libertarian, feels about taxes the way most people do about root canals: Do all you can to avoid them.

"Liberty makes money, and being part of AT&T is a damn good way to shelter that money," says Kersch. "It makes sense, but where do you draw the line beyond what makes sense and something more strategic? You're looking at a scenario of preventing regulatory agencies from looking over your shoulder, and we know what Malone thinks of that. I think it's inevitable that [Liberty] will go to John."

Maybe. But while Malone himself doesn't dismiss the spin-off idea out of hand, he also points out that he has control even with Liberty as an AT&T tracker.

"It's certainly possible," he said of a spin-off during an August interview. "It's dependent on how Liberty and AT&T get along. The principal synergies are financial ones—tax consolidation and sharing a common balance sheet. That favors keeping the two entities together. It's unlikely there will be any discussion of spin-offs for some years. But sometime dissynergies may exceed synergies."

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Malone points out that under the deal with AT&T, Liberty not only receives both immediate and longer-term financial boosts but he also retains complete control of the company. "They were not paying for control of Liberty," he says. "No one contemplated selling control of Liberty at this time."

Liberty does present AT&T with an interesting regulatory scenario, however. AT&T, in a recent filing with the FCC, said imposition of any regulation that would require AT&T to "unbundle" its Internet business would "seriously jeopardize" the merger.

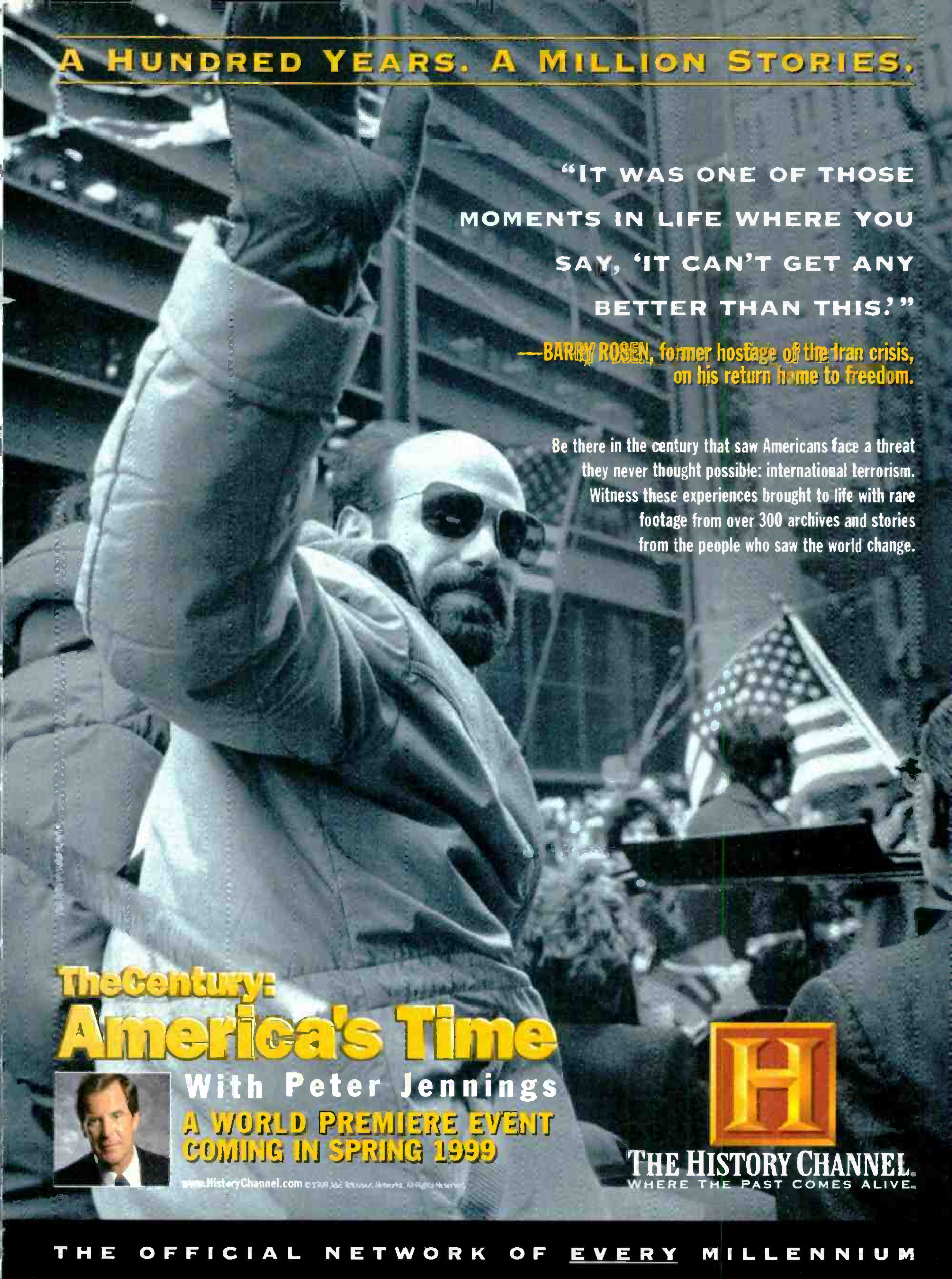
Sources close to the situation say AT&T's filing—a response to efforts by AOL and MindSpring to require AT&T to open its network to outside Internet service providers (ISPs)—was simply AT&T making its conditions clear.

"There should be no doubt in anybody's minds. They are absolutely not willing to have such a condition imposed," says a source familiar with both AT&T and TCI. "But do you think [FCC Chairman William] Kennard is going to stop the one transaction stemming from the 1996 Telecom Act to help [AOL's] Bob Pittman and his 15 million customers?"

From the merger's beginning the FCC has been generally positive, characterizing the transaction as a generator of true competition in the telecommunications sector. But the FCC has taken heat from some consumer groups wary of virtually anything TCI does. Thus, it's possible the FCC might back the merger but impose conditions on vertical integration. It wasn't so long ago that lawmakers and regulators in Washington, D.C., looked askance at vertical integration in the cable industry: owning the distribution system and the product. Indeed, TCI spun off Liberty in 1991 as a response to concerns about vertical integration. It was repatriated in late 1994 once the government relaxed programming-distribution cross-ownership provisions.

But a company the size of AT&T owning both conduit and content could kick-start another round of Washington wariness. And Malone is clearly looking forward to the day when Liberty can enjoy regulatory as well as financial freedom. Under the right circumstances, that might include a bailout of financially strapped Primestar and another run—the fourth for Malone—at the elusive 110-degree west longitude orbital slot.

"I think [the Department of] Justice's attitude about what I control will change after the AT&T deal closes," says Malone. "Once I'm no longer a control shareholder of cable, what I personally do with regard to programming and satellite is no longer such a concern. The rules change." ■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Cable gets with the program

Complexity and competition are the new guides for filling the pipeline

By Donna Petrozzello

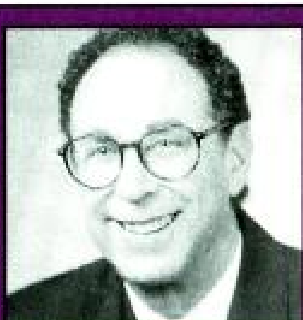
Last year, when Time Warner Cable programmers in New York labored over which cable networks to include on the system's expanded basic tier, MetroChoice, network programmers wooed, seduced and strutted their stuff, hoping to gain carriage in the nation's number-one market.

Time Warner Cable New York division president, Barry Rosenblum, says that although he entertained sales pitches from numerous cable networks that he would have loved to add to the 14-channel expanded package, Time Warner's choices were based on the results of a customer survey.

That survey, conducted over several months last year, asked customers to describe what type of channels and programming they would like to see added by their cable company. Time Warner is now introducing MetroChoice in a phased roll-out across the New York metro area.

Time Warner programmer Fred Dressler was involved with the several-month decision-making process for MetroChoice. While he says that some networks tried to woo Time Warner to better their chances of being added, "at the end of the day, it mattered not.

"We negotiated deals with programmers that met within the economic parameters that we'd set up for the MetroChoice product," Dressler says. "We ended up with selections that we think represent a good cross section of programming to meet every type of our audiences' needs."



"In the future, I think you'll start to see operators drop networks if the price/value relationship gets out of kilter." —Fred Dressler

The amount of time and work that Time Warner spent determining what networks to include shows just how difficult it has become for programmers at the MSO level to decide which services merit carriage on what little analog bandwidth they have.

"There is so much competition within the programming world that the fight for what channel you might add next, if you're going to add something, becomes complex," says Judi Allen, senior vice president of video, MediaOne, who oversees programming and marketing.

Allen and other programming officials at the MSO level agree that the complexity of the cable marketplace and the high level of competition among networks has impacted the structure of carriage negotiations in recent years.

"I think the business has grown so much more complex—and cable operators are exposed to so much competition in the marketplace among programming networks—that negotiations have the potential to be more acrimonious," says Allen. "They don't have to be that way, but they have more of a potential to be.

"I think that the interests of programmers and operators in some cases are more divergent and less similar than they were in the old days of cable," Allen says. Before joining MediaOne earlier this year, Allen spent three years overseeing programming and marketing for Century Communications.

"There is so much competition within the programming world that the fight for what channel you might add next, if you're going to add something, becomes complex." —Judi Allen

NBC Cable Distribution president David Zaslav says that in recent years, he's noticed new cable networks launching on an economic model that prescribes launch fees and carriage incentives built in almost as a prerequisite to gaining shelf space on a basic analog tier. "That's made the market very competitive," he says. "But there are very few networks that can be profitable without charging sub fees."

Against current convention, Zaslav and NBC officials launched MSNBC in July 1996 in line with a "more traditional business plan" in which cable networks received a share of subscriber fees from the operators and reinvested those funds in programming. "The basic pitch from our channels—MSNBC and CNBC—is that we look for reasonable sub fees, and we bring the NBC brand, NBC talent and strong programming."

MSNBC, launched in July 1996, is currently carried in 62 million homes. The channel is not yet profitable, Zaslav says. NBC is hoping that MSNBC can reach 65 million homes by the end of 2000.

"There's such a huge number of channels out there, you simply can't carry them all," says Madison "Matt" Bond, executive vice president of programming at Tele-Communications Inc. "So you look at every programming component separately and engage in an analysis of whether that particular service, given its rates and programming, contributes something and produces a positive impact on your whole cable package."

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"Analog space is tight, but there's probably always room for a very good service," says Fox News Channel senior vice president of finance and administration, Jack Abernethy. "Ten years ago, if you were a service like ours that in two years gained carriage in more than 30 million homes, you could probably eventually expect to be added to a system. That's not the case anymore, because you're vying against a number of good services with strong backing and clear focus, and you have to be competitive on all those levels," he says.

MTV Networks senior vice president of affiliate sales and marketing, Peter Low, has worked both sides of the fence. Before joining MTVN just over a year ago, Low worked for 13 years overseeing programming for Cablevision Systems Corp. Low characterizes the relationship between programmers and operators as "responsible."

"I think operators have real issues to contend with," he says, "like limited shelf space and new needs for their bandwidth capacity, and they're trying to balance those needs. That's not an easy job.

"I think it's incumbent on us as programmers to do something that will enhance their business and to be very clear about what we have to offer," says Low. "And if we're not equipped to do that, then we simply won't get the shelf space. But I think it comes down to a responsible equation."

Over the past year, Low has worked to gain carriage for MTV Networks' retro sitcom channel, TV Land, which has increased its coverage universe from 20.2 million homes to 31 million homes since November 1997, according to Nielsen data.

"I think our success with TV Land is a consequence of the strength of programming and the confidence that operators place in MTV Networks' ability to provide a strong product," Low says. "There is limited analog space, it's very competitive out there and there are not a lot of operators coming to us with shelf space."

E! Entertainment Television's senior vice president of affiliate relations, Debra Green, says that despite the loud complaining from some MSOs about their lack of analog carriage space, basic networks are still able to get on major systems. Green and others are trying to gain carriage for E!'s two-month-old style., a fashion, arts and beauty channel.

E! has managed to sign style. to systems representing 3 million subscribers, although it gained 2 million of those by purchasing transponder space from QVC when it shuttered its Q2 and replaced the shopping channel with style.

"I started in this business in 1980, and since then, everyone has said there is no space for whatever new network I was selling," Green says. "The operators will tell you there never has been space, but it's amazing how much they've been able to launch since 1980."

Over the past year, several midsize networks have boosted the number of homes in their coverage universe by 30% or more, according to Nielsen.

Fox News Channel showed some of the strongest gains. FNC's subscriber base jumped from slightly less than 24 million homes last fall to more than 34 million homes as of November 1998, according to Nielsen.

Abernethy says that when he and Fox News Channel Chairman Roger Ailes launched the 24-hour news channel in October 1996, they had to overcome not only a tight analog marketplace but also competition from three other national cable news services.

To help gain carriage, Fox News offered an incentive package to operators that featured launch fees averaging $10 per subscriber. Abernethy says the launch incentive "helped, but the quality of our programming and the fact that we offer an alternative to the other news services was key." Abernethy also credits Fox's image as a "youth-oriented" programmer with helping the network differentiate itself from other all-news cable offerings.

E.W. Scripps entered the cable fray from an entirely different standpoint than Fox. In 1992, when it began unveiling its concept for a home improvement and gardening channel, Scripps was known for running newspapers and broadcast TV stations. They'd never ventured before into programming "category television" for cable, according to Scripps President William Burleigh.

Scripps decided to encourage operators to carry its fledgling Home & Garden TV (HGTV) channel five years ago by offering retransmission consent on Scripps-owned TV stations in exchange for HGTV carriage.

When some operators were receptive, Scripps recruited 54 other TV stations willing to barter retransmission consent for carriage of HGTV and threw in a cut of HGTV's ad revenue for six years, ending in 1999.

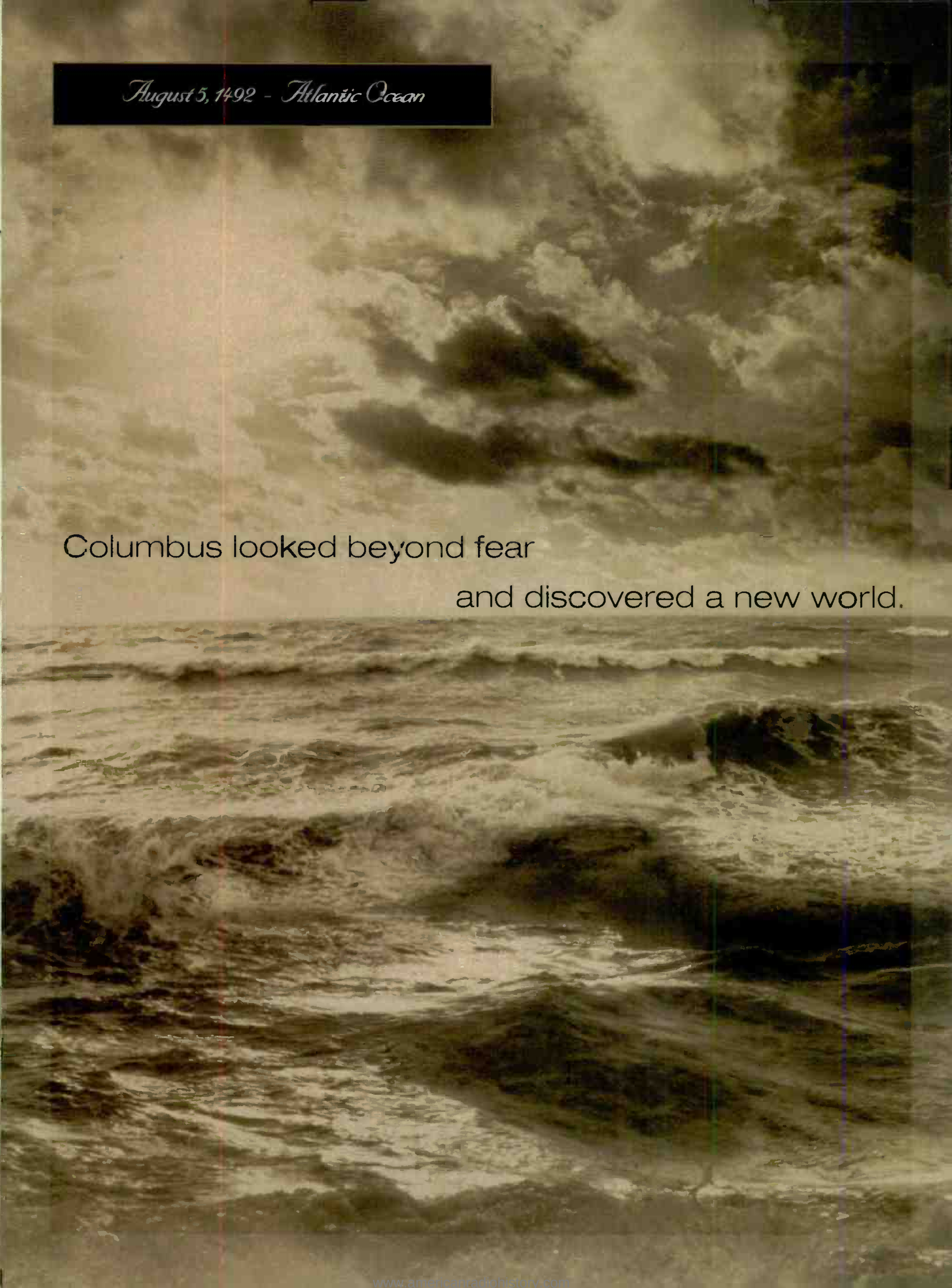
To maintain HGTV's growth, in 1996 the channel began offering operators $3 to $4 per sub in launch fees. The deal garnered the network about 9 million new customers, according to HGTV President Ken Lowe.

Scripps spent $63.4 million in subscriber-acquisition costs for HGTV, according to a third quarter 1997 financial report. Scripps expects HGTV to turn a modest operating profit at year-end 1998, and investment analysts peg HGTV's value at $12-$13 per subscriber.

Likewise, when Scripps took over managing control of Food Network in a station and cash swap with A.H. Belo in 1997, it spurred carriage deals by

"There are very few networks that can be profitable without charging sub fees."
—David Zaslav

"You look at every programming component separately and engage in an analysis of whether that particular service . ... produces a positive impact on your whole cable package."—Matt Bond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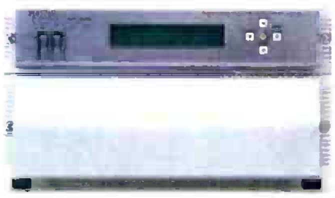

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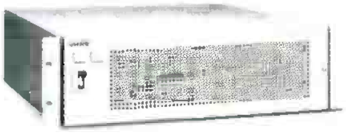

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requiring no subscription fees for the channel during the first 10 years, according to network officials. Food Network has not yet produced a profit on the estimated $100 million–$125 million that Scripps has invested.

Yet, HGTV and Food Network increased their subscriber universes 36% and 27%, respectively, over the past year. Given the constraints of limited analog bandwidth, many operators who've added channels to their basic and expanded basic tiers recently have chosen ones affiliated with strong network brands and identities.

"We have more choices now than we have ever had before," says Time Warner's Dressler. "And we've got companies with substantial resources that we have a lot of confidence will be able to deliver the programming as planned on the day they launch the network.

"It's incumbent on us as programmers to do something that will enhance their business and to be very clear about what we have to offer. ... And if we're not equipped to do that, then we simply won't get the shelf space. But I think it comes down to a responsible equation."

—Peter Low

"At the end of the day, operators are more willing to bet on people who've demonstrated a successful track record and on the ones who have the resources to improve the programming over time," Dressler says.

In a rare move, TCI has made a commitment to launch Oxygen, the proposed cable channel expected to emerge from former Disney/ABC Cable Networks president Geraldine Laybourne's latest venture, Oxygen Media. The company is designed to produce branded programming for women for distribution over broadcast, cable and Websites. The venture is a 50/50 effort with Carsey-Werner-Mandabach Co. in Los Angeles.

TCI, so far the only MSO to go on the record about its three-year commitment to launch Oxygen when it debuts, expects to carry the channel principally in an analog format. At a time when TCI is steering most of its add-on services to its digital Headend in the Sky cable service, Bond says the quality of the people behind Oxygen made it compelling enough to launch in a basic format.

"Carsey-Werner-Mandabach and Gerry Laybourne have impeccable credentials at creating high-value product," he says. "The women's audience is an underserved niche, and Gerry is well-suited to add good additional product to this niche."

Program costs vs. license fees

Programmers at the MSO level are struggling to cover steep hikes in programming costs for the A-tier networks that anchor their basic lineups.

David Intrator, until recently vice president of marketing and programming at Marcus Cable, says that programming costs as a percentage of gross cable revenue for Marcus have jumped from "the mid-40s level to the mid-to-high 50s." Likewise, Allen estimates MediaOne's programming costs at near 40% of the company's gross cable revenues.

"The operators will tell you there never has been space, but it's amazing how much they've been able to launch since 1980."

—Debra Green

Dressler says that programming costs constituted about 3% of Time Warner's total revenue 11 years ago when he joined the company. Today, they are closer to 25%, he says. Dressler attributes the increases to "skyrocketing" costs charged by veteran cable channels and the addition of more channels on basic packages over the past decade.

TCI's Bond agrees that there is an upside and a downside to the license-fee hikes. According to TCI's financial statements for 1997, programming costs accounted for about 25% of its gross cable revenue.

"You can go back 10 years and see that programming costs have always escalated, and that's good and bad," says Bond. "Obviously, it creates financial pressures, but you're seeing more and more product being offered and more high-value product out there."

Allen sees the scales tipped in the programmers' favor. "The continuing escalation in license fees is a huge issue," she says. "I think, given the increased quality of their programming and increases in basic-cable ratings, the networks need to put more of the burden for their revenue growth on advertisers and not on operators.

"Frankly, the networks have a really good economic model with two revenue streams, subscriber fees and advertising, so they look for increases in both places all the time," says Allen.

"I just think we've reached the breaking point of affiliate fee increases that we can handle," Allen continues. "We can't pass them on to customers, because customers already are angry about how much their cable rates have gone up. I think the networks just need to be more efficient about how they add quality without increasing fees."

In the past two years, ESPN has been criticized by operators who say they have borne the brunt of the steep price paid for sports rights. ESPN raised its rates some 20% earlier this year to fund its $600 million, eight-year contract with the National Football League.

"The single toughest thing is trying to maintain some sanity on the license fee side and manage retail prices to the consumer," says Intrator.

"Obviously, there's a tremendous amount of pressure on programming costs, and a lot of that is derived from what's going on in the sports world," says Bond. "There are these teams that have a monopoly position, and it's created a lot of price pressure."

"In the future, I think you'll start to see operators drop networks if the price/value relationship gets out of kil-

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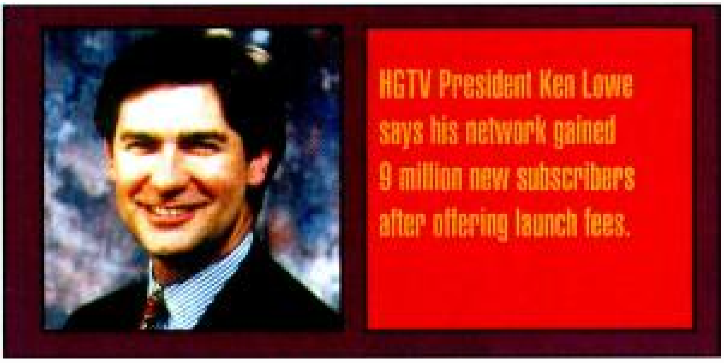
ter," says Time Warner's Dressler. "Either they'll be dropped from a system—because if a network is one of 100 channels the loss of one won't make that much difference to the consumer—or operators just won't renew programmers' contracts when they expire."

Not only are operators feeling their purses pinched because of sports rights fees but there also are added costs from networks that are spending multimillions to fund original movies and miniseries.

USA, for example, shelled out about $20 million for the four-hour *Moby Dick* last March, and HBO spent $68 million on the 12-hour *Earth to the Moon*.

In fact, HBO spent more on *Earth to the Moon*, a series that chronicled the Apollo space missions, than Universal Pictures spent making "Apollo 13," the theatrical starring Tom Hanks that inspired Hanks to make the series for HBO. The series budget was also about 10 times what HBO typically spends on an original movie.



"If we're going to deliver something people want to pay for, we have to maintain a quality that is cutting-edge in a number of genres," says HBO Chairman Jeff Bewkes.

"We're investing more in our programming because, ultimately, it's designed to pay off for the cable operator—because if it's good, the customers will be more satisfied and will spend more time with our services," says MTVN's Low.

Another factor imposing higher costs on programming networks is the rising price tag for syndicated off-network series and rights to air theatricals.

TNT paid an estimated $1 million per episode for rights to *ER* last year. Likewise, FX paid an estimated $40 million, according to industry sources, for a 12-movie package deal that will bring the cable network "The Full Monty," "The X-Files" and "Jackie Brown," among others. The package is based on deals with three different studios through 2001.

"Every network feels as though they need to have a solid license-fee increase going forward, because they see an escalation in cost for syndicated product," says TCI's Bond. "And the proliferation of networks exacerbates that, because there are more bidders. It is every network's challenge to deliver a positive price-value product.

But, Bond says, "I applaud USA Network for putting on *Moby Dick*. We need to see more of that, because cable can't look like a bunch of networks just carrying syndicated product. It has to have original, high-value, differentiated product."

The digital factor

While some programmers at the MSO level say that operators and networks still dicker over license fees, incentives and carriage deals, the proliferation of direct broadcast satellite services and digital cable feeds adds to the agenda.

Time Warner is in the midst of testing its digital satellite programming package, AthenaTV, in several hundred homes in Austin, Texas.

Launched initially with 30 digital channels, AthenaTV is expected to deliver as many as 100 channels by incorporating digital feeds from existing pay-per-view channels from Viewer's Choice and digital multiplex offerings from HBO/Cinemax and Showtime/The Movie Channel. AthenaTV's core of 30 channels includes Discovery Science, Ovation and Speedvision.

Dressler says that Time Warner's strategy is to encourage programmers to think digitally in their launch proposals because "soon everybody is going to be digital. Ultimately in the Time Warner universe, we'll get to digital everywhere," he says. "Networks that are trying to get access to an analog platform today have to realize that it's only a short-term advantage.

"We're fairly convinced that when customers see what digital cable can do for them, they will embrace it and word of mouth will take over," Dressler says.

Bond says he's increasingly introducing the possibility of launching channels on a digital tier into carriage negotiations. "DBS has added a competitive [element] to the decision-making process."

Over the past two years, Bond says, programmers have increasingly come forward with product developed especially for digital carriage. TCI recently announced its millionth HITS customer. Some industry onlookers estimate that the digital cable universe may reach 5 million by the end of 1999.

From a programmer's standpoint, Zaslav says that the challenge facing basic cable networks is devising a digital service that costs next to nothing to put up. NBC Cable may roll out one, possibly two digital channels within the next 12 to 24 months, he says.

While content has not yet been determined, Zaslav says that NBC is considering a weather news and traffic digital service and/or another digital channel that builds on NBC Cable's wellspring of business news programming at CNBC.

"A lot of the digital services out there are piggybacking on the programming content or library of basic channels," Zaslav says. "As programmers, we have to develop digital services that provide real value to the cable operator and at the same time have an economic future." ■

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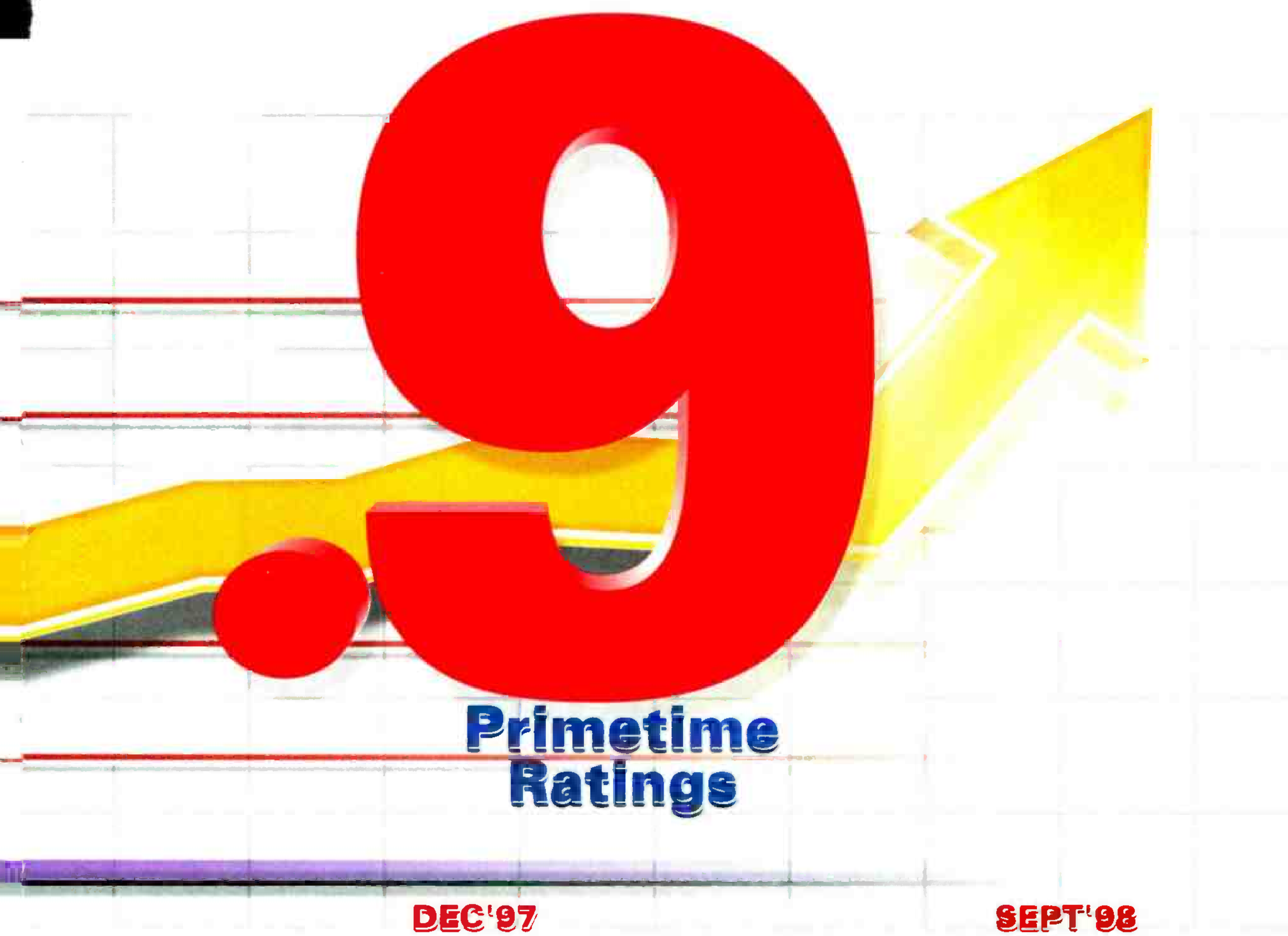

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How recession-resistant is cable now?

The business has changed since 1991, and it's unclear what an economic downturn would do to new products

By John M. Higgins

Investors decide the economy is heading for a steep downward spiral. With Malaysian flu spreading to Japan, Russia and Brazil, U.S. stocks start to crater. The bottom-dwellers paint a perfect picture of the stock market in recession: advertising-related and natural resource companies suffer the worst damage.

And what happened to cable during the worst of the mayhem this summer and fall? MSO stocks rose about 20%, ranking among the five best-performing stock groups. And why not? Entertainment sectors not dependent on advertising, particularly cable operators, tend to fare well during recessions: People cut out bigger-ticket items but continue to look for ways to amuse themselves. Movies become a cheap date. Video rentals become affordable family affairs. Cable, as a relatively cheap bulk distraction, did just fine during the last recession, in 1991.

But cable is becoming a much different business than it was during the last recession. Its future is becoming much more dependent on selling discrete products, like high-speed Internet and digital cable. It is basic cable that's recession-resistant. Pay cable, already plagued by high churn, became a mess in 1991.

So a big question is, if there is a particularly nasty recession, can digital and data maintain their high rate of growth? And will those products stick, like basic cable, or will they suffer high churn and slow initial trial from suddenly thrifty customers?

The same questions can be asked of direct broadcast satellite, which is too new a business ever to have seen a recession.

Cable executives express little anxiety. "New-product rollouts clearly would slow down, no question," says Charter Communications Inc. Chairman Jerry Kent. But he adds that "cable, being a cheap form of entertainment, may blossom."

"Who cares?" says Julian Brodsky, Comcast Corp. vice chairman. The new products are growing so rapidly that a weak economy that slowed sales growth still would make those products a huge financial contributor. "They're such an enormous success," Brodsky says.

Merrill Lynch & Co. media analyst Jessica Reif Cohen contends that cable still will be a "safe haven," at least during a moderate recession, which her firm predicts will hit next year. "Cable should be a defensive sector in this unpredictable market environment, given its lack of any exposure to foreign markets, declining interest rates and its recession-resistant quality," she wrote in a recent report.

It's not at all clear that the economy is headed for a downward spin, much less how steep a recession might be. Sure, unemployment benefit applications are up. But so is production. Economists worried about trade may be anxious over West Coast cargo ships that now arrive packed with cheap Asian-manufactured goods and go home virtually empty. Unsurprisingly, economists generally are split down the middle.

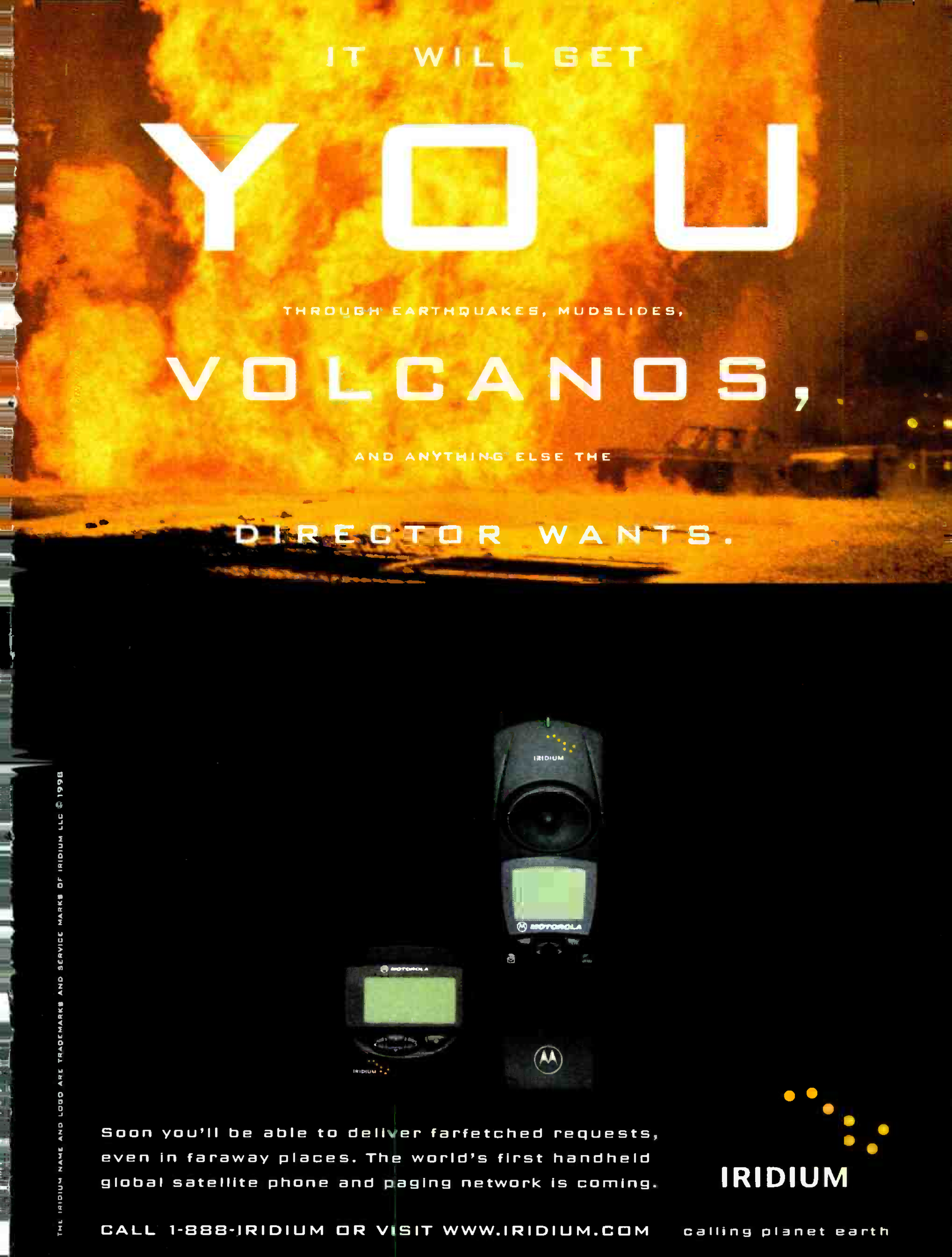
But the memory of the last recession is a brutal one for many media executives and investors. Beginning in August 1990 and lasting about 18 months, it rocked the economy, panicking investors most when gross domestic product plunged 2.5% during the first quarter of 1991. Overall, 1991 GDP increased an anemic 0.7%. On a regional basis, particularly in New England and California, the suffering was much, much worse.

Broadcasters took it hard, because the 1991 downturn was the first that affected TV and radio stations. A detailed recession analysis by Cohen shows that during the 1980 and 1982 recessions, broadcast advertising actually rose 12%-13% annually. Those, of course, were the days of broadcasters' dominance over their audience. After

"Cable should be a defensive sector in this unpredictable market, given its lack of any exposure to foreign markets, declining interest rates and its recession-resistant quality." —Jessica Reif Cohen

Movies on basic cable, such as USA Network's 'Moby Dick,' are a cheap date during a recession.

"New-product rollouts clearly would slow down, no question. ... Cable, being a cheap form of entertainment, may blossom." —Jerry Kent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growing 5% in 1990, broadcast ad spending dropped 4% in 1991.

That crushed asset values, with TV and radio stations selling for as little as seven times cash flow, versus 10-12 times in the previous two years.

Cable-system values crashed too, from 11-12 times cash flow to about nine times. But that had much more to do with a credit crunch from sudden restrictions on bank financing for takeovers, or highly leveraged transactions (HLTs). Those Federal Reserve HLT rules sucked all the energy out of the private sale market and out of trading in public cable stocks. No other industry was hit as hard.

DBS is "still such an immature product. Our subscriber profile is still vastly different from cable, so I'm not sure it makes sense to compare it to pay cable." —Bill Casamo

But that was no reflection of the base business. Cable was pretty resistant. Annual basic subscriber growth remained more than 4%; rate regulation hadn't kicked in, so operators were free to boost prices as much as they wanted. The combination meant that industry financials improved sharply, with revenue increasing 11% and cash flow at an even faster pace, 14.7%. That lifted cash-flow margins almost two percentage points, to 44.4%.

But there was one glaring weak spot: pay cable. Sales of channels like Home Box Office and Showtime dropped significantly, losing about a million units during the duration of the recession as frugal customers looked for ways to cut their bills while still keeping MTV, or simply didn't sign up in the first place. That was a mere 4% of pay movie subscribers, but it compounded the pressure facing the already-weak sector.

The industry is dramatically different today. In 1991, basic cable still was on a strong growth curve. Today it is not, with some operators unable to keep up even with the rate of new household construction, which has for years been seen as the bottom limit of cable growth. Competition from DBS has cable's base business close to stalling out.

The industry is heavily dependent on enticing existing subscribers into spending more and more money—writing big checks for digital cable's fatter packages of pay, pseudo-basic and pay-per-view channels.

For example, Bear, Stearns & Co. media analyst Ray Katz estimates that Cablevision's new businesses will generate just 8% of Cablevision Systems Corp.'s revenue in 2000. But the core business is slowing down so much that Cablevision will be dependent on new products for 82% of its expected annual growth that year.

The question is whether a recession would impede those sales. Digital cable requires at least an additional $10 per month. In its first year, Tele-Communications Inc. is seeing subscribers coughing up $15.50 per month. TCI executives also note that multiplexed pay services are a major driver of the 40 to 80–channel digital cable packages. At Comcast systems, the digital package has nothing but extra feeds of HBO, Showtime and the like, plus pay per view. If pay sales suffered in the last and deep recession, will digital suffer this time?

What Did You Do During the Recession, Daddy?

During the 1991 recession, cable operators and networks posted great numbers, faring far better than other media.

	1991 Revenue Growth	1991 Cash Flow Growth
Cable systems	+10.4%	+14.7%
Cable networks	+10.6%	+15.3%
Broadcast TV networks	-1.4%	-25.3%
Radio stations	+0.9	+6.5
TV stations	-5.6%	-18.2%
Records	+10.1%	+9.4%
Magazines	+6.3%	-7.1
Newspapers	-4.6%	-20.5%

Source: Veronis, Suhler & Associates

High-speed Internet service is another issue. Virtually all @Home and Road Runner data customers already have an Internet service for which they pay $15-$20 per month, but they crave the higher transmission speeds that cable provides. Will they pay the extra $20 a month?

Charter Communications' Kent notes that if they have a second phone line costing $20 or so a month for online use, the high-speed service is a wash. Drop AOL and the phone line and your cost is even.

But what about subscribers who don't have a second phone line? And how willing will Web surfers be to buy their own cable modems, as cable operators are trying to convince them to do?

Another factor this time around is advertising. In 1991, local ad sales made up a tiny percentage of cable operators' revenue. Today it's around 5%-7% and growing rapidly. However, advertising does not account for a huge part of MSOs' expected growth.

DBS is totally unproven. DirecTV and EchoStar fall into the category of cheap entertainment. But they still require at least some installation cost and a long-term programming contract, plus maybe payments for dishes and receivers. Further, they're more dependent on pay-movie networks—particularly United States Satellite Broadcasting, which no longer sells anything else.

"We have no reference points," says Bill Casamo, DirecTV's senior vice president for sales and marketing. "We're still such an immature product. Our subscriber profile is still vastly different from cable, so I'm not sure it makes sense to compare it to pay cable."

Both Casamo and Rick Westermann, EchoStar finance director, note that cable operators are likely to try to raise basic rates even further than normal to offset revenue shortfalls in other areas, particularly if federal rate regulations expire in March as scheduled.

Morgan Stanley Dean Witter analyst Marc Nabi says that the DBS services' growth rates could dip, particularly since they're increasingly dependent on stealing existing cable subscribers.

"Net adds [to subscriber rolls] would be affected, and you might see higher-cost platinum service going down to the basic-choice package," Nabi says. "But I would think we would be negligibly impacted." ■

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The perils of Primestar

Questions abound as to whether MSO partners will sell DBS service or if its new high-power plans will resurrect it

By Price Colman

Chairman Carl Vogel is faced with whipping Primestar into shape and launching a high-power service. Selling the company is still an option. Primestar's operations center controls programming for the medium-power DBS service.

Primestar Inc.'s predicament appears so grim at the moment that many on Wall Street figure that the company will be gone in a year, two at the most.

Analysts have been busy trying to calculate not only Primestar's value per sub but also its liquidation value. Primestar President Carl Vogel, despite being well-respected in financial circles, has thus far failed to convince the investment community that Primestar still has a business, albeit one of diminished expectations.

Executives close to Primestar acknowledge that the company has only one real option: move ahead with its medium-power business and launch a high-power service from 119 degrees.

One source close to the situation stresses that Primestar's major shareholders—namely cable MSOs Time Warner, MediaOne Group, Comcast and Cox—have committed to put in sufficient capital to keep the company "alive and going." It's unclear whether that support will extend to funding the launch of a high-power service.

"Don't assume the subs are being sold," says the source. "But don't assume they aren't."

Almost from its inception and launch in 1990 as K Prime Partners, Primestar has been a star-crossed satellite company. Three different attempts by TCI's John Malone to marry Primestar and the coveted 110-degree west longitude orbital slot have been stymied by the government. Even the formidable Malone/Murdoch team couldn't bring it off—or hasn't yet.

At the same time, Primestar has generated respectable revenue for its cable players. And when they consummated the sale of their partnership interests at the end of 1998's first quarter, they received $1,100 per subscriber in cash, equity and debt.

Those cable companies plus satellite-maker GE Americom continue to hold about 85% of the equity in Primestar. Only now the equity's on the verge of being worthless, trading in the same penny-stock ballpark as wireless cable.

Cable on the losing end

So who stands to lose most if Primestar goes belly up? Public shareholders? They've already seen their holdings in TCI Satellite Entertainment (TSAT) go from the teens to almost nothing. Debt holders? Depending on where they rank, they'll be the first to get paid if Primestar is liquidated or sold.

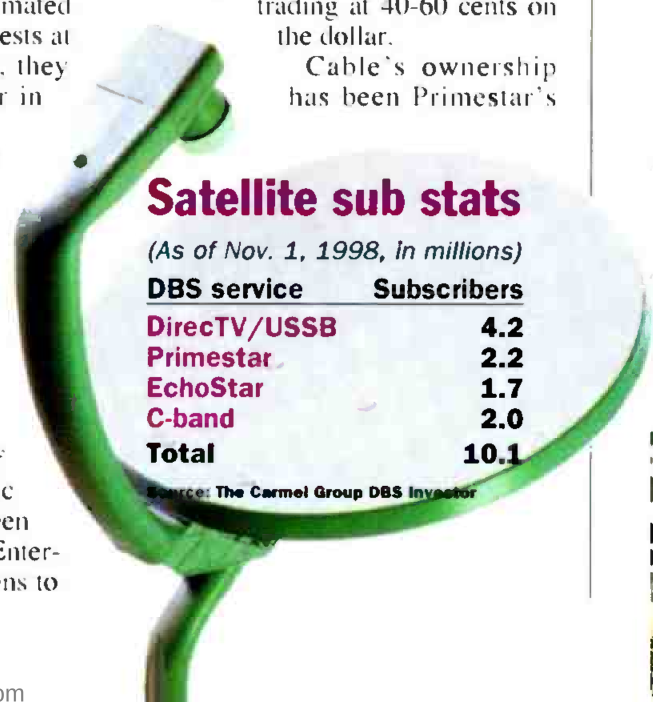
That leaves only the cable guys and Primestar employees. Employees are always the first and hardest hit and that would be no different at Primestar.

The cable group, with the largest investment in Primestar, stands to lose a bundle. According to calculations by Janco Partners' Ted Henderson, the aggregate value of Primestar post-partnership restructuring was roughly $2.3 billion to its cable investors.

Immediately after restructuring, the equity component was estimated to be worth about $1.5 billion. As recently as May, barely a month after the restructuring was complete, the TSAT shares that represent Primestar's public equity traded around $8. But since then, the shares have lost some 88% of their value. That means cable's equity stake now is worth about $188 million.

The equity represents only part of the MSOs' holdings in Primestar. Together, they own just under $800 million in Primestar debt. The public portion of that debt is now trading at 40-60 cents on the dollar.

Cable's ownership has been Primestar's



Satellite sub stats

(As of Nov. 1, 1998, in millions)

DBS service	Subscribers
DirecTV/USSB	4.2
Primestar	2.2
EchoStar	1.7
C-band	2.0
Total	**10.1**

Source: The Carmel Group DBS Investor

strength and its Achilles heel since the beginning. That's even more evident now that the company's on the edge.

"Primestar is not one soul," says Robert Berzins, bond analyst at Lehman Bros. "It's made up of different entities with different objectives: public shareholders, Time Warner, other cable operators. Some of those other cable operators have significant programming interests, some do not. Primestar is a customer as well as an investment for some of these companies."

When Primestar in early November issued a public statement that its major shareholders—read, the cable guys—had committed to support the company, the first question that popped up was, would the support translate into financial terms?

Based on signals they'd been receiving from MSOs since the ASkyB merger cratered in October, few analysts believed it would. Some speculated that the cable interests might be willing to carve out those subscribers unlikely to receive digital cable in the foreseeable future and offer them to Primestar along with marketing support to acquire and retain them.

> **Key issues include how long Primestar can continue operating with the capital it has available and when, if ever, it will be able to return to high-yield debt markets.—Vogel**

Others speculate that certain of the cable players may simply want to cut losses and exit the business.

"Some of these companies may just want to move on," says one analyst. But without everybody on the same page, that will be difficult.

"If you are an equity holder in this thing and you are contemplating some kind of transaction that may have the effect of strengthening your most serious competitors—that is, DirecTV and EchoStar—you are not going to act hastily," Berzins says. "You are going to be very prudent and careful."

The political climate further complicates the situation. Via the U.S. Justice Department, the Clinton administration has done everything but buy TV time to signal that it won't tolerate cable ownership of a DBS company. The DOJ's rationale, as outlined in the lawsuit it filed to block Primestar's $1.1 billion merger with ASkyB, was that cable would use Primestar as a multi-edged anticompetitive weapon. Cable, went the DOJ's reasoning, could arrange to have its own turf guarded while Primestar aggressively attacked DirecTV and EchoStar.

The government's intention may be to get cable out of the DBS business, but the government's actions have effectively delayed that. Primestar's cable backers aren't likely to engage in a fire sale of assets if they can avoid it. The result: Primestar ends up staying in cable hands for months, perhaps indefinitely, until Vogel can whip the business into shape, resurrect the stock and make Primestar more attractive to a potential buyer.

But that scenario presents Primestar's cable shareholders with another quandary: Put Primestar into cash-conservation mode by severely restricting marketing, advertising and promotion and simply service the existing 2.2 million–subscriber base? Or pursue even a modest growth strategy?

Primestar's Vogel says the company intends to do both. Key issues include how long Primestar can continue operating with the capital it has available and when, if ever, it will be able to return to high-yield debt markets.

Divided at the top

Ironically, Primestar's biggest challenge hasn't been competing in the direct-to-home satellite sector. As the oldest of the domestic DBS services, it has demonstrated its ability not only to survive but also to produce reasonably solid revenue in the face of increasing competition.

The real challenge for the company has been coping with its ownership and control structures. Almost from the outset, the two larger cable partners—TCI and Time Warner—had an adversarial relationship, each with different strategies for the satellite service.

When the partners decided last year to consolidate their interests to streamline Primestar and improve its efficiency, Time Warner Chairman Gerald Levin adamantly opposed allowing Rupert Murdoch and News Corp. to obtain a piece of the company. The heated animosity between Time Warner and News Corp. stretches back to 1996, when Murdoch was seeking Time Warner Cable carriage for Fox News Channel. When Time Warner refused, Murdoch went to court, enlisting the aid of New York Mayor Rudy Giuliani. In the wild war of words that ensued, Time Warner Vice Chairman Ted Turner compared Murdoch to Hitler and challenged him to a fight. Turner even attempted to cut a backdoor deal with Charlie Ergen after Murdoch jilted EchoStar, pulling the plug on ASkyB's $1 billion merger with Ergen's company.

By most accounts, Murdoch had received a strong warning from cable that if he did the deal with Ergen, he'd have a tough time obtaining cable carriage for his growing network portfolio. Murdoch remained committed to satellite distribution for his channels, and a Primestar supercharged by possession of the 110-degree slot—Murdoch's bargaining chip—seemed the ideal ally.

But Levin and Turner, confident that Time Warner's ownership stake—at the time about 30%—gave it veto power, were prepared to thwart any deal involving Murdoch. Malone and the other cable partners managed to convince Levin that the one approach that solved the majority of problems was allowing Murdoch in. The $1.1 billion in satellite assets—including the crucial 110-degree slot, and cash Murdoch would contribute—meant that Primestar could become a powerful player in DBS, over time possibly the most powerful. Levin agreed, grudgingly, but not before exacting quid pro quos: Murdoch's stake had to be nonvoting, and what was by then the TSAT camp had to agree to essentially share control of Primestar with Time Warner. In addition, Dan O'Brien, who then headed Time Warner's satellite efforts, was to be put in charge.

The deal engineers had failed to accurately gauge government resistance, however. Once it became clear that only with cable's exit did Primestar have a chance at the 110 slot, Time Warner and TSAT put aside their past differences and agreed to sell. Comcast and Cox were less willing, but by mid-August a $6-per-share offer was on Murdoch's table. It was too late. ■

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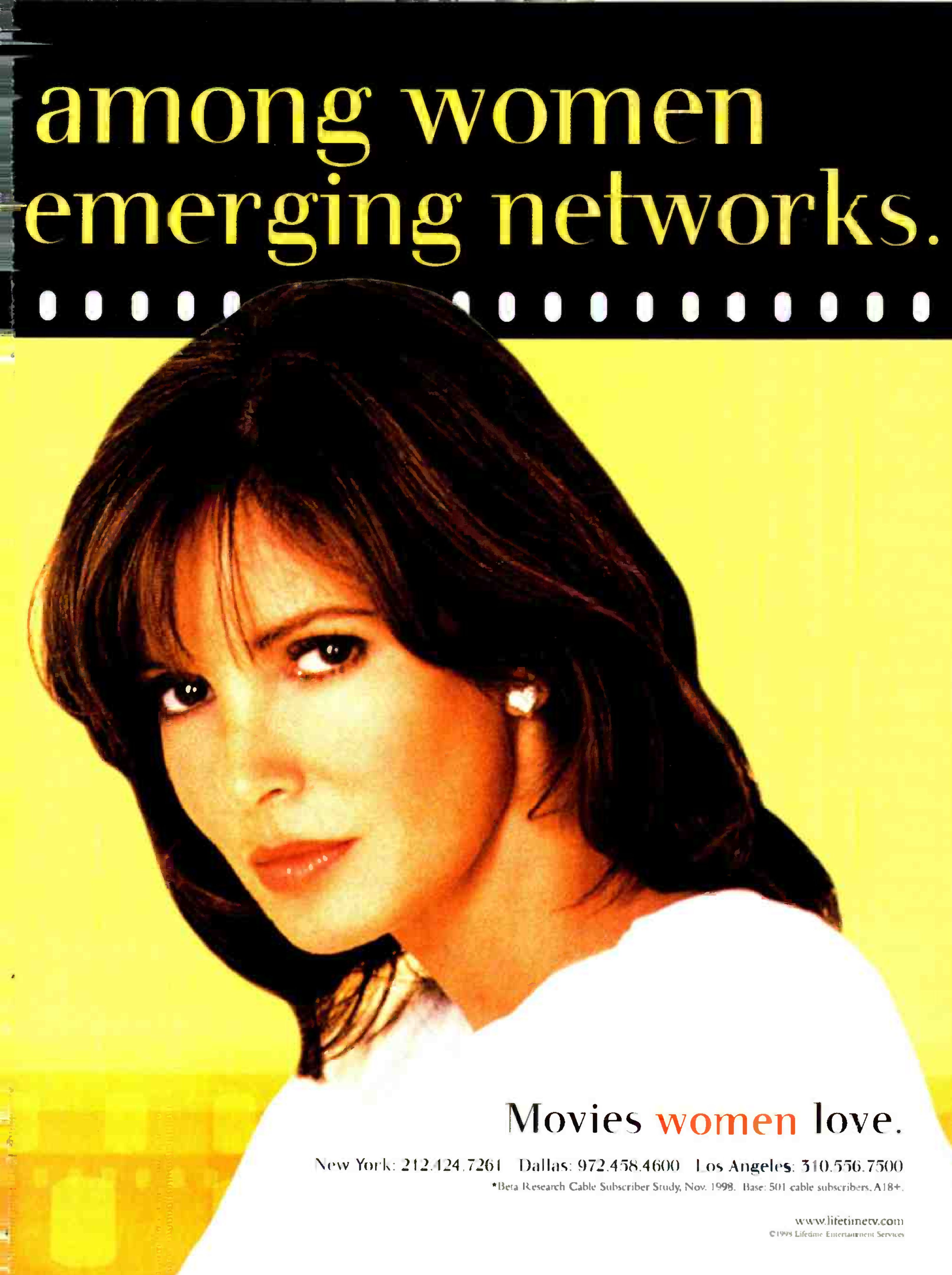
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THE WESTERN SHOW
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Dialing for dollars

Technological advances moving MSO telephony efforts; telco competition a major hurdle

By Bob Diddlebock, B&C correspondent

Cable telephony could be a strong candidate for a player-of-the-year award in 1999 if things continue to progress at the rate they did this year.

Most major MSOs are already playing for keeps or at least taking some warm-up swings in a game whose stakes rose dramatically earlier this year when AT&T announced plans to acquire Tele-Communications Inc. for $48 billion in cash and stock.

AT&T, which has watched interlopers nibble away at its long-held domination of the long-distance markets for the past few years, wants TCI's network to deliver local switched—and in time, Internet Protocol (IP)—telephony to homes and businesses.

The attractions for AT&T and others: Cable's fat pipeline into almost 70 million U.S. homes is being widened even more by aggressive fiber deployment and the refinement of hybrid fiber/coax network technologies.

It also helps that advances are being made in digital technology. There's more regulatory flexibility at the local, state and federal levels. Telephony capability can be built directly into a new generation of set-top boxes. And number-portability issues are slowly being ironed out.

Another element in cable's favor: The 1996 Telecommunications Act, crafted in theory to open up the $120 billion a year U.S. telephony market, is mired in court challenges. Foot-dragging could very well keep cable's window of opportunity open a while longer.

Considering the success that MSOs in the UK have had in marketing telephony—the industry's British penetration rate is 28%, versus 35% for cable TV—there are huge expectations in U.S. cable circles that telephone service, combined with high-speed data access, could pick up the revenue slack from flat basic and premium TV subscriber growth.

Cable's biggest players—Cox Communications Inc., Cable Systems Corp. and MediaOne—are at the head of the pack. But even smaller companies, such as 45,000-subscriber Knology Holdings Inc., are marketing local and long-distance telephone service, packaged with TV and data-access offerings.

Considering that the average consumer has as much love for the local Baby Bell as he or she might have for, say, a rattlesnake, telephony would seem to be an easy market to crack.

Paul Kagan Associates Inc. predicts that cable telephony revenue will total more than $16 billion a year by 2008. That would be almost 20% of the cable industry's total take.

Other analysts have pegged cable's telephony penetration potential as high as 30% in some markets. And the Yankee Group is bullishly predicting that cable telephony could serve 2.6 million subscribers by 2002.

The ideal prospect for cable telephony, according to MediaOne, has a moderate to high household income, wants a lot of advanced calling features, has moderate to heavy long-distance needs and is a frequent personal computer user.

To reach that kind of customer, MediaOne uses direct-mail, telemarketing and door-to-door sales efforts. Do they work? The company says it has achieved an average penetration rate of 8% in Atlanta and Culver City, Calif.

Still, the cable industry faces a long journey before achieving total telephony nirvana.

Millions of dollars have been spent, and many more will be shelled out, to upgrade plants to two-way capability. All- important powering issues must be addressed. Installers must be trained. Thorny interconnection issues with the Baby Bells must be dealt with. Complicated customer-billing problems must be solved. And the cost of technology developed by such heavy hitters as Arris Interactive, Tellabs Operations Inc., Motorola Inc., ADC Telecommunications and Lucent Technologies must continue to drop if rollouts are to gain momentum.

Then there's the competition: wired, wireless and Internet Protocol telephony players ranging from MCI-WorldCom, Teligent Inc., Qwest and IXC to ICG, Sprint and several forward-thinking electric utilities, among many others.

And, of course, there are the regional Bell operating companies, whose trump card is incumbency—something the cable industry has come to value in its battles with the direct broadcast satellite industry and the odd telco that wants to deliver TV service.

The RBOCs have brand names. Their basic service is ultra- reliable. They, too, are moving toward bundled service offerings. And the Baby Bells have lots and lots of cash.

"The hardest part for cable is competing against an incumbent [that] delivers service perfectly at subsidized rates," says Scott Cleland, chief of the Legg Mason Precursor Research Group.

He adds: "How cable, which is hated, will outdo AT&T is a tough one to figure out. It's a nightmare to deliver telephony."

Cox, which counts 3.4 million cable subscribers, doesn't agree. The company is delivering digital telephony in Phoenix, where it butts heads with US West, and in the San Diego area, where it's taking on Pacific Bell. Cox also is in upscale Orange County, Calif., where it counts some 5,000 customers; Meriden, Conn.; Hampton Roads, Va., and Omaha.

Through the end of September, Cox says it was serving 18,200 telephone customers who generated $9 million in latest-quarter revenue. That's up from 1997's third-quarter figure of $3.4 million.

Cox, which has extensively deployed Arris switched telephony technology, admits that its telephony play is a costly gamble: The MSO is spending $650 to wire a subscriber's

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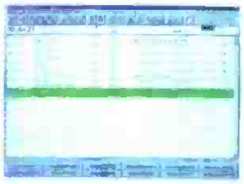

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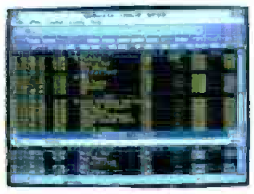

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But Cox says its keys to long-term success will be undercutting the local Baby Bells' prices by as much as 20%, marketing aggressively and offering discounts for telephony/video/data-access service packages. For example, Cox is charging as little as $70 a month in Orange County for such bundled service.

Chuck McElroy, Cox Communications vice president for new services support, says that the company's initial research showed that it might need market-penetration rates as high as 25% to break even. Now, Cox says it can hit break-even in the high single digits.

"The grass is always greener on the other side, but there are some dandelions," McElroy says of breaking into the telephone business.

Some that he cites: dealing with state utilities commissions; the fact that "the Bell operating companies don't always play with the public's interest in mind," and training customer-service reps to troubleshoot problems. "We're learning as we go," McElroy says, "but it's still a great opportunity."

That's what Jones Intercable in Alexandria, Va., Adelphia Communications Corp. and Time Warner Inc. in 20 markets, Cablevision Systems Corp.'s Cablevision Lightpath on the East Coast and MediaOne in five major markets believe.

Then there's TCI, a diamond in the rough to AT&T, which bounced into the local-market telephony business earlier this year by purchasing Teleport Communication Group (TCG) Inc. for $11 billion from a cadre of cable investors.

TCG's fiber-optic networks throughout the East, especially in such lucrative markets as New York City, helped the company generate 1997 sales of almost $500 million.

If, as expected, the TCI acquisition is wrapped up next year, AT&T says it will spend whatever it takes—some estimate that figure as high as $8 billion—to retrofit the MSO's rickety networks for circuit-switched and IP telephony.

AT&T, which is trying to cut telephony-carriage deals with Time Warner and other major MSOs, has ordered $50 million worth of cable-telephony hardware from Antec Corp.

AT&T's goal: sign up 4 million of TCI's 11 million cable TV customers for telephony in the next six years.

Is that doable?

"In short, the window of opportunity for cable companies offering telephone service is wide open today, and the technology has evolved to the point where it is a viable option," states a September report from the Yankee Group. ■

It's a small (cable) world

Generally upbeat smaller operators still concerned about costs, regulation

By Price Colman

Small cable operators, generally upbeat about the state of business, remain wary on two fronts: programming and regulation.

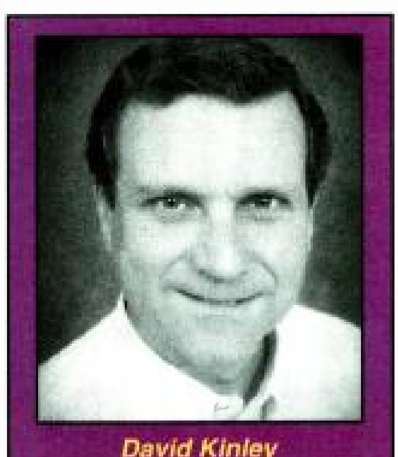
Operators say they're frustrated by the continuing upward spiral of programming costs, a concern they share with their larger counterparts.

They're also skittish about how the government will deal with key regulatory issues—digital must carry and DBS must carry, in particular—that will have an impact on smaller MSOs' ability to compete.

"We have access to all the programming we want. That's not an issue," says Steven Seach, president of Classic Cable, which has some 190,000 subscribers in systems averaging about 700 subscribers per headend. "But costs are escalating at an average of three times the rate of inflation. Programming in the cable business is somewhere between 45% and 50% of the cost structure."


Steven Seach

Cable companies with annual gross revenue less than $250 million are, by and large, unregulated. That means that, unlike their large MSO counterparts, what they do with monthly cable adjustments is based largely on common sense and market conditions.


David Kinley

But that's not the same as having a free hand in passing along hefty programming increases. A 15% rate increase might be a quick and easy way to recoup increases in programming costs, but that could draw fire from federal lawmakers and regulators.

In addition, there's a land mine: Under an FCC interim rule, if a small cable company is "affiliated" with a larger entity that has gross revenue in excess of $250 million, the small MSO qualifies for rate regulation. A number of small operators have allied with larger MSOs or are financially backed by large investors.

The interim rule is up for reconsideration, says David Kinley, president of SunTel Communications (formerly Sun Country Cable), and small operators want to close down the loophole created by the "affiliated" distinction.

"The definition of small business is critical," says Kinley, who's active in small-cable organizations. "We don't want big companies coming in with small companies acting as fronts."

The rate deregulation for smaller operators that accompanied the 1996 Telecom Act "removed a cloud over their business and opened up the financial markets," says Matt Polka, president of the Small Cable Business Association (SCBA). "That allowed them to obtain capital; upgrade; improve their

systems, and add new services like HITS, TVN and high-speed data they couldn't get while the threat of rate regulation was over their heads."

There's been some muted talk in Congress about taking another look at cable rates, perhaps extending rate regulation (set to expire in March) for larger operators. Larger operators and the National Cable Television Association are seeking to blunt such a move. Time Warner, for instance, has announced that it will keep 1999 rate increases to a minimum, and TCI says it intends to be as restrained as possible with rate increases. NCTA, reiterating the message it has broadcast for several years, called on operators to be cautious with rate increases.

Tommy Gleason Jr.

Smaller operators obviously "are very interested in maintaining their unregulated status," Polka says.

But smaller operators are caught in a double bind, executives say. Programming rates are rising an average of 14% next year, according to estimates, and customers of small systems are asking for content comparable to that offered by big MSOs. Tommy Gleason Jr., chairman of Galaxy Cablevision, says that means rate increases and probably tiering.

"Typically, smaller operators have been ... more conservative on rate increases," Gleason says. "It's not universal, but in general, [smaller operators'] average basic rate is significantly less than that of many large operators. We're going to have to close that gap. Also, we may have to create some tiering, which we don't necessarily like, but we may be forced into it."

While MSOs large and small face many of the same issues, they may be affected in different ways by the same phenomena. Recent volatility in financial markets has had a direct impact on cable stock prices and on companies' ability to finance debt. But there's a silver lining for smaller MSOs.

"In many cases, we've had lenders calling us, asking to get to know our members more," Polka says. "There are institutions out there looking for smaller cable companies. Just because they're small doesn't mean they're not sophisticated."

The growing influence of the SCBA and of the National Cable Television Cooperative, which buys equipment and programming for smaller operators, is evidence of that sophistication.

The SCBA has about 300 members representing some 2.1 million U.S. cable subscribers. The smallest has about 80 customers, while the largest has about 225,000. The NCTC has 850 members who collectively represent nearly 9 million subscribers. NCTC membership encompasses about 5,800 cable systems, or roughly half the national total.

The SCBA usually tackles public policy and industrywide issues, while the NCTC negotiates master contracts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with programmers and with equipment and service vendors.

The SCBA focuses on three key issues, all tied to public policy: rate regulation, competition from DBS and digital must carry. With the possible exception of digital must carry, Polka expects no legislation to be enacted in 1998.

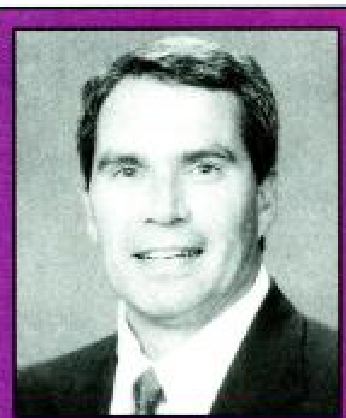
While the SCBA and NCTA generally are aligned on key issues, the smaller group doesn't automatically defer to its larger, deeper-pocketed counterpart. "We differ with the NCTC on phased-in must carry for DBS," says Polka, adding that the SCBA doesn't think DBS should get the phase-in break.

Kinley, a member of both the SCBA and NCTC executive committees, says that phase-in is a particularly sensitive issue.

"On the legislative front, I think we'll see reintroduction of the concept from Sen. McCain of allowing DBS to cherry pick the best broadcast signals and send them into a local market without having full must carry," says Kinley. "It's of major concern to the SCBA and members of the NCTC, because the big operators are not going to fight on that."

After recently wrapping up a deal with ESPN, the NCTC now has master affiliation agreements with more than 70 cable networks, according to Frank Hughes, NCTC senior vice president of programming. Previously, NCTC members could sign individual affiliation agreements with ESPN, but the per-sub fees were sky-high. With the master affiliation agreement, members now are eligible for the kind of rates that only a larger MSO could have negotiated.

There are still a few programmer holdouts—A&E, Lifetime, USA, WGN, TNN and CMT among them—Hughes acknowledges, but the flip side is that NCTC members are increasingly opting for HITS and TVN to bolster their lineups in the face of DBS competition—a major threat for smaller MSOs.



Frank Hughes

"We have some members, who, if they haven't rebuilt in the last few years and are below 450 mhz, are probably seeing some erosion," Hughes says. Conversely, "Many of our members are upgrading, adding digital. We have members in systems with 3,000 subs offering 60 channels of programming."

Some small operators also are turning to DBS providers to supplement cable service. DirecTV is conducting beta market tests with Classic Cable, Galaxy Cablevision and Anderson Eliason Cable. In addition, EchoStar is talking to several small operators about delivering a similar satellite "overlay" service.

Given the similarities and overlap between NCTC and SCBA, it's no surprise that they share common concerns. The more worrisome issues for Hughes include potential digital must carry, DBS and white-area issues and next year's retransmission consent talks.

"That's an ugly mess for smaller operators," says Hughes of retrans talks. "It's more difficult for them."

Despite potential trouble spots, Hughes predicts that the coming year will bring continued growth and expansion into new services, such as digital cable and high-speed data, for NCTC members.

"We have some members who have sold," acknowledges Hughes. "But many co-op members are doing the acquiring. Smaller companies are clustering in states, trying to build efficiencies, doing the same thing larger systems do on a different scale." ■

Ups and downs of VOD

After a decade of tests and trials, cable industry may finally be poised to transform VOD from an idea to a business

By Price Colman

Video on demand displays the cable industry at its most manic-depressive.

One minute, the industry is vibrating with excitement over an intriguing new service. The next, disappointment reigns as concept and execution have a high-speed head-on collision.

VOD: The Idea is a couch potato's dream: An on-screen virtual video store with hundreds of titles, including top movies, available via a few clicks of the remote. It's equally attractive to cable. Offer consumers convenience for a price and, in turn, take a bite out video stores' annual $15 billion rental and sales business.

Like many of cable's most compelling ideas (remember 500 channels and interactive TV?), VOD suffered from excessive hype, and early attempts fell victim to their inability to deliver on impossible promises.

"I can remember showing how we were going to take $12.5 billion from video stores back into cable companies," says Tony Werner, senior vice president-engineering and technical operations at Tele-Communications Inc. "As Bill Gates says, we overpredict the short-term and underpredict the long term."

Now, after 10 years of fits and starts, the infrastructure foundation to support VOD is well along, although still far from finished, and the cable industry is poised to transform VOD from a pilot project into a commercial product.

"As so often happens, until such time as capital costs come down and operation costs are where the real hurdles are, these things don't work [economically]," says Tom Elliot, senior vice president of Cable Television Laboratories. "Where VOD is now is that capital costs are dropping enough that this business is beginning to smell real."

VOD then and now

VOD in various guises has been on cable's agenda for nearly two decades. The most recent serious push came in the early '90s, around the time cable was dealing with a new round of rate regulation and was looking for a party dress that could make it attractive to Wall Street.

VOD looked to fill the bill. The problem was, before cable could dress up it needed a few years in the gym, pumping up the economics of VOD. Like a lot of cable products, VOD has long been doable on the technology side. It's the practical elements that until recently have eluded the industry.

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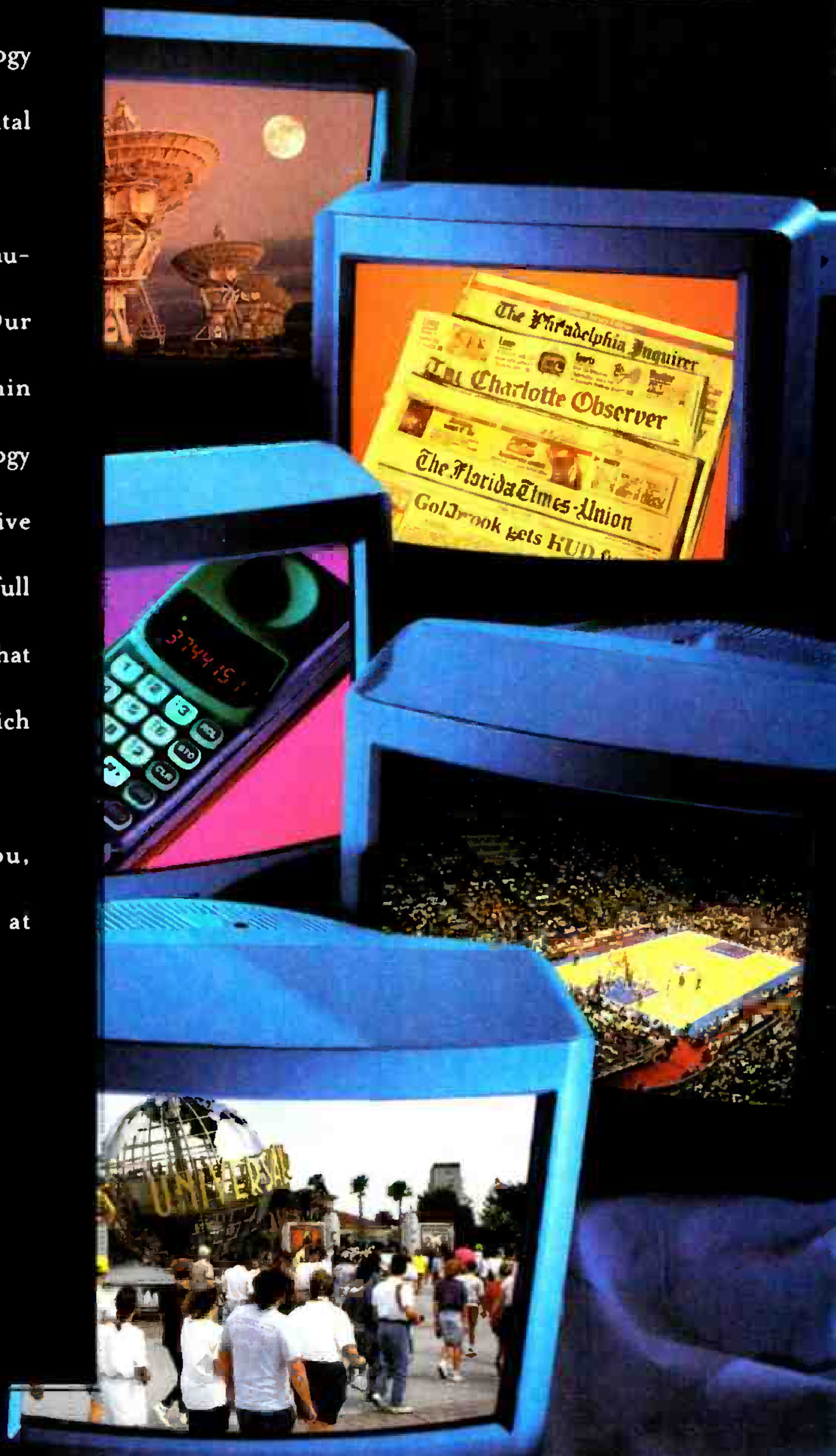

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of hybrid fiber/coax "pipe" in place. The prices for silicon-based servers crucial to VOD have dropped as performance has increased. VOD has evolved from a novelty item on display in expensive trials by big companies to a grass-roots effort by a small but growing number of competitors.

Four vendors have the early lead in VOD: Diva Systems, SeaChange, Concurrent and Intertainer. On the periphery, companies such as TVN, TiVo and ReplayTV are seeking to capitalize on consumers' apparently insatiable hunger for video programming.

Cable operators, meanwhile, are beginning to flirt with VOD as they continue to build the infrastructure foundation that makes it practical.

While VOD can work on high-capacity analog cable systems, most in the industry agree that two-way digital cable systems, along with advanced digital set-top boxes, are the real enablers.

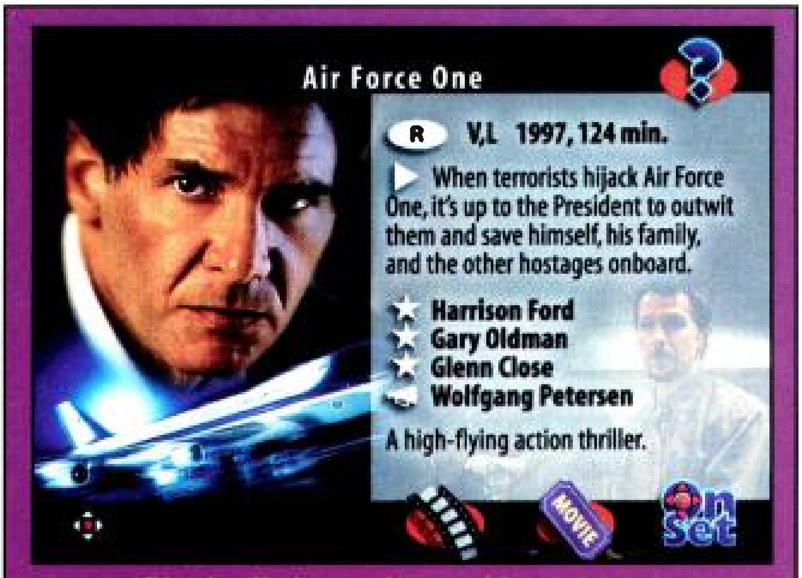
"In analog, we had an efficient broadcast architecture but not in a high-volume kind of environment where you have a point-to-point connection," says CableLab's Elliot. "Now, with video compression, that's changing. Once you have things in digital form, lots of other things begin to be logical to discuss. Certainly video servers, which are difficult in the analog domain, become straightforward in the digital domain."

During the period from 1992 to 1994, Elliot, who was then at TCI, headed the MSO's side of a market trial for something called Viewer Controlled Television, or VCTV. A then-unlikely alliance among TCI, AT&T and US West, VCTV was intended solely to gauge market acceptance of VOD.

Because of the expense, the three-phase trial was small: about 300 homes in affluent sections of suburban Denver. In phase one, half of the homes had access to what was called enhanced pay per view, essentially near-video-on-demand—popular titles with staggered start times but no pause/rewind/fast-forward capability. The other half had access to movies on demand, the VOD product, with full VCR-like functions. In phase two, access to the two products was switched; in phase three, all 300 homes had access to both the NVOD and VOD products.

Technologically, the trial was straight out of Rube Goldberg. From a network operations center in the Denver suburb of Littleton, technicians on roller skates cruised banks of VCRs, plugging in tapes per customer requests.

Time Warner's Full Service Network (FSN) trial in Orlando, Fla., combined technology and market trials. At 4,000 homes, it was far broader in scope than the Denver test. And at an estimated $200 million-plus cost, it was also far more expensive. The set-top boxes alone cost $5,000-$7,000 each, and there was an additional $3,000-$5,000 cost per video for encoding.



Diva is offering equity to cable operators.

Because Time Warner last year chose to halt the trial without expanding it into a full-blown commercial launch, the effort has been called an expensive failure. For cable's technology gurus, it was a valuable lesson.

"Without the Full Service Network trial, VOD perhaps wouldn't be real close today," says TCI's Werner.

Adds Jim Chiddix, chief technology officer at Time Warner: "We had very happy customers. They could order a movie or soap at their whim and do it at their control in a way they'd been trained to deal with. That's where we're going. It's not that in *x* years everyone will watch TV on demand, but it will be part of the way people use TV."

The two-way digital platform is still far from ubiquitous. TCI, easily the most aggressive in deploying digital, is playing catch-up in two-way activation. Others, including Time Warner Cable, MediaOne, Comcast, Cox and Cablevision Systems, are well along in upgrading analog systems and activating two-way but have been more deliberate in launching digital.

"There are some people thinking or talking about VOD as a huge technology that's going to take off in the first half of 1999 and sell millions of dollars worth of servers. I don't believe that's true," says Yvette Gordon, director of interactive technologies at SeaChange International, a maker of VOD servers.

There is potential for VOD to "make a lot of money," contends Gordon, who was at Time Warner during the FSN trial. But three key questions remain to be answered: "Does the business model really work? Do [consumers] really want it? Do studios really want it?"

Battling business models

It's impossible to answer question one without addressing the other two first.

Various market trials show VOD buy rates ranging from 0.5-4 movies per month (50%-400% in industry terms), so it looks like consumers are at least interested. Diva Systems, which has deployed its OnSet VOD service with four cable operators, says studios are eager for another product outlet.

Back to the business model. There are two general approaches: The hardware sales-only model and the full-service approach. SeaChange exemplifies the former, Diva the latter.

To make its case with operators, SeaChange has developed a business model that shows that an MSO achieving 16% penetration of VOD in a 200,000-subscriber system will hit cash-flow and profit break-even after 22 months. There's still nearly $4 million in annual overhead thereafter for staffing, equipment maintenance, content acquisition, encoding costs, studio payback and the like. But SeaChange also estimates that there's nearly $2 million in gravy each year for a single such system.

Diva's model is simpler but possibly

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ABOUT THE AUTHORS

James A. Brown is an Associate Professor of Telecommunication and Film at the University of Alabama. His experience includes chairing broadcasting departments and working with networks, stations, and production companies.

Ward L. Quaal is the president of the Ward L. Quaal Co. and retired president of WGN Continental Broadcasting Co. Mr. Quaal has over 40 years of broadcast experience and has won numerous broadcasting awards.

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less attractive to cable operators: Diva takes care of everything, including most of the revenue, but cable operators get to keep their percentage from the get-go. The translation for Diva is a recurring 40%-50% revenue margin. To enhance the appeal of OnSet, Diva is offering equity stakes in the company to cable operators who sign up.

Diva's model has attracted interest. Adelphia, Cablevision Systems, Lenfest and Rifkin & Associates all have commercially deployed the Diva system on a small scale. Diva President/COO Alan Bushell says that Diva has more than 1,700 paying customers: 850 from a Lenfest-Suburban Cable system; a little over 450 with an Adelphia system launched in February; about 250 customers from Cablevision's Monmouth, N.J., system, where Diva launched commercially in June; and about 200 customers from Rifkin's Atlanta system, where the service launched in July. Recently, privately held Chambers Communications said it will launch OnSet in two systems.

Diva and the operators agreed from the outset to limit subscriptions, because Diva's initial approach requires a second set-top box. But since early this year, Diva has been working with digital set-top box maker General Instrument to enable Diva applications to run on GI's boxes. Diva expects to demonstrate that capability at this week's Western show. GI expects to begin delivering large quantities of its advanced set-tops—the DCT-5000+ series—in the latter part of 1999.

SeaChange, meanwhile, has a memorandum of understanding from Time Warner to test SeaChange's MediaCluster server and software. Time Warner will do the testing sometime next year as it prepares to deploy its Pegasus digital cable product. In addition, SeaChange has aligned with Scientific-Atlanta to participate in developing VOD-ready systems for MSOs.

The SeaChange/Scientific-Atlanta deal means that SeaChange's VOD applications will be ported to S-A's Explorer 2000 set-tops. Pioneer Digital Technologies, which makes the Voyager set-top, has a similar deal with SeaChange.

Questions remain

On the eve of widespread VOD deployment, a number of issues remain to be addressed. For TCI's Werner, operational costs are a key item. The requisite technology has come a long way since the days of technicians on roller skates

Set-top solutions to VOD

A pair of Silicon Valley start-ups—TiVo and ReplayTV—are taking a different approach to video on demand.

Instead of putting control at a headend in a video server, TiVo and ReplayTV intend to sell storage with certain software features to the consumer at prices starting about $500.

The two companies' approaches are remarkably similar: Package high-capacity computer hard drives with VCR functionality and some additional processing power in a modem-equipped set-top box. Program the set-top for a nightly call to a computer server that downloads program information to an electronic program guide (EPG) on the set-top.

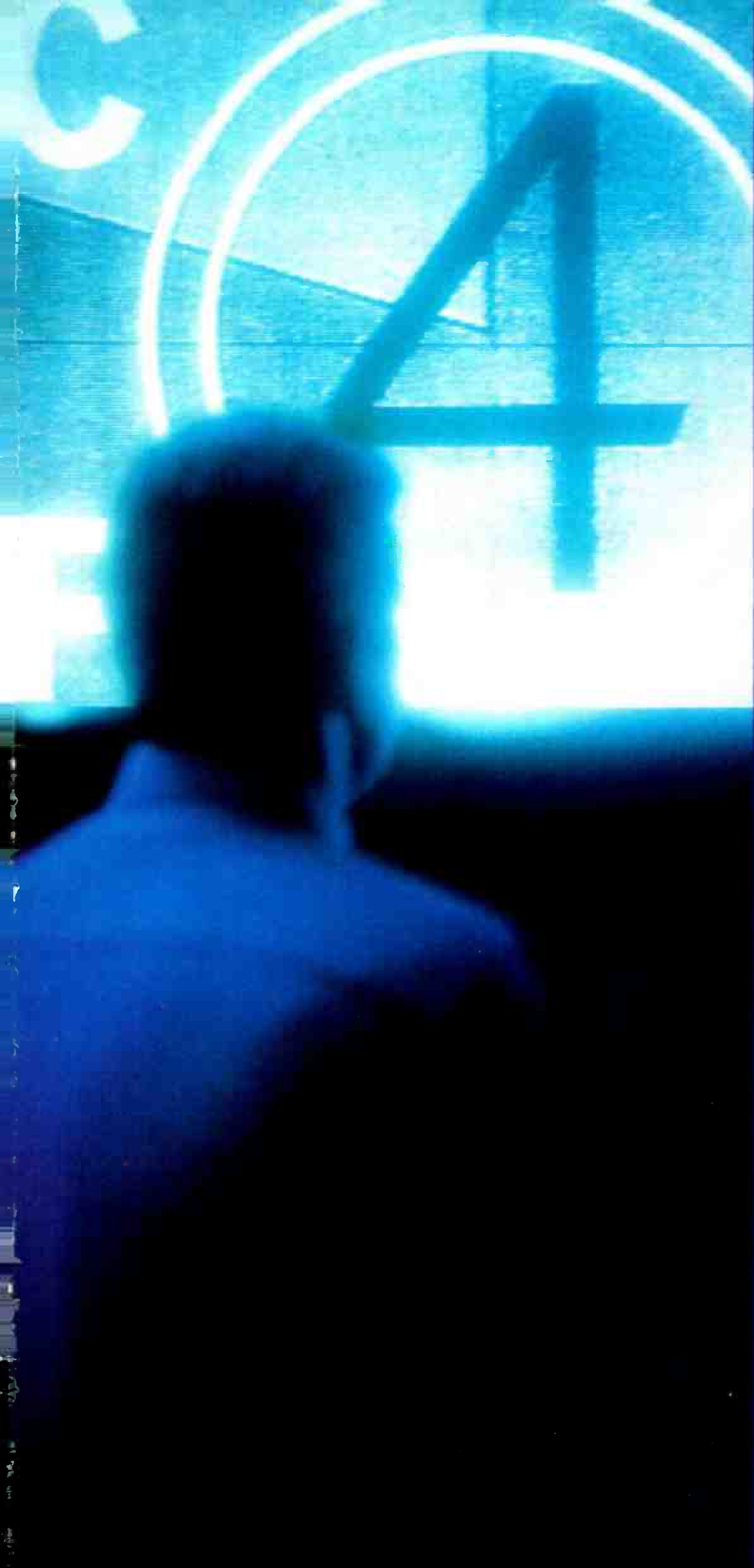
Viewers then can use the set-top EPG to select and record shows for playback when convenient. Can't watch *Friends* when it airs because Thursday is canasta night? Fine. Simply store it in MPEG-2 digitally compressed format.

There are some key differences in how TiVo and ReplayTV are implementing their technologies. TiVo touts the ability of its TiVo Center set-top to establish a user profile and then essentially compile a custom-tailored menu of programming that conforms to the profile. ReplayTV also offers the ability to customize the programming menu but requires more hands-on involvement from the user in making selections from the EPG. TiVo's approach is comparable to Internet "push" technology, such as PointCast. ReplayTV says its approach protects viewer privacy.

On the hardware side, TiVo says its initial set-top, currently in beta field tests, initially will store about 20 hours of video programming. ReplayTV's initial set-top will store about seven hours, but the company says it will move quickly to offer high-capacity storage units.

The business models also are different. TiVo's service initially will require a $10 monthly fee, although the company hopes to supplant that with revenue from advertisers that will pay to send highly targeted messages to viewers based on their profiles. ReplayTV says it consciously avoided the monthly subscription model, considering it a barrier to adoption. TiVo initially will charge $500 for its set-top, although executives say the company intends to move quickly to bring the price down. ReplayTV's set-top also will cost about $500; but the company plans to offer, through original equipment manufacturers, set-tops with options that will boost the price to about $1,000.

Both TiVo and ReplayTV are field testing their technology with launches planned for late this year or early next. Although neither company will have a booth at the Western Cable Show, they both intend to show limited product demos during the show. *—Price Colman*



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loading banks of VCRs. But video servers require substantial attention, particularly if an outage is unacceptable.

For the investment community, consumer demand remains unclear in light of weak pay-per-view numbers.

And, "We still haven't had widespread introduction of near-video-on-demand," says Mark Riely of Media Group Research.

Encore Media Group President John Sie has long backed NVOD over VOD, contending that NVOD—with starts every 15 minutes or so—satisfies most consumers' wants without the added expense of going to VOD. Sie, who was at TCI during the VCTV trial, says buy rates for VOD were only about 20% higher than buy rates for the NVOD offering in that trial.

Today, of course, cable operators are deploying two-way and digital for a lot of other reasons: new video tiers, high-speed data and telephony chief among them. VOD then becomes one more way of leveraging the network.

But even then, Sie says, á la carte VOD is the wrong approach. At Encore, he advocates what he calls subscription on demand: Offer a library of, say, 500 movies that's comparable to VOD, with VCR-like functionality, but charge customers a monthly fee for access.

"Whether the customer uses it or not, they're paying for the platform," he says.

One other key question is whether movie studios see VOD as a threat or an enhancement to their home-video business. Diva's Bushell says the response has been positive thus far. ■

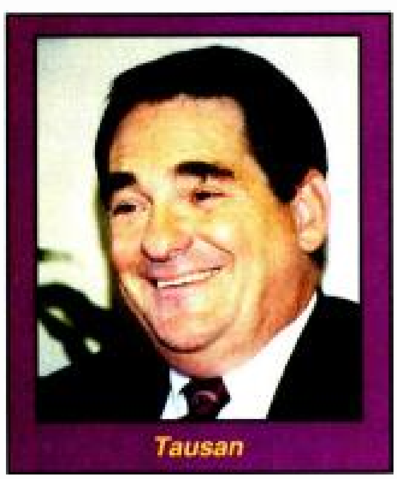
1999: Big year for cable regulation

Digital must carry, Internet access, AT&T/TCI merger just some of the issues in store for Congress and the FCC

By Bill McConnell and Paige Albiniak

The cable industry's regulatory and legislative fate is in its own hands. Congress and the FCC next year will determine issues such as digital must carry and satellite carriage of local broadcast signals, and cable's behavior in the next several months will guide the government's actions.

Regulation of cable's upper programming tier expires at the end of March 1999. If cable operators keep rate increases low, Congress will stay off their backs. But if rates jump, Congress is ready to step in.


Tausan

"Politically, cable is on pretty firm ground right now, but if rates go through the roof after deregulation fully takes place, they may find their position a lot more tenuous," says Ken Johnson, spokesman for House Telecommunications Subcommittee Chairman Billy Tauzin (R-La.).

Even if cable keeps this year's round of rate increases to judicious lows, Congress and the FCC want to drive cable prices down by bringing competition to the cable industry. While direct broadcast satellite providers are growing rapidly, the cable industry still holds 85% of the multichannel market.

The commission's annual competition report, planned for mid-January, is expected to conclude that the cable incumbents still face few sizable rivals. Consequently, Congress and the agency will feel more pressure to help cable's competitors in the next year.

"Competition is coming; it's just coming slower than Congress and the FCC would like," says John Norton, acting chief of the policy and rules division of the Cable Services Bureau.

The following is a look at the issues the cable industry faces during the coming year, in which bringing competition to cable will be a high priority for regulators and lawmakers.

Digital must carry

The cable's industry biggest fight in Washington in 1999: whether cable operators should have to carry broadcasters' analog and digital signals while TV broadcasters make the transition to digital broadcasting. The cable industry says "absolutely not" and claims that having to carry all broadcasters' infant digital signals will bump popular cable networks, while the broadcasters say that without digital must carry the transition to digital TV will fail.

The commission is working on a proceeding that considers options ranging from full must carry to no must carry plus everything in between. FCC staffers say the commission will complete that action by the second quarter of next year. Hill staffers expect the digital must-carry fight to come to them next year, because no matter how the FCC votes, "one party is going to be aggrieved, and the aggrieved party is going to come to us," says a staffer for a member of the House Commerce Committee (see story, page 106).

Satellite Home Viewer Act

Congress next year will complete a rewrite of the law that governs the satellite TV industry—the Satellite Home Viewer Act. The cable industry has stayed out of this fight—except to interject that whatever Congress does to help the satellite TV industry, cable expects regulatory parity, a point Congress does not seem too concerned about.

Congress, however, is concerned about bringing competition to cable. Lawmakers want to allow satellite TV companies to transmit subscribers' local TV signals to them via satellite—something the law currently forbids but that, once legal, should make satellite TV a more viable cable competitor.

Congress and the FCC tried to resolve this issue legislatively at the end of last session, because a Miami federal court's injunction will force more than a million satellite TV customers nationwide to lose their CBS and Fox network signals on Feb. 28, 1999.

Allowing satellite TV companies to offer local signals sounds simple, but

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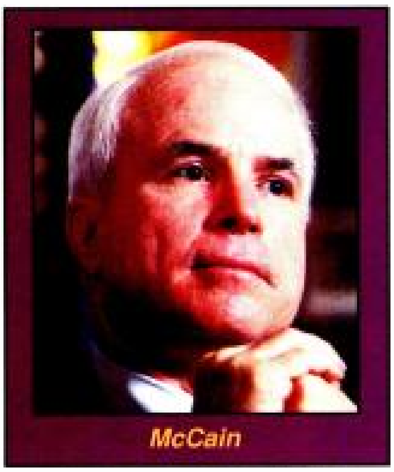
making the change automatically forces Congress to deal with a host of other issues, all of which are matters of contention between the broadcasters and the satellite TV industry.

The broadcasters did make a concession at the end of the last session to let the satellite broadcasters retransmit only some local signals until satellite TV companies have enough capacity to carry all of a market's signals. The satellite TV companies, specifically EchoStar, argue that it is too expensive and capacity-intensive to carry all the local signals in every market.


McCain

In return for that concession, broadcasters want a guarantee from Congress that satellite broadcasters will stop illegally beaming distant broadcast signals to subscribers who live within the outer portion of the broadcast signal (the Grade B contour) and who can receive broadcast signals over the air using a rooftop antenna.

Satellite broadcasters say that some subscribers who live inside the Grade B contour cannot get a clear signal over the air with an antenna, and they should be able to sell distant signals to those people. Disagreement on this point dealt a last-minute death blow to a bill that was sponsored by Senate Commerce Committee Chairman John McCain (R-Ariz.).

Meanwhile, the FCC also is trying to resolve the question of who within the Grade B contour can legally receive a local TV signal from a satellite TV company. FCC Chairman William Kennard has promised Congress that proceeding will be completed by the end of next February. The commission launched its rulemaking on Nov. 17 but did not offer a concrete proposal. Instead, the agency asked for industry input on whether a cost-effective model exists that can be used to predict which households are eligible for imported signals.

While the satellite industry wants to ease the benchmark for eligibility, FCC Cable Services Bureau Chief Deborah Lathen says that the satellite industry will have to rely on Congress for relief. "There's very little we can do to help [PrimeTime 24's] viewers," she says. "Unless there's some resolution by Feb. 28, two million subscribers will stand to lose their network satellite service."

The 106th Congress has to wrap up the issue next year, because the Satellite Home Viewer Act expires Dec. 31, 1999.

Internet and advanced services

Regulators are considering whether to propose rules that would subject cable systems' Internet operations to telephone-style regulation.

As part of the 1996 Telecommunications Act, the FCC is required to examine how to ensure that "advanced telecommunications services" are deployed on a reasonable and timely basis. As part of its inquiry, the commission asked whether Internet services offered by cable systems and other providers should be subject to the constraints of local telephone regulations, such as price controls, universal-service obligations and leased-access requirements.

The National Cable Television Association has argued that telephone-style regulation would discourage the industry from offering new services. America Online, on the other hand, has said that cable companies that own or are affiliated with Internet service providers should be required to let subscribers access the Web through unaffiliated providers as well.

Disputes about Internet services have spilled over to the proposed merger of AT&T Corp. and Tele-Communications Inc. AOL and others say that approval of the deal should be conditioned on TCI unbundling its high-speed 'Net services. But Lathen has insisted that the broad issue of advanced services will not be decided in the AT&T/TCI review.

In a related proposal, the FCC also is considering whether to let telephone companies establish Internet subsidiaries free from rate restrictions. In return, the subsidiaries would be required to lease access to their networks to cable companies and other high-speed data providers.

AT&T/TCI merger

Lawmakers and regulators seem to like this deal; after all, convergence between telephone and cable companies was one of the goals of the 1996 Telecommunications Act. But there are two points the regulators will be scrutinizing before putting their stamp of approval on the deal: whether other cable companies still will have access to Liberty Media's programming once AT&T spins the company off from TCI, and whether AT&T and TCI should be forced to allow competing Internet service providers to lease access on the new entity's high-speed broadband networks.

AT&T told the FCC in its comments on the merger that being forced to unbundle its high-speed broadband networks for its competitors' use would "seriously jeopardize" the deal. Competitors, such as America Online and MindSpring Enterprises, want the FCC to make that unbundling a condition of the pending merger. The FCC has not indicated which direction it intends to take.

The concern about access to Liberty Media's programming comes from wireless cable operators and telephone company overbuilders. The program-access rules give those companies access to most cable programming, because they forbid any cable company that owns cable operators and programmers from making exclusive deals with any distributor. But spinning off Liberty Media would exempt it from the rules.

TCI President Leo Hindery Jr. has said he expects the deal to close by the end of the year.

Program access

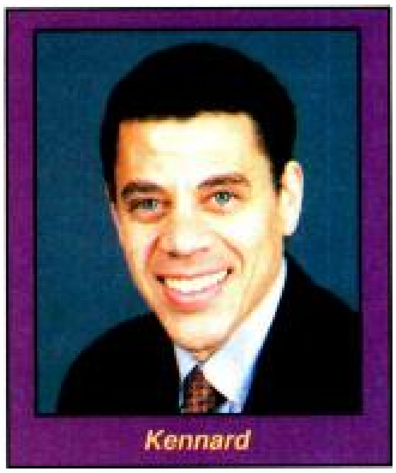
This year began with a great deal of talk in Washington about tightening rules that forbid cable companies that own operators and programmers from cutting any exclusive distribution deals. Those rules also forbid cable operators from making exclusive deals to sell satellite-delivered programming.

After Americast (Ameritech's cable subsidiary) and satellite TV companies DirecTV and EchoStar complained that they couldn't get all the programming they wanted for terms they thought were fair, House Telecommunications Subcommittee Chairman Billy Tauzin (R-La.) held a series of hearings and finally added program-access provisions to a cable-rate bill he

introduced at the end of last summer.

Portions of that bill (see following section) would tighten the program-access law that Tauzin himself wrote and lobbied hard to have included in the 1992 Cable Act. It would forbid nearly all exclusive programming deals, unless the FCC found such terms to be in the public interest.

House Judiciary Committee Chairman Henry Hyde (R-Ill.), for whom Ameritech is a major corporate constituent, earlier this year introduced a program-access bill that would have made it a violation of antitrust laws to keep programming away from cable competitors, but lobbyists argued that the concept wasn't constitutionally sound. Little was heard about Hyde's bill after it was introduced.


Kennard

The FCC in August tightened its program-access rules, saying it would resolve complaints quicker and impose fines and assess damages for violators.

Video Competition and Consumer Choice Act

Introduced last summer by Tauzin and Telecommunications Subcommittee ranking member Ed Markey (D-Mass.), this bill serves mainly as a placeholder and a threat. Regulation of cable's upper programming tiers expires at the end of March, and Tauzin wants the cable industry to know he is prepared to reregulate if cable rates skyrocket.

Besides including program-access provisions, the bill would allow local franchising authorities to hold public hearings to "certify" to the FCC whether or not the local cable operator was offering the community programming it wanted at a fair price. If not, the franchise authority could complain to the FCC and force the cable operator to offer different programming packages.

Tauzin's effort was aimed at getting cable operators to break out their more expensive programming (such as ESPN) from their basic tiers, so that customers could avoid paying for channels they do not want. Cable programmers argue that they need to bundle all the channels to balance costs.

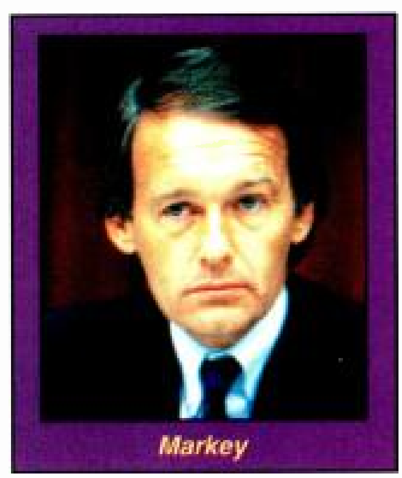
The bill also would create a "lifeline services" cable tier, consisting of just the local broadcast signals and the public, educational and governmental-access channels required by law. The tier would be priced low—$5–$10 per month—and consumers could buy such a tier in conjunction with a premium package from direct broadcast satellite services.

Cable set-tops

The FCC is expected to decide early next year whether it will reconsider last June's decision aimed at promoting commercial availability of set-top boxes. That measure, opposed in the cable industry, bans the sale or lease of boxes that incorporate both signal security and channel-surfing functions, effective Jan. 1, 2005.

Cable and wireless communications industry groups in August asked the FCC to delay the implementation date, at least for analog signals, arguing it would be too expensive to develop equipment that is scheduled to be replaced by digital gear a year later.

Cable Services Bureau Chief Lathen would not say how the agency is leaning, but she stressed that the FCC's paramount goal will be expediting the digital transition and development of other new services, for which a new generation of set-top boxes is an essential ingredient.


Markey

"We've got to start thinking differently about set-top boxes," she says. "They're not solely going to be used for bringing cable but essentially will be computers that also transmit data, Internet and new services."

Cable industry officials say odds are good the FCC will revisit its decision.

"The commission, along with the equipment manufacturers and retailers, are beginning to understand how serious this is," says Steve Effros, president of the Cable Telecommunications Association. "There are 54 million analog boxes in the field, and it would be impossible to do anything about them. I'm confident the rule will evolve to cover just digital."

Cable equipment makers also have taken the matter to court. General Instrument Corp. and Scientific-Atlanta have asked federal courts in Atlanta and Washington to overturn the FCC's new rules.

Inside wiring

The FCC is aiming to issue revised rules on apartment-building cable lines by June. To ensure that apartment residents have greater access to new video services, the FCC is considering a cap on exclusive contracts between building owners and service providers. Proposals for the cap range from seven to 10 years.

"We want room for competition, but that's difficult if the existing cable provider gets to serve a building indefinitely," says the FCC's Norton.

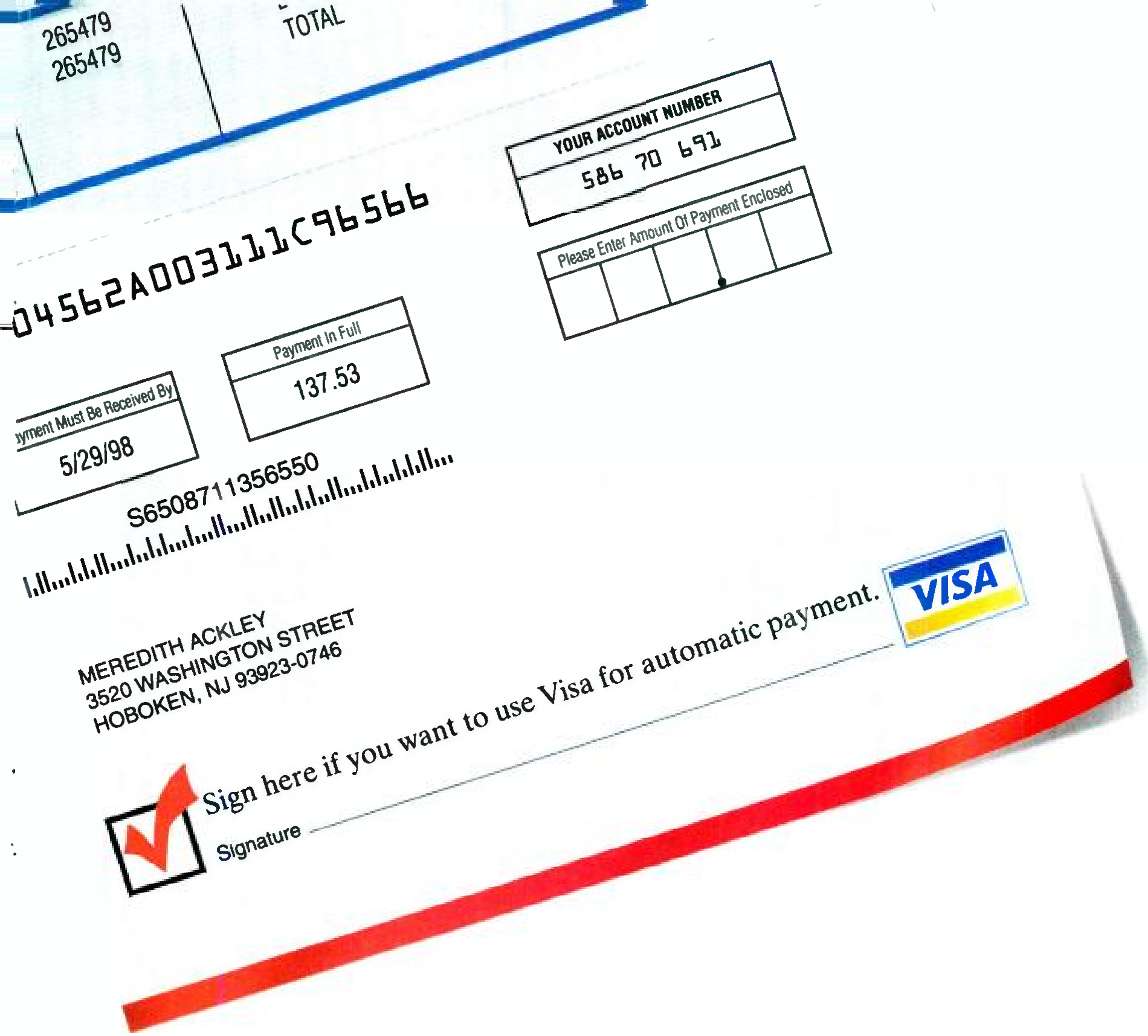
The FCC also has been asked to reconsider other inside-wiring rules issued in October 1997. Those rules, aimed at helping cable competitors gain access to the wires inside apartment buildings, require building owners to give incumbent video providers 90 days' notice of any plans to terminate access to the building. The incumbent video provider then has 30 days to decide whether to remove or abandon the wires or to sell them to the building owner or the new service provider.

Consumer and media watchdog groups, arguing that the rules do not go far enough, asked regulators to preempt state laws on inside wires—a move that cable industry groups oppose.

Pole attachments

By the end of the year the FCC is expected to clarify the way in which utility companies may set rates for access to telephone poles and other rights of way to paid by companies that provide only cable service. The new rule would determine "just and reasonable" rates for pole attachments.

A similar revision, issued in February, applied to rates charged to providers of noncable telecommunications services and cable companies providing multiple services. ■



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Cable has digital must-carry advantage

Decision is a no-win proposition for the FCC; either broadcasting or cable will feel wronged

By Paige Albiniak

Unlike the protracted battle over analog must carry, cable comes into the digital must-carry fight with an advantage.

The cable industry has not budged one inch from its starting stance of "no must carry, never," while some broadcasters, led by the Association for Maximum Service Television (MSTV), say that cable operators could phase in carriage of broadcasters' digital TV signals. Broadcasters' willingness to accept a must-carry phase-in and cable's unwillingness to move from its hard-line position suggest that cable has the upper hand.

The digital must-carry struggle officially has started at the FCC, which now is wrestling with a proceeding that considers seven options, ranging from full must carry to no must carry, and several options in between (see box). Staffers say a rule should be out by the second quarter of next year.

Lobbyists trying to read the tea leaves say that FCC Chairman William Kennard repeatedly has made comments that lead them to believe he is not inclined to bless broadcasters with an immediate must-carry requirement. "There are indications that ... Kennard leans toward the cable position on this issue," reads a National Association of Broadcasters internal report.

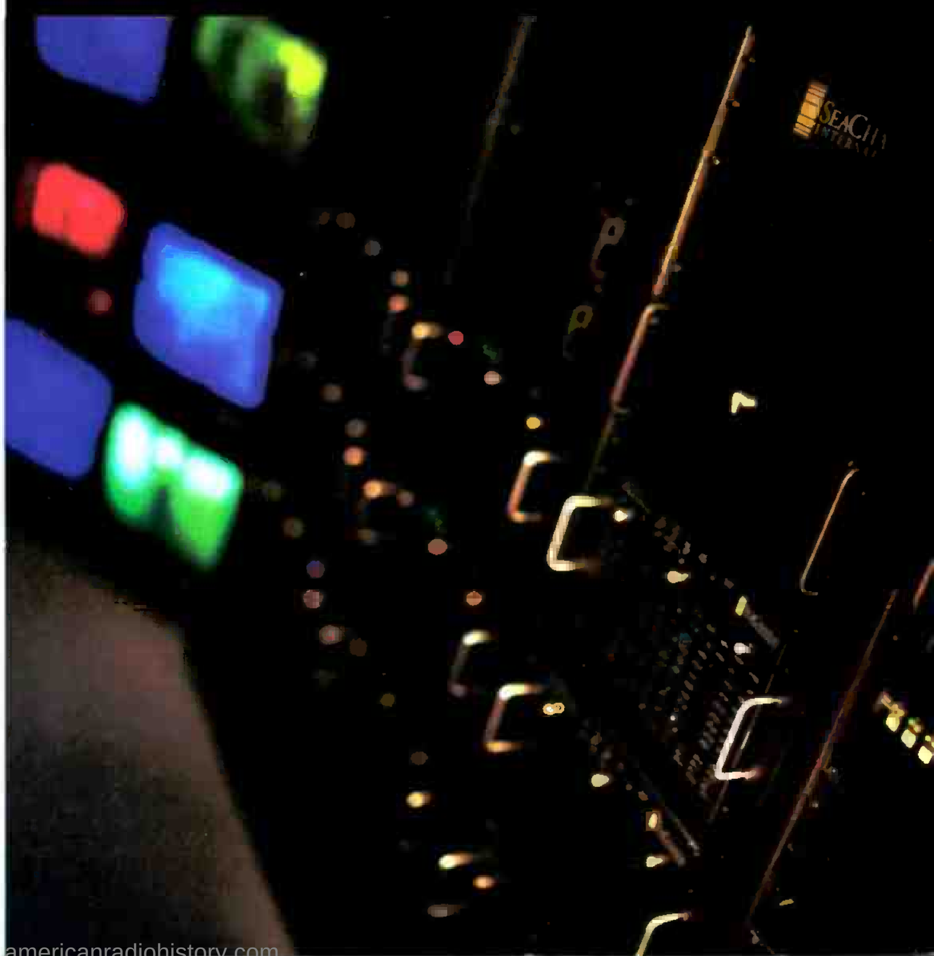
First, Kennard said in a speech in New York in October that broadcasters must prove what is unique about them that merits mandatory carriage. He also has repeatedly said that the FCC is not interested in regulating the transition, only in removing obstacles that stand in the transition's way.

But even giving themselves a lot of options, deciding digital must carry is not a comfortable task for the FCC. No matter what the commission decides, one of the two powerful industries involved will see itself as wronged, which will force the matter to Congress or to the courts.

"If the FCC goes the wrong way on digital must carry, it will become a Hill issue real quick," says a broadcast source.

"The commission in the end is going to be very skittish about this," says an industry observer. "They don't want to be tagged with the failure of digital television."

"I think Congress is holding back. No one wants to go out on a limb here. If the transition sputters, they don't want to have fingers pointed at them.



Hopefully that doesn't happen. Hopefully everything goes smoothly," says a communications lawyer who represents broadcast and cable interests.

Members of Congress have not yet drawn their lines in the sand on digital must carry because they are waiting for the matter to come to them; they predict it will next year.

House Commerce Committee ranking member John Dingell (D-Mich.) last month wrote to a constituent that he didn't think requiring cable operators to carry all broadcasters' nascent digital signals immediately is in the public interest, marking one of the first times a lawmaker has gone on record in this battle.

Ken Johnson, spokesman for House Telecommunications Subcommittee Chairman Billy Tauzin (R-La.), says Tauzin supports the notion of digital must carry. But he also says that he lacks details about the form of must carry that the congressman supports. Other relevant members—including Senate Commerce Committee Chairman John McCain (R-Ariz.), Senate Commerce Committee ranking member Fritz Hollings (D-S.C.), House Commerce Committee Chairman Tom Bliley (R-Va.) and House Telecommunications Subcommittee ranking member Ed Markey (D-Mass.)—have not made public their opinions on the subject.

"Broadcasters need to renew their pitch for why they merit must carry," says a Markey aide. "Markey wants broadcasters to come make the argument."

When broadcasters come, they will tell Markey and other lawmakers that their industry depends on the FCC requiring cable operators to carry their digital signals during the transition to digital TV.

"If the federal government rushes toward a Babel-like system of DTV formats, no DTV must carry and shrunken Grade B contours, the heart of localism is threatened," said Robert Decherd, chairman of Dallas-based A.H. Belo, during a Washington speech in November.

"From a marketing perspective, cable will be hard-pressed if they don't want to deliver that signal," says Shaun Sheehan, a lobbyist for Tribune Broadcasting—although Tribune has no problem with negotiating their stations' cable carriage. "Cable has done some anti-consumer things, but that's pretty anti-consumer."

Broadcasters see must carry as the carrot that will encourage small broadcasters to spend millions of dollars to convert to digital. Without must carry, those broadcasters may choose not to convert, broadcast lobbyists say. Broadcasters argue that the Cable Act of 1992, upheld by the Supreme Court, includes must carry. That law should apply equally to digital and analog stations, broadcasters say.

"I believe that the FCC will care very much about the future of the smaller broadcasters," says one broadcast source. "It's a problem if they can't get through to their audience because they are being blocked by cable. In the end, the FCC will have a rule for that reason."

Maybe so, but Congress so far is not convinced that it owes anything to broadcasters. Many members feel that they gave broadcasters a multibillion-dollars spectrum grant with the digital channels, and so it's up to broadcasters to get cable operators to carry them.

The cable industry feels that spectrum giveaway or no, must carry is an unlawful taking of their property that will preempt cable programming. In the words of NCTA President Decker

Anstrom: "[T]here is no rationale for mandating a 'double dose' of must carry during the transition from analog to digital television and for putting every broadcast station in line ahead of any cable network."

Cable operators say they are willing to carry many of broadcasters' digital signals—definitely the major networks—as soon as they have the capacity and broadcasters have something worth carrying.

"There is no need [for digital must carry]," says CATA President Steve Effros. "If high-definition works, if the consumer adopts it, then by the nature of our business we will supply what the consumer wants. The government need not get into this in any way, shape or form."

Broadcast networks are betting that they will be carried and so are staying out of the digital must-carry fight, leaving the smaller networks and independent stations to fend for themselves. The divide in the broadcast industry also is weakening the usually powerful lobby's position on the Hill.

"In the last battle, all the broadcasters were pro must carry, but this time they are split," says one Hill staffer. "And that makes a difference to the members."

That leaves the National Association of Broadcasters to paper over the divide between its members, while the Association of Local Television Stations (ALTV) carries the flag for full must carry all by itself.

But ALTV, which represents smaller TV stations, lost the last time it was left to defend its members' must carry rights. When Congress wanted to grant satellite TV companies a phased-in must carry, the NAB eventually conceded the phase-in to the satellite industry even though ALTV was dead set against it.

That was enough for Congress to call phased-in must carry for satellite TV a done deal. And it sets a precedent that broadcasters may not want to continue. ■

Lathen: Leading with a new mandate

The chief is taking the FCC's Cable Services Bureau into a era of changed responsibilities

By Bill McConnell

Deborah Lathen, named chief of the FCC's Cable Services Bureau in May, faces two difficult tasks.

First, as a neophyte in the telecommunications industry, she must quickly develop the technical expertise and political instincts to be the lead regulator for a major industry segment. Second, she must establish a new identity for the Cable Bureau—which will lose its most visible duty next year when rate regulation for upper-tier programming services expires in March.

"She's walked in at a difficult time," says Steve Effros, executive director of the Cable Telecommunications Association (CATA). "There's been some attrition in the bureau's ranks, and the mandate of the bureau is not entirely clear."

Scott Robinson

The FCC's Lathen says her Cable Services Bureau is "doing everything we can to foster competition."

She wins early praise from Decker Anstrom, president of the National Cable Television Association. "Deborah's really reached out to the industry—and we appreciate her open, thoughtful, direct approach," he says.

For her part, Lathen says past success as a corporate litigator has given her confidence that she can quickly build the knowledge necessary to lead the bureau's 108 employees.

Lathen also says that she is indebted to her team at the bureau: "I have a staff of great teachers, and they've been indispensable."

As for defining the bureau's mission, Lathen insists the task will not be as tough as some observers predict. "It's a misconception that the only thing the Cable Bureau does is rates. That's not even a majority of what we do."

With rate regulation pushed aside, the bureau's most-watched duty will be promoting competition, she says. "From program-access rules to inside wiring to [channel] navigational devices, we're doing everything we can to foster competition."

The FCC is disappointed with the level of competition in the cable industry and is intensifying efforts to make sure that viewers have alternatives to incumbent cable carriers. That explains why Chairman William Kennard, a college friend of Lathen's, assigned the cable unit two proceedings—the AT&T Corp./Tele-Communications Inc. merger and resolving disputes over who is eligible to receive imported network signals from direct broadcast satellite providers—that normally would go to the Common Carrier and International bureaus, respectively.

Lathen says she is eager to take on the high-profile assignments. In her 20-year career, Lathen has not shied away from new responsibilities. At her previous job, as consumer affairs director for Nissan USA, Lathen says she revamped the demoralized unit and improved customer satisfaction measures. Early in her career she received the Chairman's Award from Quaker Oats for successfully defending the company against a multimillion-dollar lawsuit claiming that the company reneged on a deal to sell Kennel Ration dog food.

Despite her success, Lathen says her family taught her early on not to be overly impressed with professional accomplishments. She recalls that when she phoned her relatives to jubilantly announce her acceptance to law school, Lathen's grandmother mistakenly thought she was headed to Howard University, one of America's premier historically black institutions. When Lathen said, no, Harvard, her grandmother paused, then replied: "Well, we're still proud of you." ■

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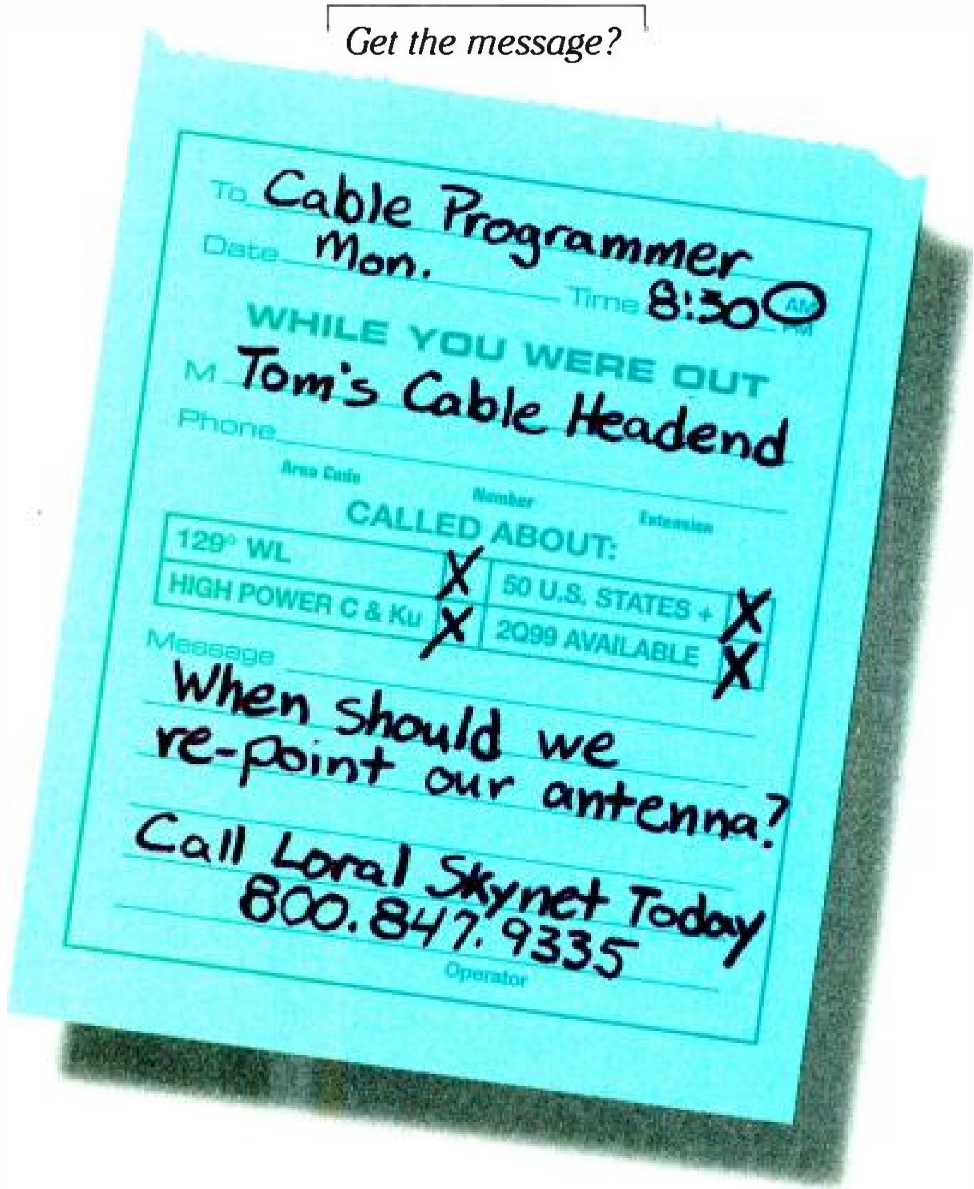

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Cable modems flunk DOCSIS test

Ten out of ten vendors fail to get certification, but some products still will hit retail stores for Christmas

By Price Colman

All 10 cable modem vendors participating in the industry's crucial certification process flunked the latest test, intended as a precursor to retail sales.

It's a disappointment, because cable operators and modem makers alike were hoping to be on store shelves for the Christmas selling season.

But the lack of a passing grade on the DOCSIS (data over cable service interface specification) certification—essentially a guarantee that cable modems will work on any operator's system—apparently hasn't stopped some vendors from pursuing the retail route.

Nortel's LANCity division reportedly is selling cable modems in select Northeastern markets in MediaOne systems, and 3Com says its modems are available in six to 12 different markets.

3Com says one of those is Spokane, Wash., where TCI intends to require customers who sign up for the TCI@Home high-speed Internet service to buy their own modems. But TCI, which hasn't yet launched @Home in Spokane, says it's still mulling the decision of when to launch in the retail channel.

"We're at a critical juncture for cable in product introductions," says spokeswoman LaRae Marsik. "We want to do it right the first time because, in a competitive environment, there are no second chances. We're taking the time to look at it."

Cable operators have been providing high-speed Internet service for several years using proprietary modems. But DOCSIS certification is a crucial step for several reasons. Opening up retail sales sends the message that cable modem service is ready for prime time. In addition, it lets cable operators shift the cost of financing cable modems off their balance sheets and to the consumer.

But there's a potential downside as well: Cable already suffers from a lingering credibility gap with the public. A foul-up in launching modems at retail could reinforce that negative perception and heighten skepticism over future product and service launches. Modems will be cable's first retail product, but the industry is placing an even bigger bet on the eventual retail sales of digital set-top boxes. MSOs are also beginning to move gradually into cable telephony, and regional Bells haven't been shy about pointing out cable's weak points.

"The race is ours to lose," says TCI's Marsik. "At the same time, the time [it takes] to [get it to] market is critical. It's always a balance question. But right now, our customers' priority is 'give it to me.' "

Cable Television Laboratories, which is overseeing creation of DOCSIS standards and the certification process, says selling cable modems at retail before they've received DOCSIS

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certification doesn't undermine the certification itself.

"It's a business decision," says CableLab spokesman Mike Schwartz. "The consumer is interested in what he can get. If he can get a fast, always-on cable modem and the cable operator develops a relationship with the consumer ... in some cases that's stoking the marketplace."

In those instances where modems that haven't yet received DOCSIS certification are offered at retail, MSOs and vendors are likely to offer some sort of guarantee to make the customer whole in the event of a problem.

"We don't want to have to inconvenience the consumer," says a 3Com spokesperson. "TCI and other cable operators need to have a level of confidence that the DOCSIS certification is just around the corner."

Along with Nortel and 3Com, the other vendors participating in the November certification test were Cisco, General Instrument, Samsung, Thomson Consumer Electronics, Toshiba, Com21, Sony and E-Tech. They reportedly failed to obtain certification for different reasons, although a software glitch was apparently the common factor.

The next certification round is set to begin Dec. 7, following the Western Cable Show. However, the certification board won't meet again until mid-January. Schwartz says it now appears that the first certifications will be awarded sometime in the first quarter.

"We made a commitment," he says. "We intend to hold the bar quite high, abide by strict requirements and protect consumers as much as possible." ■

Court TV adjourned at MediaOne

by Donna Petrozzello

MediaOne is dropping Court TV from its systems, which serve nearly 1.14 million subscribers in the Northeastern U.S. and in Fresno and Visalia, both Calif., beginning next month. MediaOne will fill the Court TV vacancy in the Northeast with MTV Networks' retro sitcom channel, TV Land; in Fresno with MSNBC, and in Visalia with Food Network. The changes will be made starting Dec. 15 in the Northeast—which includes markets in the Boston suburbs—and starting Dec. 30 in the California markets.

Dave Wood, MediaOne director of media relations, says customer requests for other networks precipitated the droppping of the low-rated Court TV, which it had carried in some markets for almost two years. Court TV has been ratings-starved, averaging a 0.1-0.2 rating for many months, according to Nielsen data. Wood says MediaOne opened phone lines to customers and used other methods to determine what channels consumers would like to see added to the systems. Court TV recently hired Henry Schleiff to revamp the network's prime time lineup, but the decision to drop the network was made based on customer input, says Wood. "Obviously, we're aware of the changes, but this was a customer-driven decision, and customers were requesting some of these other networks," Wood says. "Given Court TV's current performance, we just felt it was the right decision to make." ■

HOOKED UP

Rainbow for Radio City TV

Viewer's Choice has struck a deal with Rainbow Media to carry Rainbow's fledgling Radio City Television, a new cable TV service featuring live concerts and shows held at New York City's Radio City Music Hall, Madison Square Garden and the Theater at Madison Square Garden. Radio City TV is not expected to launch until fourth quarter 1999, coinciding with its presentation of the traditional Radio City Music Hall Christmas show. The agreement with Viewer's Choice allows cable operators to exhibit Radio City TV events as an addition to their premium cable packages, for a flat-fee subscriber rate or as a pay-per-view event on a shared-revenue basis. Radio City TV expects to produce four to six events in high-definition during its first year.

A Fox Family Christmas

Fox Family Channel kicks off 25 days of Christmas programming specials Dec. 1, with special holiday episodes of its original series and original and acquired movies. Special episodes or original fare include *Pee-Wee's Christmas* and the Christmas episode of Fox Family's series "Show Me the Funny." Movies include "The Little Drummer Boy" and "Twas the Night Before Christmas." Throughout the month, Fox Family will air a total 173 hours of Christmas programming.

Grodin re-ups with MSNBC

Charles Grodin has extended his contract with MSNBC through the year 2000, MSNBC vice president and general manager Erik Sorenson announced last week. Grodin currently hosts an hour-long talk show, *Charles Grodin*, which airs Saturdays at 8 p.m. ET and repeats Sundays at 8 p.m. Grodin will also host a series of specials for MSNBC under terms of his contract.

Lifetime expansion

Starting January 4, Lifetime Television will expand its original weekly series *Next Door with Katie Brown* to a weekday 9 a.m. strip and will debut a new exercise show, *Denise Austin's Fit & Lite*, at 7 a.m. Brown's home decorating and home entertainment show will continue to air new episodes in its current Saturday 1 p.m. time slot. *Fit & Lite* is a companion to Lifetime original *Denise Austin's Daily Workout*, which airs weekdays at 7:30 a.m. and will continue in that time slot.

RNR, Belo deal

Regional News Rep (RNR), the regional news spot advertising sales division of Cable Networks Inc., has signed an affiliation agreement with A.H. Belo's Texas Cable News 24-hour cable news network. Texas Cable News plans to launch to an estimated 700,000 homes in Dallas in January. The agreement brings RNR's total regional news reach to 14 million homes nationwide.

CABLE'S TOP 25

PEOPLE'S CHOICE

ESPN's Sunday night game between the Saints and the 49ers put the network in first place with 6.6 million homes.

Following are the top 25 basic cable programs for the week of Nov. 16-22, ranked by rating. Cable rating is coverage area rating within each basic cable network's universe; U.S. rating is of 99.4 million TV households. Sources: Nielsen Media Research, Turner Entertainment.

Rank	Program	Network	Day	Time	Duration	Rating Cable	Rating U.S.	HHs (000)	Cable Share
1	NFL/Saints @ 49ers	ESPN	Sun	8:15P	202	8.8	6.7	6.648	13.3
2	WWF Wrestling	USA	Mon	10:00P	65	5.6	4.2	4,208	9.1
3	WWF Wrestling	USA	Mon	9:00P	60	5.4	4.1	4.030	7.6
4	WCW Monday Nitro	TNT	Mon	8:00P	60	5.0	3.8	3,747	7.4
5	Rugrats	NICK	Mon	7:30P	30	4.7	3.5	3.468	7.5
6	NFL Prime Time	ESPN	Sun	7:30P	45	4.6	3.5	3,494	7.2
7	Rugrats	NICK	Mon	7:00P	30	4.4	3.2	3.261	7.4
8	WWF Wrestling	USA	Sun	7:30P	60	4.1	3.0	3.052	6.2
9	Rugrats	NICK	Mon	6:30P	30	4.0	3.0	2.988	7.2
10	WCW Thunder	TBS	Thu	9:05P	65	3.9	3.0	2.993	5.8
10	WCW Monday Nitro	TNT	Mon	10:00P	64	3.9	2.9	2.923	6.3
10	Rugrats	NICK	Mon	6:00P	30	3.9	2.9	2,878	7.4
13	WCW Monday Nitro	TNT	Mon	9:00P	60	3.8	2.9	2.877	5.5
14	Rugrats	NICK	Mon	8:00P	30	3.6	2.7	2,666	5.4
15	WCW Thunder	TBS	Thu	8:05P	60	3.5	2.7	2.640	5.5
15	Hey Arnold	NICK	Wed	7:30P	30	3.5	2.6	2,571	5.7
17	Hey Arnold	NICK	Tue	7:30P	30	3.4	2.5	2,515	5.6
17	Hey Arnold Thanksgiving Spec.	NICK	Wed	8:00P	30	3.4	2.5	2,510	5.3
17	Rugrats	NICK	Mon	8:30P	30	3.4	2.5	2.480	4.9
20	Walker, Texas Ranger	USA	Wed	8:00P	59	3.3	2.5	2,453	5.0
20	Rugrats	NICK	Mon	5:30P	30	3.3	2.5	2.443	7.0
20	South Park	COM	Wed	10:00P	30	3.3	1.8	1,796	5.1
23	Sat. Nicktoons TV	NICK	Sat	9:30A	30	3.2	2.4	2.359	10.2
24	Rugrats	NICK	Mon	5:00P	30	3.1	2.3	2,273	7.1
24	Hey Arnold	NICK	Thu	7:30P	30	3.1	2.3	2.263	5.1
24	Wild Thornberrys	NICK	Tue	8:00P	30	3.1	2.3	2,261	4.7

SM

Three years and counting...

1998	1997	1996
RICH BILOTTI MORGAN STANLEY DEAN WITTER RANKED #1	RICH BILOTTI MORGAN STANLEY DEAN WITTER RANKED #1	RICH BILOTTI MORGAN STANLEY DEAN WITTER RANKED #3
#1 Cable Research Analyst *Institutional Investor*	*#1 Cable Research Analyst* *Institutional Investor*	*#3 Cable Research Analyst* *Institutional Investor*

Morgan Stanley Dean Witter's Senior Cable Research Analyst, Rich Bilotti, was recognized as the leading analyst covering the cable industry by Institutional Investor's *poll of the largest institutional investors in the United States and key European and Asian investors—again!*

Commitment to the Cable Industry

MORGAN STANLEY DEAN WITTER

XM Satellite Radio makes set deals

Alpine, Sharp, Pioneer to build receivers for digital service

By Karen Anderson

XM Satellite Radio has signed agreements with consumer electronics manufacturers Alpine, Pioneer and Sharp to build radios that will receive the XM multichannel, satellite-delivered digital radio broadcast that will begin in 2000. Washington-based XM Satellite radio also is working with semiconductor manufacturer STMicroelectronics to create the chipset that will allow the radios to receive the signal.

Under the agreement, Pioneer and Alpine, which according to XM President Hugh Panero represent one-third of car radio after-market sales, will manufacture and distribute radios for the automobile market. Sharp, "one of the more significant providers of radios to the home market," will distribute radios for the home entertainment market.

Since XM's service will be offered in addition to AM and FM, the radios will be equipped with a third band button to represent XM. Consumers will stick a palm-sized antenna to their cars to pick up the satellite radio signals.

Panero says he thinks the service will catch on quickly with consumers because it offers an option to traditional radio. As a result of consolidation among radio group owners, he says, "there have been many complaints about traditional radio because it is very repetitive," adding that radio owners don't take many chances with programming. He believes radio "has become more for Wall Street than for consumers."

Panero says that XM Satellite Radio will offer more than 100 channels of "the clearest, hottest, hippest and most provocative radio entertainment, seamlessly across the country," including blues, jazz, classical, Tejano, rock, oldies, gospel, news and talk.

Sharp spokesman Nob Minamihori states that Sharp plans to have the digital satellite radios ready by 2000 but says he cannot talk numbers at this point. In the coming months, Minamihori says, Sharp will "survey the needs of the consumer" to determine a production plan and schedule. Representatives from Alpine and Pioneer did not return phone calls.

In related news, New York–based CD Radio Inc., another satellite radio company expecting to broadcast in 2000, has secured at least $135 million from affiliates of Apollo Management LP. According to CD Radio, Apollo will purchase $135 million worth of newly issued preferred stock in the company and, upon CD Radio's approval, will purchase an additional $65 million of newly issued preferred stock before Sept. 30, 1999. The transaction is subject to antitrust and CD Radio stockholder approval and is expected to close by the end of December. ■

Hi-def hits high seas

Feodor Pitcairn Productions is using a Canon HJ15xB high-definition lens and a Canon IS-20B II image stabilizer to capture HD footage of sperm whales and dolphins in the Azores. President Feodor Pitcairn is using the Canon gear on boats and helicopters to shoot a one-hour *Ocean Wilds* show scheduled for distribution in Europe and the U.S. "I spend most of my time on boats where tripods simply don't work," Pitcairn says. "Yet stability is critical to a good production. The HJ15 and IS-20B excel in these challenging conditions. I even use the lens and stabilizer terrestrially, with the camera on my shoulder, to get absolutely beautiful long shots in the high onshore winds that would be nearly impossible otherwise. The HD images really crackle, even when I push the lens to the utmost and use the built-in 2X extender." —*Glen Dickson*

Feodor Pitcairn captures high-definition images of whales and dolphins with a Canon lens and image stabilizer.

GlobeCast begins expansion

By Karen Anderson

GlobeCast North America is increasing its high-definition production and digital transmission capabilities with a $50 million expansion and upgrade of its Miami and Los Angeles broadcast centers over the next five years.

GlobeCast North America, a France Telecom company, says it will add HDTV production, post-production and transmission capabilities as well as expanded master-control and playback capabilities in both facilities. The company still is shopping for equipment, GlobeCast President Bob Behar says, but it has chosen Scientific-Atlanta PowerVu Plus encoders for HDTV transmission.

One of the most important aspects of the upgrade will be new 16:9/4:3 switchable cameras that will allow customers to chose any digital format, Behar says. GlobeCast is looking at several vendors, including Philips and Hitachi.

GlobeCast already has unveiled its new video-control center in Washingto. It has expanded playback services and editing facilities and new switching technology, including the Pesa Cougar routing switcher that allows for remote-access control via computer for off-hours operation. The company also is upgrading its Staten Island, N.Y., international teleport with a new Quintech L-band routing switcher for signal transport from antenna to receiver and expanded playback capabilities. ■

CUTTING EDGE

By Glen Dickson & Karen Anderson

Sarnoff aims at lower-cost DTV

Sarnoff Corp. says that it is ready to license a digital television receiver design that could result in affordable standard-definition digital TVs and set-tops hitting stores by late 1999. The receiver reference design, which is based on Motorola silicon chips, will drive 480-line progressive or NTSC interlace displays and also can include DSS functionality. Sarnoff, which is targeting the receiver design towards the low end of the DTV market, thinks manufacturers that use it can hit a retail price of $400-$550 per receiver, excluding display costs.

CBS lines up with PVI on first down

CBS Sports has signed a deal with virtual signage firm Princeton Video Image (PVI) to use PVI's electronic imaging technology to create imaginary first-down lines during its NFL telecasts. The PVI Live Video Imaging System, which is similar in application to a SporTVision system used by ESPN for its Sunday night NFL telecasts (B&C, Sept. 28), will show viewers the location of the first-down line while play is in progress. The PVI technology was scheduled to debut during CBS's telecast of the Pittsburgh Steelers/Detroit Lions game on Thanksgiving Day, followed by use during the New York Jets/Buffalo Bills game on Dec. 19, the Kansas City Chiefs-Oakland Raiders game on Dec. 26 and four AFC playoff games in January 1999.

C-Cube launches new set-top silicon

C-Cube Microsystems has introduced a new silicon chipset, AviA@TV, that is designed to bring PC-quality graphics to digital set-tops. The AViA@TV platform is a decoding, central processing unit and peripherals solution that can support interactive services, such as e-commerce, electronic programming guides and Web-like data through digital set-tops.

Tony L. Productions gives AMC new look with StrataSphere

Tony L. Productions of New York put a new spin on the classics when it created a new look for *AMC Behind the Scenes*, a weekly half-hour show on the cable movie channel. Working from his home, Tony Liuzzi edited the program using the Scitex StrataSphere digital finishing system. The StrataSphere offers 4:2:2 video-plus key signal architecture and QuickTime 3.0-native file format. Liuzzi says he appreciates StrataSphere's real-time effects and lossless 50-layer compositing capabilities as well as the fluid-frame slo-mo feature.

Tony L. Productions is using StrataSphere for 'AMC Behind the Scenes.'

Tribune taps NDS for HDTV encoding

Tribune Broadcasting has signed a master purchase agreement for ATSC encoding systems at predetermined prices for each of its 18 TV stations. According to Ira Goldstone, Tribune vice president of engineering and technology, Tribune plans to transmit HDTV formats compatible with its affiliated networks as well as 480P/60 signals for its locally originated programs. "We wanted to ensure that each station had the flexibility to use the same equipment to broadcast multiple channels of either 480P/60 or 480I/30 programming," Goldstone says. Los Angeles WB affiliate KTLA(TV) already is using the nonredundant 1080I encoder.

Rede Globo de Televisao makes $3.8 million Tektronix buy

South American television network Rede Globo de Televisao has purchased $3.8 million worth of Tektronix equipment for its new digital broadcast facility in Sao Paulo, Brazil. TV Globo is the first Latin American broadcaster to purchase the Tektronix Profile PDR300 video server. In addition to two Profiles, TV Globo plans to install Grass Valley production and distribution equipment, including four series 7000 signal management systems; two model 4000 production switchers, and two Krystal 4300 digital effects systems. Tektronix also provided all of TV Globo's television test and measurement equipment.

CBS is Teleglobe's first customer

Just one month after opening its Los Angeles international television switching center, Teleglobe is providing CBS with live feeds of *Cosby* and *The Late Show with David Letterman* from New York to Los Angeles. These live feeds from New York allow network executives in Los Angeles to preview *Letterman* daily before its broadcast and let *Cosby* producers review the show during taping. Teleglobe's Millennium service, launched earlier this year, provides a broadcast-quality video link that sends MPEG-2 4:2:2 HDTV and DTV video over an ATM backbone. The fiber-optic network links Los Angeles, New York, London, Montreal and Vancouver.

KSHB-TV taps Audicy VX

Orban's Audicy VX is making its television debut at Kansas City, Mo., NBC affiliate KSHB-TV. The station's audio crew uses the digital audio workstation to edit audio for full-length programs, including news broadcasts, and to enhance advertisers' spots. The station chose Audicy VX in part because it was easy to learn, says Paul Barzizza, KSHB-TV's engineering manager. He says he also liked the fact that it can handle analog and digital editing simultaneously.

SITE OF THE WEEK

www.nasa.gov

NASA, Houston

Site features: NASA TV links from variety of host sources to recent and historic NASA footage in the NASA TV Gallery; multimedia gallery of video and still photos; links to NASA sites about the Hubble Space Telescope, Space Station and Deep Space 1, and to the Space Science News site, with animations; access to the agency's online newsletter, today@NASA.gov, updated daily

Site launched: July 1994; relaunched September 1997

Site director: Brian Dunbar, NASA Internet services manager

Number of employees: one

Streaming technology: RealVideo

Traffic generated: Averaged 85,000 page views daily before Sen. John Glenn's recent shuttle flight; more than 100,000 page views daily since then

Annual budget: $180,000, funded by federal educational and outreach programs

Highlights: Thanksgiving came early for NASA online, which took off to a record 732,000 page views on the same day that John Glenn did; NASA still images of other planets, and our own, are nothing short of spectacular, including the famed "big blue marble" earth shot from the Apollo VIII mission that orbited the moon

—Richard Tedesco

Real's G2 player premieres with Excite

Offers access to 70 channels of content

By Richard Tedesco

RealPlayer G2 makes online Discovery possible.

RealNetworks has premiered its RealPlayer G2, which can seek multimedia content online through Excite and which has ready access to high-profile multimedia sources built into the player.

The new RealPlayer emulates a portal for PC users, providing some 70 channels of readily accessible content from such prominent media players as CNN, ESPN and the *Wall Street Journal*. The Excite connection enables users to search for audio and video by subject, accelerating access to breaking news stories on TV station and network sites, along with other content.

RealNetworks estimates there were 32 million "sessions" of channel use by 11 million users during the G2 beta release over the past six months. The company claims that 500,000 users accessed video of President Clinton's videotaped grand jury testimony the day it was released online.

RealVideo G2 integrates Intel Corp.'s SureStream technology, which ensures streaming continuity with a kind of automatic-transmission feature that adjusts the bit rate of video being downloaded. "The user experience is dramatically improved from previous generations," says Pete Zaballos, RealNetworks director of systems marketing.

Internet observers note that most online multimedia use remains on the audio side; RealPlayer G2 provides preset connections to 102 radio stations streaming their signals live on the Internet.

The ready access to multimedia through the new player's 70 RealChannels has the potential to make RealNetworks a different kind of media player online. "Right now, I think RealNetworks can use the channels to become a media outlet themselves and even take back some of the territory Broadcast.com has taken from them," says Peter Krasilovsky, vice president and media analyst for Arlen Communications.

The advanced features of the new RealPlayer also appear to give RealNetworks a leg up on archrival/investor Microsoft for the moment—and maybe longer. "They probably have a few months over Microsoft in terms of development," Krasilovsky says. "More important, they have a leg up on Microsoft in branding."

That name recognition could be a big potential boost for RealPlayer over Microsoft's Windows Media Player (formerly NetShow), notwithstanding Microsoft's ability to offer incentives to client users and its plans to keep the player integrated with its browser. But the current Department of Justice antitrust suit could have an impact on those plans over the long term.

Meanwhile, RealNetworks expects advanced streaming production tools, RealProducer and RealProducer Plus, to simplify the process of creating Web pages with embedded streaming media and uploading those files to personal Web pages or e-mailing them. RealProducer Plus enables ready translation of multimedia in the form of QuickTime or MPEG-1 to the RealVideo format.

The RealPlayer is available free online; a more fully featured Player Plus costs $29.95. RealProducer also is available free on RealNetworks' site (www.real.com), with RealProducer Plus priced at $89.95. ■

RADIO

HELP WANTED MANAGEMENT

Gaston College a community college located in Dallas, NC, 20 miles west of Charlotte, seeks to fill the following positions: Manager, WSGE Radio: Bachelor's degree in communications field. Minimum of two years work experience with non-commercial radio, preferably in a college or university setting. Deadline: December 14, 1998. Call Personnel for application materials, 704-922-6484. AA/EEO Employer.

HELP WANTED SALES

RADIO BROKER

Radio professional needed to join expanding and successful media brokerage company. Must have strong radio contacts; good financial, writing and computer skills; be a self-starter and understand transactions. Draw plus commission. All replies confidential. Mid-Atlantic location. Please send letter and references to Box 01467.

HELP WANTED PROGRAMMING

Senior Producer/Fine Arts Broadcasting Services. N.P.R. public radio stations KUNI/KUNY/KRNI/KHKE need senior-level producer/announcer to host classical music programs and produce regional symphony broadcasts. Bachelor's degree in Communications or related field plus at least three years of experience as a producer/on-air host required; excellent voice and on-air presentation, professional production, interview skills, and ability to project bright, informed image in ad-lib situations necessary; broad liberal-arts background preferred. Salary commensurate with experience; excellent fringe benefits. Application materials must be received in the Broadcasting Services office no later than 4:00 p.m. on December 23, 1998. Additional information provided upon request (319-273-6325). Send resume and audition tape which includes examples of interviews, reading news, production and names, addresses and telephone numbers of three references to: Carl R. Jenkins, KUNI/KUNY/KRNI/KHKE, University of Northern Iowa, Cedar Falls, IA 50614-0359. Fax 319-273-2682. E-mail: carl.jenkins@uni.edu. www.uni.edu/hrs. AA/EEO.

SERVICES

Your Washington Bureau
The Berns Bureau, Inc.
Covering Your Washington... for more than 20 years. Serving radio and nets with customized DC stories. Call (202) 628-1430

LEASED PROGRAMMING

Produce, host your own radio show, and generate hundreds of qualified Leads 50,000 watt NYC radio station. Call Ken Sperber 212-760-1050.

SUBCARRIER LEASE

Subcarrier available. WNYE-FM, New York. 91.5 Mhz. 20 KW. Data/Paging Services only. Contact: Frank Sobrino (718) 250-5829.

TELEVISION

HELP WANTED SALES

NEWSWORLD INTERNATIONAL

TRIO DRAMAS DOCUMENTARIES FILMS

AFFILIATE SALES

NATV SALES, INC., the sales arm of Newsworld International and TRIO, is expanding its affiliate sales team to support the networks' recent expansion into U.S. cable.

NEWSWORLD INTERNATIONAL (NWI) is the first and only 24-hour international news network in the U.S. Backed by renowned Canadian Broadcasting Corporation, NEWSWORLD INTERNATIONAL is the one news network that provides a truly global perspective.

TRIO is a 24-hour entertainment channel with the best in English language programming from around the world. Top quality dramas, documentaries and films *never seen on U.S. screens*.

These networks are looking for several self-motivated, experienced and resourceful professionals to join our dynamic new sales team. Candidates must have a proven track record in affiliate sales and marketing,established industry contacts and effective communications and organizational skills. Must be willing to travel extensively and work effectively in a virtual office environment.

NATV SALES, INC. provides a competitive compensation package and the opportunity to grow with two top quality networks with a global focus.

WESTERN AND CENTRAL REGIONAL DIRECTORS

- Responsible for distribution, contract negotiation and account management for the entire region
- Minimum 5-7 years affiliate sales experience
- Ability to prioritize and negotiate effectively with a proven track record in regional sales management required

N.E. AND S.E. REGIONAL MANAGERS

- Responsible for sales and affiliate relations in region
- Minimum 3-5 years affiliate sales experience
- High level of motivation and excellent organizational skills required
- Proven sales success at system level necessary, with regional MSO experience a plus

Please send or fax resumes to:

NATV Sales, Inc. c/o Rasenberger Media
360 Lexington Avenue, Suite 1600, NY, NY 10017
Fax 212-983-0524 Phone 212-808-4875
or visit booth #4067 at the Western Show.

HELP WANTED PRODUCTION

Video Editor. Creative "superstar" video editor needed asap for advanced facility in Norfolk, Virginia. Super design ability, positive attitude and great client skills required. Minimum 3 years hands-on experience in tape-based digital video editing environment. Sony Select component Digital Betacam suite with two A-500s, one D-75, DME 3000 effects, BVE 2000 editor, DVS 2000 switcher, Delta Concorde CG and integrated PowerMac. Metro Video Productions is a 40 person full-service company with four locations in Virginia and Florida producing high-end video presentations for regional and national clients. Send resume via fax 757-627-6500, e-mail jwillcox@metrovideo.com, or mail, John Willcox, Metro Video Productions, 626 West Olney Rd., Norfolk, VA 23507. MVP is a great place to work and an equal opportunity employer. See metrovideo.com for more.

SITUATIONS WANTED TECHNICAL

Technical Manager looking for a new challenge. A position to grow with. 16 years of operations, logistics and details of Mobile uplinking. Teleconferencing. Live remote productions. Master Control, and Newscasts. FTM many multi camera productions. Detail oriented. Call 651-681-1473.

CABLE

HELP WANTED NEWS

Managing Producer- "News Odyssey," two-year-old weekly national cable news show exploring values and religion in the news seeks strong leader to carry show to next level. Requires proven track record in broadcast journalism and management plus demonstrated ability to understand and interpret religious and spiritual perspective of current world events. Resume, references, salary history to Personnel, Box 320, Nashville, TN 37202.

HELP WANTED PROGRAMMING

Television

PROGRAM PLANNER

Outdoor Life Network, a new cable channel dedicated to all aspects of the great outdoors, is currently seeking a Program Planner. In this position you will create the network's monthly schedules, develop programming stunts, administer the network's program inventory and act as liaison with the production, Marketing & Sales Departments. Candidates must have 1-2 years programming scheduling or similar exp. Familiarity with TV programming & scheduling strategies, strong computer skills and a B.S./B.A. Degree required. Send or fax resumes to:

Human resources
Outdoor Life Network
Two Stamford Plaza
281 Tresser Blvd., 9th Fl.
Stamford, CT 06901
Fax: (203) 406-2530

No Phone Calls Please. EOE. M/F/D/V

HELP WANTED RESEARCH

LOCAL & SYNDICATION RESEARCH MANAGER

The successful candidate will coordinate all research for ESPN Affiliate Sales and Marketing, including national and local ratings and qualitative data. Key responsibilities include developing sales support pieces and presentations, monitoring local performance of ESPN networks and competitors, and analyzing subscriber research to promote ESPN networks' clearance efforts. To qualify, you must possess a degree in Marketing, Communications, or related field along with 5 years experience in TV audience research with emphasis on sales research utilizing both national Nielsen data and syndicated qualitative research services. Strong PC skills and familiarity with Nielsen Explorer and MRI MEMRI are also required.

Please send resume to:

ESPN, INC.
ESPN Plaza
Bristol, CT 06010-7454
Ad# TT-05
Email: jobs@espn.com
EOE/M/F/D/V

HELP WANTED PRODUCTION

SCHEDULING COORDINATOR

Home & Garden Television is seeking a Scheduling Coordinator.

Candidate must have 3 years experience and thorough knowledge of the post-production process. ScheduALL software and Crystal reporting expertise is desirable. The successful candidate is a team player and strong motivator who will enjoy a fast paced environment. Ability to prioritize multi-level tasks in often-stressful situations.

College degree required. We offer a comprehensive salary and benefits package. Qualified candidate: please send cover letter with salary requirements to:

HGTV
HOME & GARDEN TELEVISION

Human Resources
PO Box 50970
Knoxville, TN 37950

Equal Opportunity Employer

You can simply fax your classified ad to *Broadcasting & Cable* at (212)206-8327.

ALLIED FIELDS

HELP WANTED INSTRUCTION

EASTERN KENTUCKY UNIVERSITY
EKU

BROADCASTING/ ELECTRONIC MEDIA TEACHING POSITION AVAILABLE

The Department of Mass Communications at Eastern Kentucky University seeks an assistant or associate professor for a 9-month tenure track position beginning August 15, 1999.

Duties will include: Teaching broadcast performance (announcing); broadcasting news writing and reporting; TV studio production; and broadcasting writing. The ability to teach programming and cinema history courses a plus. Responsibilities also include classroom instruction; lab supervision; advising students and other assigned responsibilities.

Minimum qualifications: MA required in appropriate discipline, plus teaching and professional experience; Ph.D. preferred. Salary and rank commensurate with experience. The successful candidate will demonstrate outstanding teaching skills and a commitment to the department's hands-on philosophy.

Applicants should submit a letter of application, vita, official transcripts from all colleges and/or universities and three letters of reference to:

Dr. Ron G. Wolfe, Chair
Department of Mass Communications
521 Lancaster Avenue, 108 AC, Box CM
Eastern Kentucky University
Richmond, KY 40475-3102
FAX (606) 622-5108
Email: comwolfe@acs.eku.edu
http://www.oat.eku.edu/oat1.htm

Closing date for applications is January 15, 1999 or until position is filled.

EKU is an Equal Opportunity, Affirmative Action employer.

School of Communication. Assistant Professor of Video/Television. Anticipated Openings Fall 1999: Department of Audio/Video/Film. Hofstra University invites applications for the position of Assistant Professor of Video/Television. Candidates must have extensive teaching experience and the ability to teach single and multi-camera production and post-production at all levels. Must have strong production skills and superior knowledge of advanced, broadcast-quality analog and digital video equipment. The ability to develop and teach courses in production management, lighting, directing and related areas is a plus. Advanced degree in relevant field and/or significant professional experience required. Review of applications will begin on December 21, 1998. Please submit cover letter and resume with names, addresses, phone numbers of three references to: Gary L. Kreps, Dean, School of Communication, 318-C Dempster Hall, Hofstra University, Hempstead, NY 11549. AA/EOE.

Eastern Connecticut State University. Communication: Assistant Professor. Ph.D. in Communication required. ABD near completion considered. Full-time tenure track position. Responsibilities include teaching courses in undergraduate communication program and engaging in research/creative work and service. Applicant should be able to demonstrate expertise in television production and in one or more of the following areas: advertising and persuasion, broadcast management, media theory and research, public relations, organizational communication and writing for the media. Closing date: until filled. Send letter of application, 3 letters of reference, official transcripts, and teaching philosophy to Dr. Edmond Chibeau, Communication Department, Eastern Connecticut State University, 83 Windham Street, Willimantic, CT 06226-2295. Inquiries: (860) 465-4384. Eastern is an AA/EEO employer. Women, members of protected classes and people with disabilities are encouraged to apply.

A Los Angeles University seeks two (2) Assistant Professors, full-time, tenure-tract, to teach beginning, intermediate and advanced courses in radio-television-film. Position (1) Screenwriting, requires a terminal degree (Ph.D. or MFA) at the time of the appointment; demonstrated evidence of substantial professional scriptwriting experience in film and television is a must. Position (2) Media Theory and Criticism, requires a terminal degree (Ph.D.) at the time of the appointment; significant publication is desired. Additional responsibilities for both positions include service on departmental, college and university committees. Promotion will require publication, conducting research and/or creative activities. Teaching experience at the university or college level is highly desired. $37,956-$42,612 per academic year. Screening begins on February 1, 1999, and continues until the positions are filled. Address: Search and Screen Committee; Radio-Television-Film Department; CSU, Northridge; 18111 Nordhoff St.; Northridge, CA 91330-8317. California State University, Northridge, located approximately 25 miles northwest with an enrollment of approximately 27,000 students. CSUN is committed to educating students and prospective teachers who will work to sustain a democracy in which diverse people share in the rights and responsibilities of citizenship, who are proficient in applying technology to wise purposes, and who are dedicated to securing a humane world community. The University especially seeks faculty who will contribute to their chosen disciplines and who will advance the University's commitment to teacher preparation and general education. An Equal Opportunity/Affirmative Action Title IX, Section 504 employer.

HELP WANTED TECHNICAL

Engineering. Ga. Public Broadcasting has an immediate opening for Asst. Director of Engineering and anticipates several vacancies for Chief Engineer and Transmitter Engineer at WDCO in Cochran, Ga. near Macon and WCES-Wrens, Ga. near Augusta. *Chief Engineer:* Supervises and performs daily operations maintenance and installation of TV and radio transmitter remote operations center and other equipment. Five yrs supervisory exp. in electronics, RF equipment and electronics repair. *Transmitter Engineer:* Prepares transmitters for broadcast. Conducts emergency and prevention maintenance. Operates remote control equipment. Tech School in electronics or four college level courses in electrical engineering or electronics. One to two yrs. of exp. in electrical equipment repair or maintenance transmitter engineering. T.V. exp. a plus. Basic knowledge of electronics or Radio req. Must possess a valid Ga. drivers license. Engineers should have knowledge of digital television as we begin our conversion to ATV. *Asst. Director of Engineering:* Plans, writes specifications, coordinates, supervises and oversees equipment installation, operation and maintenance of major equipment for the 9 TV transmitter and 14 radio sites throughout the state of Georgia. Telecommuting and extensive statewide traveling to field sites. Five yrs. of supervisory exp. in electronics, studio or broadcast equipment maintenance req. Working knowledge of satellite technology reception and transmission, high power UHF and VHF Transmitter exp. req. Exc benefits. Qualified applicants forward resume, letter of interest, salary req, and three work related references ASAP to Recruitment Manager GPB, 260 14th St. N.W., Atl., GA. 30318 EOE/AA.

Experienced TV Engineers willing to train to take over Satellite Truck. Must love to travel and have a clean driving record. Relocate to Youngstown, Ohio. Fax resume to 330-542-1020.

HELP WANTED PRODUCTION

Production Manager. Seeking technology-oriented person who can manage and motivate a busy production department and post-production operation. Will oversee seven edit suites in three locations- two digibeta, one beta, 4 non-linear. Will assist with studio and EFP using 5 staff crews. Needs a minimum of 5 years management experience at production house, TV station or large corporate facility. Must have grasp of current and emerging technologies. Excellent customer service and leadership skills required. The position is based in Richmond, VA with a salary in $50K range. Metro Video Productions is a full service video production company with offices in Richmond, Norfolk, and Williamsburg, VA and Orlando, FL. We offer a positive working environment, excellent benefits and advancement opportunity with a growing company. EOE. Send resume to Scott Wheeler. 424 Duke of Gloucester Street, Williamsburg, VA 23185.

HELP WANTED SALES

Broadcast Sales Representative. Sonalysts Studios, a leading media production facility located in Southern New England, is seeking an account executive or firm with broad experience selling to the broadcast industry to aggressively market Sonalysts creative design, animation, and production of broadcast graphics including: Packages, opens, logos and IDs; Set design and fabrication; Original scores and sound design; Web sites and print collateral. Must have existing contacts at major accounts in Northeast and/or nationally. Draw against commission, no cap. Prefer someone located in Northeast. Rush resume to Sonalysts Studios, Attn. Ad 12, 215 Parkway North, Waterford, CT 06385; recruiting@sonalysts.com. EOE/M/F/D/V.

HELP WANTED FACULTY

Medill School of Journalism, Northwestern University, seeks superior television journalist of national stature, achievement and intellect for expanding school's leading-edge broadcast program. High level news and executive experience required. Teaching experience desired. Candidate should fit as comfortably into the classroom as the boardroom. Expect to teach both at the graduate and undergraduate level and play a major role in developing Medill's new multi-million dollar state-of-the-art production facility. Ability to lead research projects and obtain funding is an advantage. Ability to lead research projects and obtain funding is an advantage. Advanced academic degree desired. This is a full-time position as an associate or full professor. Applicant with sufficient stature and credentials could be hired with tenure. Northwestern University is an Affirmative Action, Equal Opportunity employer. Hiring is contingent of eligibility to work in the United States. In order to receive full consideration, applications must be received by Dec. 31, 1998. Anticipated start date is Sept. 1, 1999, but earlier employment is a possibility. Send letter and C.V. or resume to Prof. David Nelson, Chair, Search Committee, Medill School of Journalism, Northwestern University, 680 N. Lake Shore Drive, Suite 818, Chicago, IL 60611-4402.

Faculty Position Announcement. The School of Media and Public Affairs seeks an associate professor to direct its Electronic Media Program and to teach production/design courses within the program. The successful candidate will have an earned M.A., M.F.A., or Ph.D. and will have academic experience; tenure-track or flexible contract depending on qualifications. The candidate will have produced creative products for television, such as documentaries, public affairs programs, or materials for public television or other knowledge-based channels. Send applications and requests for further information about the School and its programs to Jean Folkerts, Director, School of Media and Public Affairs, Phillips Hall T-409, The George Washington University, Washington, D.C. 20052. Applications will be reviewed until the position is filled. The School of Media and Public Affairs is situated in the heart of the nation's capital and makes extensive use of resources available in Washington, D.C., in implementing its programs. The George Washington University is an Equal Opportunity Affirmative Action Employer.

HELP WANTED OPERATION

Video Tape Operators. GlobeCast North America, a France Telecom Co and major provider of transmission services for TV and radio broadcasts, seeks Video Tape Operators. Must be able to operate video tape machines and video servers in accordance to customer program schedules on a network basis. 3-5 yrs exp. in med. to lg. market TV, duplication or broadcast facility. Exp. in satellite opns a plus for potential growth. Must be able to work shifts. We offer competitive salaries and excellent benefits. Mail or fax resume to T. May at 10525 Washington Blvd., Culver City, CA 90232 or fax (310) 845-3906. No phone calls.

FELLOWSHIP

Scripps Howard Ph.D. Fellows. The E.W. Scripps School of Journalism at Ohio University seeks mid-career professionals from advertising, broadcast news, magazines, newspapers, and public relations to be the first Scripps Howard Teaching Fellows in its three-year Ph.D. program. The program, among the best in the country in mass communication, will pay fellows $15,000 a year plus tuition, renewable for two years. Master's required. Contact Patrick S. Washburn, 740-593-2593. Program information: www.scripps.ohiou.edu. Applications: www.ohiou.edu/~gradstu/apps.htm. Deadline: Feb. 15.

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Missouri: AM/FM combo near St. Louis. $1.95M. Qualified Principals. 573-449-3883.

Florida: Leading Keys FM, promotion conscious, results oriented, with attractive modern facilities. Also combo, central growth area. Mayo Communications 813-971-2061.

$3,000.000.000 Full Power TV Station for Sale. Del Rio, TX. w/ translator in San Antonio. Covers Eagle Pass, Piedras Negras, Cuidad Acuna, MX. Option; 1/2 DN. 1/2 Owner Finance. Alma (956) 428-4848.

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All orders to place classified ads & all correspondence pertaining to this section should be sent to BROADCASTING & CABLE, Classified Department, 245 West 17th Street, New York, NY 10011. For information call Antoinette Pellegrino at (212) 337-7073 or Francesca Mazzucca at (212)337-6962.

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Deadline is Monday at 5:00pm Eastern Time for the following Monday's issue. Earlier deadlines apply for issues published during a week containing a legal holiday. A special notice announcing the earlier deadline will be published. Orders, changes, and/or cancellations must be submitted in writing. NO TELEPHONE ORDERS, CHANGES, AND/OR CANCELLATIONS WILL BE ACCEPTED.

When placing an ad, indicate the EXACT category desired: Television, Radio, Cable or Allied Fields; Help Wanted or Situations Wanted; Management, Sales, News, etc. If this information is omitted, we will determine the appropriate category according to the copy. NO make goods will run if all information is not included. No personal ads.

The publisher is not responsible for errors in printing due to illegible copy—all copy must be clearly typed or printed. Any and all errors must be reported to the Classified Advertising Department within 7 days of publication date. No credits or make goods will be made on errors which do not materially affect the advertisement. Publisher reserves the right to alter classified copy to conform with the provisions of Title VII of the Civil Rights Act of 1964, as amended. Publisher reserves the right to abbreviate, alter or reject any copy.

Rates: Classified listings (non-display). Per issue: Help Wanted: $2.50 per word, $50 weekly minimum. Situations Wanted: 1.35¢ per word, $27 weekly minimum. Optional formats: Bold Type: $2.90 per word, Screened Background: $3.00, Expanded Type: $3.70 Bold, Screened, Expanded Type: $4.20 per word. All other classifications: $2.50 per word, $50 weekly minimum.

Word count: Count each abbreviation, initial, single figure or group of figures or letters as one word each. Symbols such as 35mm, COD, PD etc., count as one word each. A phone number with area code and the zip code count as one word each.

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Blind Box Service: (In addition to basic advertising costs) Situations Wanted: No charge. All other classifications: $35 per issue. The charge for the blind box service applies to advertisers running listings and display ads. Each advertisement must have a separate box number. BROADCASTING & CABLE will now forward tapes, but will not forward transcripts, portfolios, writing samples, or other oversized materials; such are returned to sender. Do not use folders, binders or the like. Replies to ads with Blind Box numbers should be addressed to: Box (number), c/o Broadcasting & Cable, 245 W. 17th Street, New York, NY 10011

Confidential Service. To protect your identity seal your reply in an envelope addressed to the box number. In a separate note list the companies and subsidiaries you do not want your reply to reach. Then, enclose both in a second envelope addressed to CONFIDENTIAL SERVICE, Broadcasting & Cable Magazine, at the address above.

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CHANGING HANDS

The week's tabulation of station sales

COMBOS

WSSX-FM, WSUY(FM), WTMA(AM), WXTC(AM) and WTMZ(AM) all Charleston; WWWZ(FM) Summerville; WMGL(FM) Ravenel, and WNKT-FM St. George, all S.C.; WHWK(FM), WAAL (FM), WNBF(AM) and WKOP(AM), all Binghamton and WYOS(FM) Chenango Bridge, all N.Y., and WWKI-FM Kokomo and WMDH-AM-FM Muncie, both Ind.
Price: $77 million
Buyer: Citadel Communications Corp., Big Fork, Mont. (Larry Wilson, CEO); also owns/is buying 43 AMs and 92 FMs (see story above)
Seller: Wicks Broadcast Group, New York (Craig Klosk, principal); also owns six TVs
Facilities: WSSX-FM: 95.1 mhz, 100 kw, ant. 361 ft.; WSUY: 96.8 mhz, 100 kw, ant. 1,750 ft.; WTMA: 1250 khz, 5 kw day,1 kw night; WXTC: 1390 khz, 5 kw; WTMZ: 910 khz, 500 w; WWWZ: 93.3 mhz, 50 kw, ant. 492 ft.; WMGL: 101.7 mhz, 3 kw, ant. 482 ft.; WNKT-FM: 107.5 mhz, 100 kw, ant. 984 ft.; WHWK: 98.1 mhz, 10 kw, ant. 960 ft.; WAAL: 99.1 mhz, 7.1 kw, ant. 1,089 ft.; WNBF: 1290 khz, 5 kw; WKOP: 1360 khz, 5 kw day, 500 w night; WYOS: 104.1 mhz, 3.1 kw, ant. 462 ft.; WWKI-FM:100.5 mhz, 50 kw, ant. 480 ft.; WMDH(AM): 1550 khz, 250 w; WMDH-FM: 102.5 mhz, 50 kw, ant. 500 ft.
Formats: WSSX-FM: AC; WSUY: smooth jazz; WTMA: news/talk; WXTC: country; WTMZ: news; WWWZ: urban; WMGL: AC; WNKT-FM: country; WHWK: country; WAAL: CHR; WNBF: news/talk; WKOP: music of your life; WYOS: oldies; WWKI-FM: country; WMDH(AM): all talk; WMDH-FM: special programming
Broker: Merrill Lynch & Co.

KSFT(AM)-KKJO(FM) St. Joseph, Mo.
Price: $4 million
Buyer: Eagle Communications Inc., Hays, Kan. (Gary Shorman, president); also owns seven AMs and nine FMS
Seller: Cardinal Communications Inc., Sioux City, Iowa (John Daniels and Ted Mahn, principals); no other broadcast interests
Facilities: AM: 1550 khz, 5 kw; FM: 105.1 mhz, 100 kw, ant. 581 ft.
Formats: AM: MOR; FM: AC
Broker: Patrick Communications

KVON(AM) Napa Valley and KVYN(FM) St. Helena, both Calif.
Price: $1.69 million
Buyer: CBM Napa LLC, Napa, Calif. (Charles B. Moss, manager); Moss and his family also own three FMs
Seller: Young Radio Inc., Napa, Calif. (Tom Young, president); no other broadcast interests
Facilities: AM: 1440 khz, 5 kw day, 1 kw night; FM: 99.3 mhz, 3 kw, ant. 226 ft.
Formats: AM: news/talk; FM: AC
Broker: ExLine Co.

PROPOSED STATION TRADES

By dollar volume and number of sales; does not include mergers or acquisitions involving substantial non-station assets

THIS WEEK		
TVs	$0	0
Combos	$84,115,000	5
FMs	$1,873,980	3
AMs	$2,675,000	3
Total	$88,663,980	11
SO FAR IN 1998		
TVs	$8,987,882,610	78
Combos	$2,293,737,992	251
FMs	$989,625,984	316
AMs	$578,348,790	332
Total	$12,849,595,376	877
SAME PERIOD IN 1997		
TVs	$6,991,180,330	109
Combos	$7,754,187,551	297
FMs	$1,883,376,332	374
AMs	$352,329,108	222
Total	$16,956,063,321	1,002

Source: Broadcasting & Cable

WNNO(AM)-FM Wisconsin Dells, Wis.
Price: $775,000
Buyer: Magnum Communications Inc., Tomah, Wis. (Lynn E. Magnum, president); Magnum and her husband also own/are buying three AMs and six FMs
Seller: Armada Broadcasting Inc., Wisconsin Dells (L. Robert Van Genderen, president); no other broadcast interests
Facilities: AM: 900 khz, 1 kw day, 229 w night; FM: 106.9 mhz, 3 kw, ant. 320 ft.
Formats: AM: sports talk; FM: top 40

KLLK(AM) Willits and KLOK-FM Ft. Bragg, both Calif.
Price: $650,000
Buyer: Ukiah Broadcasting Corp., Stockton, Calif. (Keith Bussman, president); also owns two AMs and two FMs
Seller: The Henry Radio Company, Napa, Calif. (Brian J. Henry, general manager); no other broadcast interests
Facilities: AM: 1250 khz, 5.4 kw day, 2.7 kw night; FM: 96.7 mhz, 3.7 kw, ant. 420 ft.
Formats: AM: alternative; FM: ambient

FMS

KBZK(FM) Morro Bay and KBZX(FM) Paso Robles, both Calif.
Price: $750,000
Buyer: Moon Broadcasting Paso Robles LLC, Los Angeles (Abel A. de Luna, managing member); de Luna also owns Moon Broadcasting Corp. (applicant for new FM)
Seller: Sarape Communications Inc., Paso Robles (Andrew James Fakas, president); no other broadcast interests
Facilities: KBZK: 94.1 mhz, 2.3 kw, ant. 522 ft.; KBZX:103.1 mhz, 1.2 kw, ant. 761 ft
Formats: KBZK: AC; KBZX: AC

KRSS(FM) Chubbuck, Idaho
Price: $575,000
Buyer: Jacor Communications Inc., Cincinnati (Samuel Zell, chairman; Randy Michaels, CEO; Zell/Chilmark Fund LP, 30% owner; David H. Crowl, president, radio division); owns/is buying one TV, 150 FMs and 84 AMs.
Seller: CSN International, Santa Ana, Calif. (Chuck Smith, president); also owns six FMs and two AMs
Facilities: 98.5 mhz, 150 w, ant. 1,350 ft.
Format: Christian

KOJJ(FM) East Porterville, Calif.
Price: $548,980.65
Buyer: Moon Broadcasting Porterville LLC, Los Angeles (Abel A. de Luna, managing member); de Luna also owns Moon Broadcasting Corp. (applicant for new FM)
Seller: Azias Entertainment Inc., Reseda, Calif. (Ledoria and Shelby Johnson, presidents); no other broadcast interests
Facilities: 100.5 mhz, 1.5 kw, ant. 465 ft.
Formats: Mexican

AMS

WSFZ(AM) Memphis
Price: $1.7 million
Buyer: Flinn Broadcasting Corp., Memphis (George S. Flinn Jr., president); also owns two TVs and 50% of KDEN(TV) Longmont, Colo., two AMs and six FMs; Flinn also owns

KEDG(FM) Alexandria, La.
Seller: Willis Broadcasting Corp., Norfolk, Va. (Bishop L.E. Willis, president); Willis also owns 16 AMs
Facilities: 1030 khz, 50 w day, 1 kw night
Format: Sports

KBVI(AM) Boulder, Colo.
Price: $575,000
Buyer: Working Assets Funding Service Inc., San Francisco (Laura Scher, CEO); no other broadcast interests
Seller: Unicorn Productions LLC, Boulder, Colo. (Dick Blumenhein, president); no other broadcast interests
Facilities: 1490 khz, 1 kw
Formats: AC

50% of WRRZ(AM) Clinton, N.C.
Price: $400,000 for stock
Buyer: WRRZ Radio Co., Clinton, N.C. (Clarence D. Denton, principal); no other broadcast interests
Seller: Delma P. Dixon, Clinton, N.C.; no other broadcast interests
Facilities: 880 khz, 1 kw day
Format: Country

—Compiled by Alisa Holmes

BY THE NUMBERS

BROADCAST STATIONS

Service	Total
Commercial AM	4,790
Commercial FM	5,649
Educational FM	2,009
Total Radio	**12,448**
VHF LPTV	563
UHF LPTV	1,545
Total LPTV	**2,119**
FM translators & boosters	3,155
VHF translators	2,184
UHF translators	2,750
Total Translators	**8,089**
Commercial VHF TV	559
Commercial UHF TV	657
Educational VHF TV	125
Educational UHF TV	243
Total TV	**1,584**

CABLE

Total systems	11,517
Basic subscribers	65,864,090
Homes passed	94,850,000
Basic penetration*	66.3%

*Based on TV household universe of 99.4 million
Sources: FCC, Nielsen, Paul Kagan Associates
GRAPHIC BY BROADCASTING & CABLE

Wicks sells 16 radio stations to Citadel

By Elizabeth A. Rathbun

Wicks Broadcast Group LP is out of the radio business with last Monday's sale of its 10 FMs and six AMs to Citadel Communications Corp. Citadel struggled in an auction for the group but then went directly to Wicks and nailed down the deal for $77 million cash over the preceding weekend, Citadel President Lawrence R. Wilson says.

With the deal, Citadel enters two new Arbitron-ranked markets: Charleston, S.C. (ranked 97), and Binghamton, N.Y. (164). Since Citadel has "pretty much established our beachheads out West," it now is concentrating on markets east of the Mississippi River, Wilson says.

Pending FCC and Justice Department approval, Citadel would acquire a full complement of eight stations in Charleston from Wicks: WTMZ(AM)-WSSX-FM, WTMA(AM), WNKT-FM, WMGL(FM), WWWZ(FM), WXTC(AM) and WSUY(FM). It also is buying Wicks' WKOP(AM)-WAAL(FM), WNBF(AM)-WHWK(FM) and WYOS(FM) Binghamton and WWKI-FM Kokomo and WMDH-AM-FM Muncie, both Indiana. Broker on the deal was Merrill Lynch & Co.

"These communities are economically sound, offer significant growth potential and will provide us a strong local presence," Wilson said in a statement.

Citadel wasn't interested in Wicks' six TV stations, Wilson adds: "We're kind of a pure radio play and we really didn't look at that." And while Citadel lacks any other stations in Kokomo or Muncie, Wicks' stations are quite strong and worth keeping, he says.

A Wicks official did not return a telephone call seeking comment. In a statement, Craig Klosk, a principal in the Wicks Group of Companies, said: "We take great pride in having built leading station groups in our respective markets and are pleased to see these stations pass to Citadel."

Including the Wicks transaction, Citadel would own or operate 135 radio stations in 26 markets. ■

DATEBOOK

MAJOR MEETINGS

Dec. 1-4—The Western Show, conference and exhibition presented by the ***California Cable Television Association***. Anaheim Convention Center, Anaheim, Calif. Contact: (510) 428-2225.

Jan. 25-28, 1999—35th annual ***National Association of Television Programming Executives*** conference and exhibition. Ernest Morial Convention Center, New Orleans. Contact: (310) 453-4440.

April 19-20, 1999—***Television Bureau of Advertising*** annual marketing conference. Las Vegas Hilton Hotel, Las Vegas. Contact: (212) 486-1111.

April 19-22, 1999—***National Association of Broadcasters*** annual convention. Las Vegas Convention Center, Las Vegas. Contact: (202) 429-5300.

May 17-20, 1999—39th annual ***Broadcast Cable Financial Management Association*** conference. MGM Grand Hotel, Las Vegas. Contact: Mary Teister, (847) 296-0200.

June 13-16, 1999—Cable '99, 48th annual ***National Cable Television Association*** convention and exposition. McCormick Place, Chicago. Contact: Bobbie Boyd, (202) 775-3669.

THIS WEEK

Nov. 30–Dec. 1—"New Tools for the New Rules: Targeting Customers in a Competitive World," pre–Western Show workshop presented by ***CTAM***. Anaheim Marriott Hotel, Anaheim, Calif. Contact: (703) 549-4200.

Nov. 30–Dec. 4—"Harris/PBS DTV Express," DTV dual seminar series featuring technical and business operations seminars presented by ***Harris Corp.*** and ***PBS***. Norfolk, Va. Contact: (888) 733-3883.

Dec. 1—***Cabletelevision Advertising Bureau*** traffic and billing/sales automation business interest group regional workshop. Wyndham Los Angeles Airport, Los Angeles. Contact: Nancy Lagos, (212) 508-1229.

Dec. 1—"Non-fiction Programming," ***International Radio & Television Society Foundation*** Q&A seminar. Warner Bros. Screening Room, New York City. Contact: John Kienker, (212) 867-6650.

Dec. 1-3—"DTV4," digital TV forum and conference presented by ***World Research Group***. Hotel Inter Continental, Los Angeles. Contact: (800) 647-7600.

Dec. 1-4—The Western Show, conference and exhibition presented by the ***California Cable Television Association***. See Major Meetings, above.

Dec. 2—***Cabletelevision Advertising Bureau*** local sales workshop. Anaheim Marriott, Anaheim, Calif. Contact: Pam Pearlman, (212) 508-1237.

Dec. 2-4—"Exploring Telecom Opportunities in Brazil," conference presented by ***IBC USA Conferences Inc.*** Westin Resort Miami Beach, Miami. Contact: (508) 481-6400.

Dec. 4—***Associated Press TV-Radio Association*** station crawl. KGO Radio, San Francisco. Contact: Rachel Ambrose, (213) 626-1200.

Dec. 5—***Associated Press TV-Radio Association*** station crawl. KDTV, San Francisco. Contact: Rachel Ambrose, (213) 626-1200.

Dec. 5-11—"Harris/PBS DTV Express," DTV dual seminar series featuring technical and business operations seminars presented by ***Harris Corp.*** and ***PBS***. Atlanta. Contact: (888) 733-3883.

DECEMBER

Dec. 9—***CTAM*** Washington-Baltimore chapter annual holiday party to benefit Ronald McDonald House Charities. Sequoia Restaurant, Washington. Contact: Anne Wolek, (703) 790-8107.

Dec. 9-11—"Making News: An Executive Seminar on Broadcast Journalism," presented by the ***NAB Education Foundation***. Sheraton Chicago Hilton & Towers, Chicago. Contact: John Porter, (202) 775-2559.

Dec. 10—***Hollywood Radio and Television Society*** Holiday Party Benefit. Beverly Hilton Hotel, Los Angeles. Contact: (818) 789-1182.

Dec. 10-11—16th annual Telecommunications Policy and Regulation Conference, sponsored by the ***Federal Communications Bar Association*** and the ***Practising Law Institute***. Washington Hilton Hotel, Washington. Contact: (800) 260-4754.

Dec. 14-18—"Harris/PBS DTV Express," DTV dual seminar series featuring technical and business operations seminars presented by ***Harris Corp.*** and ***PBS***. Baton Rouge. Contact: (888) 733-3883.

Dec. 16—***International Radio & Television Society Foundation*** Christmas benefit. Waldorf-Astoria Hotel, New York City. Contact: John Kienker, (212) 867-6650.

JANUARY 1999

Jan. 8-10—"Civic Journalism: New Dimensions in '99," workshop sponsored by ***Radio and Television News Directors Foundation*** and the ***Pew Center for Civic Journalism***. Miami Airport Hilton & Towers, Miami. Contact: Sara Pollock, (202) 331-3200.

Jan. 21-23—***Cabletelevision Advertising Bureau*** cable sales management school. Mission Inn, Orlando. Fla. Contact: Nancy Lagos, (212) 508-1229.

Jan. 23-28—12th annual ***International Teleproduction Society*** president's retreat and management conference. Hilton Jalousies Resort and Spa, St. Lucia, W.I. Contact: (703) 319-0800.

Jan. 25-26—***West Virginia Broadcasters Association*** winter meeting and legislative reception. Charleston Marriott Town Center, Charleston, W.Va. Contact: (304) 744-2143.

Jan. 30–Feb. 2—56th annual ***National Religious Broadcasters*** convention and exposition. Opryland Hotel Convention Center, Nashville. Contact: (703) 330-7000.

FEBRUARY 1999

Feb. 2-3—***Arizona Cable Telecommunications Association*** annual meeting. Phoenix Hilton Hotel, Phoenix. Contact: (602) 955-4122.

Feb. 4-6—***Eckstein, Summers & Co.*** annual conference on new business development for the television industry. Don CeSar Beach Resort, St. Pete Beach, Fla. Contact: Roland Eckstein, (732) 530-1996.

Feb. 4-7—RAB '99, 19th annual ***Radio Advertising Bureau*** international conference. Hyatt Regency Hotel, Atlanta. Contact: Wayne Cornils, (800) 722-7355.

Feb. 8-10—16th annual ***CTAM*** Research Conference. Hilton San Diego Resort, San Diego. Contact: (703) 549-4200.

Feb. 9-12—***Milia***, the international content market for interactive media. Palais de Festivals, Cannes, France. Contact: Patrick Lynch, (212) 689-4220.

Nov. 17—"The Cable Presidents," ***Hollywood Radio and Television Society*** newsmaker luncheon. Beverly Hilton Hotel, Los Angeles. Contact: (818) 789-1182.

Feb. 16-17—"DBS: The Five Burning Questions," presented by ***The Carmel Group***. Sheraton Gateway Hotel, Los Angeles. Contact: (831) 643-2222.

Feb. 22-24—***North American National Broadcasters Association*** annual general meeting. The Freedom Forum, Washington. Contact: Paul Ferreira, (416) 598-9877.

Feb. 21-24—21st ***Monte Carlo TV Market*** conference and exposition. Loews Hotel, Monte Carlo, Monaco. Contact: (201) 869-4022.

Feb. 24-26—Texas Show '99, cable convention and exhibition presented by the ***Texas Cable & Telecommunications Association***. San Antonio Convention Center, San Antonio, Tex. Contact: (512) 474-2082.

MARCH 1999

March 3-5—***CTAM*** digital and pay-per-view conference. New Orleans Marriott Hotel, New Orleans. Contact: (703) 549-4200.

March 4—***Cabletelevision Advertising Bureau*** 17th annual Cable Advertising Conference. New York Marriott Marquis, New York City. Contact: (212) 508-1214.

March 10-13—30th annual Country Radio Seminar, presented by ***Country Radio Broadcasters Inc.*** Nashville Convention Center, Nashville. Contact: (615) 327-4487.

March 15-17—***North Central Cable Television Association*** annual convention and trade show. Hyatt Regency Hotel, Minneapolis. Contact: Karen Stamos, (651) 641-0268.

March 18—15th annual ***National Association of Black Owned Broadcasters*** Communications Awards Dinner. Marriott Wardman Park Hotel, Washington. Contact: (202) 463-8970.

March 22-25—***SPORTELamerica*** TV Market conference and exposition. Miami Beach, Fla. Contact: (201) 869-4022.

March 23-24—10th annual ***Consumer Electronics Manufacturers Association/IEEE Consumer Electronics Society*** Digital Engineering Conference. Crown Plaza Hotel, Hasbrouck Heights, N.J. Contact: (703) 907-7660.

March 24-26—"Making News: An Executive Seminar on Broadcast Journalism," presented by the ***NAB Education Foundation***. Swissotel, Atlanta. Contact: John Porter, (202) 775-2559.

APRIL 1999

April 6—SkyFORUM XI, direct-to-home satellite TV business symposium presented by the ***Satellite Broadcasting and Communications Association***. Marriott Marquis Hotel, New York City. Contact: Carrie Cole, (703) 549-6990.

April 6—T. Howard Foundation fund-raising dinner, presented by the ***Satellite Broadcasting and Communications Association***. Tavern on the Green, New York City. Contact: Carrie Cole, (703) 549-6990.

April 16-19—44th annual ***Broadcast Education Association*** convention and exhibition. Las Vegas Convention Center, Las Vegas. Contact: (202) 429-5354.

April 25-27—First annual ENTERTECH Conference, presented by ***IDG Conference Management Company***. La Costa Resort & Spa, Carlsbad, Calif. Contact: (877) 223-9753.

MAY 1999

May 2-4—***Pennsylvania Association of Broadcasters*** annual convention. Adam's Mark Hotel, Philadelphia. Contact: (717) 534-2504.

May 11-12—***Kentucky Cable Telecommunications Association*** annual convention. Radisson Plaza Hotel, Lexington, Ky. Contact: Randa Wright, (502) 864-5352.

May 17-19—"Advancing the Science and Art of Marketing," eighth annual ***Claritas*** Precision Marketing Conference. Fairmont Hotel, Chicago. Contact: (800) 678-8110.

May 17-19—"Cable & Satellite Mediacast: Delivering the Digital Future," forum for the digital broadcast, IT and telecommunications industries presented by ***Reed Exhibition Companies***. Earls Court 2, London. Contact: +44 (0)181 910 7962.

May 22-27—22nd annual ***National Association of Black Owned Broadcasters*** spring broadcast management conference. Renaissance Beach Resort Hotel, St. Thomas, U.S. Virgin Islands. Contact: (202) 463-8970.

JUNE 1999

June 5-7—***Cabletelevision Advertising Bureau*** local cable sales management conference. Hyatt Regency, Chicago. Contact: Nancy Lagos, (212) 508-1229.

Major Meeting dates in red

—Compiled by Kenneth Ray (ken.ray@cahners.com)

Research runs in Magid's blood

Brent Magid literally grew up in the television business.

The son of Frank N. Magid and now the president of the North American division of his father's worldwide entertainment research and consulting firm, Brent Magid was surrounded by the TV industry at the family's Cedar Rapids, Iowa, home.

As a youth, he often went on business trips with his father to New York and other big cities and met local station executives at the dinner table and other social functions. For his senior thesis at Princeton University, the economics major wrote about the determinance of the price of TV time.

"To others it might have been somewhat of a dry subject, but I found it interesting," Magid says of his thesis topic. "And I'd say that was certainly an indication that I was interested in the business of television at a young age."

During his college summers, Magid got his first taste of local TV advertising sales at KSTP-TV Minneapolis/St. Paul, Minn. (Members of the Hubbard family, who own the ABC affiliate, have been longtime friends and clients of the Magids and offered Brent Magid a part-time position in the station sales division. Magid says he didn't abuse the opportunity and became one of the station's top salesmen.)

"When I go back to the Twin Cities today, I still see some of the advertisers I helped get on their air," Magid says. A couple of them still buy time on KSTP-TV, he says, including Bob's Golf World and the Globe School of Business.

After graduating from Princeton, Magid headed for the University of Chicago, where he got an M.B.A. in finance. He was interested in the finance industry and wanted to get into the "banking business" out of school, and that's what he did—but he still remained tied to the television industry. Magid's first job out of school was at Chase Manhattan in New York, where he worked in the bank's media entertainment finance department. In his two years at Chase Manhattan, he gained a different perspective on "that side" of the entertainment industry and knowledge that helps him every day in his current position, he says.

Magid denies that he was destined to work for his father's business, but when the opportunity to help lead the firm's growing international division arose in 1991, he jumped at it. He moved to London, where he would live for the next five and a half years. Magid says his father offered him the job but didn't force it on him: "I think he was certainly pleased with my decision, but he pretty much stayed out of it and let me make it on my own. There were a number of people at [Magid Associates] who were the most persuasive about me coming aboard."

Magid worked as director of European sales for two years; in 1993, he was promoted to managing director of Magid's international division.

"It was a phenomenal experience," Magid says. "There was an explosion in the media industry at that time in Europe, Asia, Africa and South America, and we were in the thick of it—and still are today."

Not only were Brent Magid and his fellow Magid Associates executives providing research and analysis to emerging media outlets, but the company also was helping launch many national TV stations. Magid says he personally helped launch some 10 stations in countries ranging from Portugal to Norway and in a number of different Asian nations.

In 1996, Magid was called home to the family compound in Iowa to run the company's corporate and strategic development division. In that capacity, he helped Magid Associates acquire a large newspaper research firm and expand its new-media ventures.

Last year, Magid was named to his current position as president of the North American division, where he is responsible for the 170-plus local stations that Magid Associates advises domestically. The company is still working with stations on a one-on-one basis, as it did when Frank Magid founded the company in 1957, he says.

"In many respects, the mission hasn't changed," Magid says. "Stations still look to us to help them be successful in their local market—but in this environment that's a big challenge for anybody. And that's where we are putting our emphasis these days: helping the stations cut through the clutter. Marketing is a big issue, and we are the only firm with a true brand of practice."

Will Magid be taking over for his father down the road as the company's chairman? "That's not my decision," he says. "We are a very fortunate company in that we have so many great leaders at our firm who are focused on their clients. Not to say that my father doesn't believe in succession, but that's not something we are worried about right now." *—Joe Schlosser*

"That's where we are putting our emphasis these days: helping stations cut through the clutter."

Brent Meredith Magid

President, North American division, Frank N. Magid Associates, Marion, Iowa; b. Nov. 13, 1964, Cedar Rapids, Iowa; BA, economics, Princeton University, Princeton, N.J., 1987; MBA, University of Chicago Business School, Chicago, 1989; executive, media entertainment finance department, Chase Manhattan, New York City, 1989-1991; Frank N. Magid Associates: director, European sales, London, 1991-1993; managing director, international division, London, 1993-1996; director of strategic development, Marion, Iowa, 1996-1997; current position since 1997; m. Mitzi Wills, June 18, 1994; child: Harrison, 2

FATES & FORTUNES

BROADCAST TV


Barber


Allen

Fred Barber, senior VP, broadcasting, Capitol Broadcasting Co., Raleigh, N.C., will retire at the end of the year. He will be succeeded by **Tom Allen,** VP/ GM, WRAL-TV Raleigh, N.C.

Appointments at Chronicle Broadcasting San Francisco (KRON-TV): **Laura Anthony,** reporter, KCRA-TV Sacramento, Calif., joins as general assignment reporter; **Nikki Jackson,** anchor/reporter, KVUE-TV Austin, Tex., joins as general assignment reporter; **Beth Rimbe,** producer, KGO(AM) San Francisco, joins as associate producer.

Mat Tiahrt, news bureau chief, Metro Networks Inc., Norfolk, Va., named news bureau chief, Baltimore.

Eric Fleischer, senior analyst, research, Katz Television, New York, joins Fox Television Sales, New York, as manager, group research.

Brien Allen, meteorologist, KMGH-TV Denver, joins WKYC-TV Cleveland in same capacity.

Kenneth A. Lucas, manager, general sales, WWWB(TV) Tampa, Fla., named general manager.

Appointments at Lee Enterprises, Davenport, Iowa: **William Mayer,** partner, Development Capital LLC, New York, named to board of directors; **Brad Newberry,** chief engineer, KPNX(TV) Phoenix, joins as director of engineering.

Jeff T. Cartwright, manager, local sales, WWMT(TV) Kalamazoo, Mich., joins WXMI(TV) Grand Rapids, Mich., as manager, national sales.

Laura Hale, VP/director of operations, WHDH-TV Boston, joins WXIA-TV Atlanta as director of marketing.

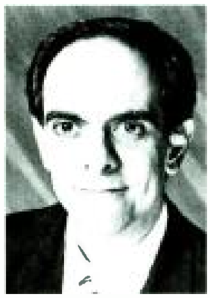
Becky King, marketing producer, KWTV(TV) Oklahoma City, Okla. named executive marketing producer.

PROGRAMMING

Peter Vickers, regional executive, Associated Press Television News, London, named director, commercial productions.

John R. Hager, VP, finance and controller, Golden Sky Systems Inc., Kansas City, Mo., named chief financial officer.

Steve Woodward, partner, Mentor Marketing & Management, Chicago, joins Intersport Inc., Chicago, as director, communications.


Rocha


Irusta

Appointments at Canal Fox and Fox Kids Latin America, Los Angeles: **Flavio Rocha,** director, new programming and business developments, Globo Corporation, Rio de Janeiro, Brazil, joins as VP, programming and acquisitions; **Martin Irusta,** manager, programming and acquisitions, named VP, programming and acquisitions.

JOURNALISM


Salvatore


Trent

Dr. Steve Salvatore, medical correspondent/ host, *Your Health,* CNN, Altanta, joins New York bureau in same capacity.

Colleen Inches, news producer, WABC-TV New York, joins WNBC(TV) New York as investigative producer.

Steve Trent, weekend meteorologist, WFMJ-TV Youngstown, Ohio, named weeknight meteorologist.

Michelle Sloan, assistant news director, WNWO-TV Toledo, Ohio, named news director.

Jeffrey Birnbaum, Washington bureau chief, *Fortune,* Washington, joins Fox News Channel, New York, as political analyst and contributor.

Don Gale, VP, news and public affairs, Bonneville International Corp., Salt Lake City, will retire at the end of the year.

RADIO

Glenn Harris, account executive, Midwest sales, CBS and Westwood One Radio Networks, Chicago, joins Regional Reps Corp., Chicago, as regional manager, sales.

Eugene Sonn, reporter, WRVO(FM) Oswego, N.Y., joins WHYY-FM Philadelphia and WBGO(FM) Newark, N.J., as reporter and producer.

Vaughn Harper, announcer, WWRL(AM) New York, joins WBGO(FM) Newark, N.J., as host of *Evening Jazz.*

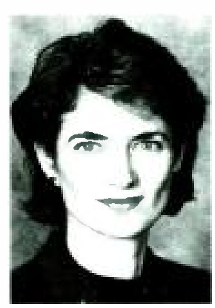
Mark Kalman, VP, engineering and new technology, SW Networks, New York, joins CD Radio, New York, as VP, national broadcast studio.

Appointments at United Stations Radio Networks, New York: **Julie Borris-Bell,** director, client services, Vallie Richards Consulting Inc., Chantilly, Va., joins as manager, affiliate relations, Washington; **Richard O'Reilly,** assistant trader, On-Site Trading Inc., New York, joins as account executive, affiliate relations, New York.

CABLE

Mary Ellen Iwata, executive producer, TLC, Bethesda, Md., named VP, development and special projects.

Adam Chesnoff, director, corporate development, Sony Pictures Entertainment, Culver City, Calif., joins Fox Family Worldwide, Los Angeles, as VP, business development.


McGee

Sheilagh D'Arcy McGee, VP, programming, Court TV, New York, named senior VP, programming.

Appointments at USA Networks, New York: **Josh Greenberg,** executive producer, on-air promotions and production, Cisneros Television Group, Miami, joins as VP, marketing and creative, Sci-Fi Channel; **Lauren de la Fuente,** VP, strategic alliances, MTV Networks, New York, joins as VP, off-air creative, USA Network; **Seth Berkman,** director, on-air promotion, named VP, on-air creative, USA Network; **E.J. Port-Robson,** manager, promotional scheduling, named director, strategic planning and scheduling, USA Network.


Droste

Anne Droste, VP, affiliate sales, Game Show Network, Culver City, Calif., named senior VP, sales and affiliate relations.

Julie Nunnari, VP, program scheduling, Showtime Networks Inc., New York, named senior VP, program scheduling, program information and analysis.

Appointments at HBO International, New York: **Phil Roter,** managing director, HBO Czech, Prague, Czech Republic, named managing director, HBO Poland, Warsaw; **Bruce Zeller,** VP/GM, HBO, Chicago, named managing director, HBO Czech, Prague, Czech Republic.

ADVERTISING/MARKETING/ PUBLIC RELATIONS


Shea

Bob Shea, senior designer, off-air print, Comedy Central, New York, joins Lee Hunt Associates, New York, as art director.

Maryann Schulze, director, new media projects, Tribune Company, Chicago, joins Frank M. Magid Associates, Marion, Iowa, as director, Magid Media Futures.

ASSOCIATIONS

Mary Beal, director, community relations, WWL-TV New Orleans, named president of the National Broadcast Association for Community Affairs, Washington.

Evelyn Lieberman, director, Voice of America, Washington, named director, U.S. International Broadcasting Bureau, Washington.

ALLIED FIELDS


Gwynn


Inglese

Appointments at PanAmSat, Greenwich, Conn.: **John T. Gwynn,** director, marketing, Hughes Communications Inc., Los Angeles, joins as VP, telecom services; **Michael J. Inglese,** chief financial officer, DirecTV Japan Inc., Tokyo and Los Angeles, joins as VP, finance.

DEATHS

Dick O'Neill, 70, died Nov. 17 of undisclosed causes. The veteran character actor, best-known for his recurring role as Chris Cagney's father on *Cagney and Lacey*, was a familiar face on TV for more than 50 years. His list of credits includes *Home Improvement*, *Cybill*, *Family Matters* and *M*A*S*H*, as well as guest spots on *Cheers*; *Trapper John, M.D.*; *Magnum P.I.*; *Falcon Crest*, and *Mad About You*. O'Neill's film credits include "Prizzi's Honor," "The Jerk"and "MacArthur."

OPEN MIKE

Some LMA history

EDITOR: Great editorial on the TV LMA grandfathering issue [in the Nov. 23 issue]. However, since I was present at the creation of the FCC's radio LMA policy, I must note an important correction—a broadcast station owner may not "control" another station in the same market through an LMA, or time brokerage agreement. From the beginning, the FCC staff has insisted that such agreements include a specific provision committing the licensee to retain control of the station, maintain a staff and a main studio with program origination capability, etc. Of course, there are some situations where this requirement is honored in the breach and the reservation of control is a sham. But there are many other LMAs in place where the licensee is actively involved in the operation of the station and works closely with the LMA broker on a day-to-day basis.

By the way, your readers might be interested to know that one of the analogies used by the FCC staff in authorizing the first radio LMAs was their similarity to network affiliation situations. Of course, as the regulatory gremlins took hold, this notion gave way to "attribution" and all that follows that albatross. Nevertheless, to the extent that networks still provide compensation to their affiliates, that model may suggest a fallback arrangement if, notwithstanding what I thought was the clear direction of Congress in the 1996 act, the FCC were to order the early termination of existing LMA agreements.—*Roy R. Russo, Cohn & Marks, Washington (via Broadcasting & Cable Online: www.broadcastingcable.com)*

FCC last Tuesday approved the sale of the Pulitzer Broadcasting stations to Hearst-Argyle. The $1.85 billion deal is still subject to approval of both companies' stockholders, which is expected in January. The tax-free merger is expected to be completed shortly thereafter. As part of the commission's approval, it authorized permanent waivers of the TV duopoly rule to allow Hearst-Argyle to own both WESH(TV) Daytona Beach and WWWB(TV) Lakeland, Fla.; and both KCCI(TV) Des Moines, Iowa, and KETV(TV) Omaha. Hearst-Argyle got a six-month waiver to arrange the sale of either WGAL(TV) Lancaster, Pa., or WBAL-TV Baltimore, but a company spokesman says the issue of signal overlap there is being contested, and "we have some cause for optimism" that it will be worked out in Hearst-Argyle's favor.

America Online and Netscape are looking to forge a seamless Internet architecture of entertainment and e-commerce in a $4.2 billion stock-swap merger deal that puts former MTV honcho and current AOL President Bob Pittman in charge at Netscape. Sun Microsystems and its powerful Java technology will help create new Internet devices in a triple play with AOL and Netscape. In a three-year development and marketing pact, AOL has committed to buying $500 million worth of Sun systems and services in exchange for $350 million worth of promotion from Sun.

At deadline last Wednesday, WABC-TV appeared headed for victory in the New York market sweeps on a household basis. With one night left in the sweeps, the station was averaging a 5.5 Nielsen rating/13 share, just one-tenth of a rating point ahead of WNBC(TV). The two stations had been tied going into Tuesday night, when the much-anticipated final Bobby Simone episode of *NYPD Blue* got the show's highest rating in the market, a 26.5/38. Both stations are down considerably from last year, when WABC-TV won the sweeps with a 6.6/16, while second-place WNBC got a 6.2/15. With one day left, WPIX(TV) was in third place, with a 4.1/10, followed by WCBS-TV, with a 4.0/10. Fox-owned WNYW (TV) was in fifth, with a 3.1/8—said to be a new low in share for the station in a November sweep. WWOR-TV was sixth, with a 2.5/6. A year ago, WCBS-TV finished third, with a 4.2/10, followed by WPIX in fourth, with a 4.1/10; WNYW in fifth, with a 3.7/9, and WWOR-TV in sixth, with a 2.8/7.

Actor Michael J. Fox has Parkinson's disease and has begun to suffer severe tremors, *People Magazine* is reporting. The star of ABC's *Spin City* and *Family Ties* said he decided to go public with his story because he believed it would help other people. He said he first noticed the symptoms in 1991 on the set of "Doc Hollywood."

ABC and NABET are set to return to the negotiating table today (Nov. 30), their second session since resuming talks 11 days ago under the auspices of two federal mediators. Meanwhile, the lockout continues, and the network told NABET that it would no longer cover the cost of health benefits for the duration of the lockout. The network stopped paying the NABET workers when they struck and were subsequently locked out one month ago.

The Federal Trade Commission last Wednesday said it has granted "early termination" to Citadel Communications Corp.'s $35 million purchase of six radio stations in Saginaw, Mich., from 62nd Street Holdings LLC. That gives the companies the federal OK to proceed with the deal, at least as far as antitrust clearances are concerned (the FTC shares antitrust oversight with the Justice Department). The stations involved are WSGW(AM)-WMJA (FM) and WGER-FM Saginaw, WIOG(FM) Bay City/ Saginaw, WKQZ(FM) Midland/Saginaw and WMJK (FM) Pinconning/Saginaw.

Advertisers' toy offers were no fun for KRIV(TV) Houston, which was ordered to pay $7,500 for violating children's programming rules. The FCC ordered the fine after the station revealed it had violated advertising limits for children's programming between Aug. 7, 1993, and Nov. 5, 1996. KRIV was forced to stand in the corner for airing a Dairy Queen commercial featuring a Tom & Jerry toy during a *Tom & Jerry* movie, in violation of the FCC's ban on program-length commercials. More trouble followed when a commercial announcement for Kellogg's Raisin Bran, aired during the program *Tazmania,* featured a Nintendo game premium offer with a Taz character. KRIV also admitted to airing a commercial for Spider-Man toys during a program on the costumed do-gooder. KXVO(TV) Omaha faces the same fine for airing commercials featuring Warner Bros. characters during its *Warner Bros. Kids' Block* show and for advertising Gargoyles products during a program featuring the gnarly critters.

Sinclair Broadcast Group is investing $7.1 million in transmitter supplier Acrodyne Communications in a deal that will give Sinclair 31.8% ownership of Acrodyne and significant participation in Acrodyne's management. Under the agreement, Sinclair will invest $4.3 million in Acrodyne common stock and also will spend $2.8 million for 800,000 shares of Acrodyne stock held by the Scorpion/Newlight investment group. Upon closing of the transaction, which is subject to approval by Acrodyne shareholders, Sinclair will be able to nominate three directors to Acrodyne's board.

EchoStar last week told a Colorado federal court that the lawsuit it filed in October against the four broadcast networks and their affiliates should take place in Colorado and not in Florida. EchoStar has asked a Colorado court to decide which subscribers can legally receive broadcast signals via satellite, because EchoStar believes the Satellite Home Viewer Act is unclear on that issue. In response, the four networks and their affiliates countersued EchoStar for copyright violations, alleging that EchoStar was illegally selling broadcast network signals to ineligible subscribers. Federal judge Lenore Nesbitt, ruling in Miami in July, said that satellite TV distributor PrimeTime 24 and its retailers—DirecTV, EchoStar and C-band satellite companies—violated copyright laws by selling network signals to subscribers who can receive signals over the air using a rooftop antenna. Based on this ruling, the networks would like to move the case to Miami, where they feel they have a favorable judge who already knows the case. EchoStar calls the networks' strategy "the worst type of forum shopping."

A public library's efforts to block access to pornographic Websites are unconstitutional, a federal judge in Virginia ruled last week. "Although the defendant is under no obligation to provide Internet access to its patrons, it has chosen to do so and is therefore restricted by the First Amendment in the limitations it is allowed to place on patron access," wrote U.S. District Judge Leonie Brinkema. A Loudon County nonprofit organization and several private individuals sued the Board of Trustees of the Loudon County Library last year.

The FCC officially ended its battle with the Lutheran Church/Missouri Synod over minority recruiting rules last week by renewing the licenses of the group's KFUO-AM-FM Clayton, Mo. The agency had blocked the license approvals since 1997, but a federal appeals court in April struck down the recruiting requirements. "After well over $1.5 million in legal fees, it's a good feeling to have resolution," said Paul Devantier, the stations' president. The FCC scrapped its 27-year-old rules after the court refused a new hearing in September. Although the FCC said the renewals would be reconsidered if the Supreme Court reversed the appeals court's decision, the agency is not expected to seek a review by the high court. Instead, the agency last week proposed to rewrite its recruiting rules to pass muster with the lower court. As part of negotiations over the case, the FCC agreed that religious broadcasters may base hiring decisions on religious belief or affiliation as long as ethnic groups and women are not discriminated against. "From the beginning it was a religious freedom case for us," Devantier said.

The House Commerce Committee last week added four new Republican members: Roy Blunt (R-Mo.), Charles "Chip" Pickering (R-Miss.), Vito Fossella (R-N.Y.) and John Shadegg (R-Ariz.). Pickering, a former staffer for Senate Majority Leader Trent Lott (R-Miss.), is a favcrite of the National Association of Broadcasters, which has been a frequent contributor to Pickering's campaigns. AT&T, Bell Atlantic, BellSouth, Circuit City, Comcast Corp., GTE, MCI, Microsoft, SBC and Worldcom also contributed to Pickering's re-election efforts, according to the Federal Election Commission. Blunt is heavily supported by the National Rifle Association and also by AT&T, Circuit City, MCI, NAB, SBC and Sprint. Fossella received many contributions from constituent Bell Atlantic as well as from AT&T, BellSouth, Circuit City, Comsat, NAB, News Corp./Fox Broadcasting and SBC. Microchip maker Intel Corp. contributed to Shadegg's campaign, but no other broadcast, cable or telephony interests appeared on the FEC's report for the Arizona congressman. Democrats will assign committees Dec. 9 and 10. They are wrestling with House leadership over whether they will get more committee seats because Democrats gained five seats in the midterm elections.

NBC will air the Frank Capra classic, "It's a Wonderful Life," on Christmas night in place of an NBA doubleheader, which was canceled last week as the players strike drags on.

International excellence

Globe Photos

Hallmark's Robert Halmi Sr. and the late Julius Barnathan of ABC were among those honored at the 26th annual International Emmy awards presentation in New York last week. The awards are sponsored by the International Council of the National Academy of Television Arts & Sciences. Halmi was presented with the council's Founders Award; Sam Nilsson, director general of Swedish Television, received the Directorate Award, and Barnathan was honored with the Ted Cott Award. Shown at the awards presentation are (l-r): Kay Koplovitz, president of the International Council; Halmi, and Nilsson.

The International Emmy programming winners: *Drama*—Sveriges Television, SVT, Sweden; *Documentary*—Exile Productions, Australia; *Performing Arts*—Landseer Production for NVC Arts, Channel Four/Ovations/RAI Sythematic Channels, United Kingdom; *Popular Arts*—Tiger Aspect Productions, United Kingdom; *Arts Documentary*—Rhonbus Media/ZDF German Television/Arte with IDTV Cultuur, Netherlands; *Children and Young People*—Double Exposure/Channel Four Television, United Kingdom.

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COMMITTED TO THE FIRST AMENDMENT AND THE FIFTH ESTATE

Coercion is coercion is coercion

In case anyone failed to understand FCC Commissioner Furchtgott-Roth's message in a speech to The Media Institute two weeks ago (B&C, Nov. 23), the commissioner was not suggesting that the commission not regulate. What he opposes is "coercion outside of the direct rule of law." What the FCC should do, he asserted, is to regulate by "duly promulgated rules" and not by "voluntary standards," which he suggested are anything but voluntary (a point we've been hammering on like a nail in hardwood for a long time). "Coupled with broad agency discretion in other matters concerning the regulated parties," he says, "voluntary standards provide a dangerous mechanism for the evasion of statutory limits on delegated authority." In other words, if the regulating body controls the license renewal process, or the digital channel or the power to levy fines, its requests are like Don Corleone's offers: They can be refused only at the risk of staring down the barrel at the consequences.

It was a gutsy speech, and right on target.

How long you in for?

The DBS industry has joined the ranks of the First Amendment–challenged with the implementation by the FCC of guidelines for DBS public interest set-asides required under the 1992 Cable Act.

We're bothered by the set-asides in principle. Anytime the government tells programmers what they have to carry, our hackles are raised. And some of these broadcasters even paid for their spectrum (just in case any land-based broadcasters wonder whether paying for spectrum guarantees getting the government off their backs and out of their editorial meetings).

To give the FCC its due, the scheme could have been worse. At 4%, the confiscation of channels is on the low end. And the FCC rejected the suggestion that some third party be allowed to choose what public interest programming fits the bill. Although DBS programmers cannot edit programs on these set-aside channels or choose particular programs (we thought that's what programmers do), at least they get to choose—well, almost—from a range of qualified noncommercial suppliers. (We guess if you can make money with educational programming, you're not good enough for the government.) We say "almost" because the FCC isn't allowing DBS providers to pick two channels from the same programming provider, no matter how noncommercial the provider or how wonderful their national educational programming. To their credit, commissioners Furchtgott-Roth and Powell dissented from this last bit of programming by proxy.

Still, the guidelines represent one more opportunity for the government to work its will on what should be a free medium. That result is definitely not in the public interest.

Judgment call

When Belo Broadcasting got word that *60 Minutes* planned to air a tape of Dr. Kevorkian killing a man who suffered from Lou Gehrig's disease and wished to die, Belo sent for a tape of the entire segment before broadcast, screened it and decided to preempt it on each of its six CBS affiliates, in keeping with a standing news policy barring images of people dying. We applaud Belo for taking seriously its responsibility to know what's going out over its air—be it in a network feed, a syndicated program or its own local newscasts. That's what it means to be a broadcast licensee—to be responsible for every electron sent irretrievably out into the air.

Washington 1705 DeSales Street, N.W. Washington, DC 20036
Phone: 202-659-2340 Editorial Fax: 202-429-0651

Harry A. Jessell, *editor*
Mark K. Miller, *managing editor*
Kira Greene, *assistant managing editor (special projects)*
John S. Eggerton, *assistant managing editor (editorials)*
Dan Trigoboff, *senior editor*
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Elizabeth A. Rathbun, *assistant editor*
Paige Albiniak, Bill McConnell, *staff writers*
Kenneth R. Ray, *graphic artist*
Alisa Holmes, *Web production manager*

New York 245 West 17th Street, 10011; 212-645-0067; Fax 212-337-7028
Stephen McClellan, *bureau chief*
John M. Higgins, *assistant managing editor (cable)*
Glen Dickson *(technology),* **Donna Petrozzello** *(cable), assistant editors*
Richard Tedesco, *associate editor (Internet)*
Karen Anderson, *staff writer*
Christopher Jones, *Web editor*

Los Angeles 5700 Wilshire Blvd., Suite 120, 90036;
213-549-4100; Fax 213-937-4240
Michael Stroud, *bureau chief*
Joe Schlosser, *staff writer*

Denver 28310 Pine Dr., Evergreen, CO 80439;
303-670-4124; Fax 303-670-1082
Price Colman, *bureau chief*

Broadcasting&Cable

If you have a comment or news call 202-463-3700 or e-mail to www.broadcastingcable.com

Peggy Conlon, *vice president/group publisher*
Donald V. West, *editor at large*

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Rick Higgs, *systems manager*
John Caggiano, *production manager*
212-463-6524; Fax 212-463-6563

Circulation Inquiries
Broadcasting & Cable: 800-554-5729
Broadcasting & Cable Yearbook: 800-521-8110

Sol Taishoff, Founder and Editor (1904-1982)
Lawrence B. Taishoff, *Chairman Emeritus*

New York 212-337-6940; Fax 212-337-6947
Gary Rubin, *associate publisher*
Robert Foody, *director of technical advertising*
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Nikki Kraus, *marketing services coordinator*
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Doris Kelly, Francesca Mazzucca, *advertising sales representatives*
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Los Angeles 213-549-4113; Fax 213-937-5272
Craig Hitchcock, Leandra Sterman, *account executives*
Chuck Bolkcom, *account executive, (technology/cable), San Francisco 317-815-0882; Fax 317-815-0883*
Nivie Samaan, *sales assistant*

International Group
Television International □
Television Asia □ Television Europe
Randi T. Schatz, *associate publisher*
212-337-6944; Fax 212-337-6948
Julie DesRoberts, *U.S. sales manager*
Lisa M. Murphy, *international advertising coordinator*

London, Broadcasting & Cable (Editorial)
6 Bell Yard, London WC2A 1EJ England;
44-171-520-5280; Fax 44-171-520-5227