





National  
Lampoon's  
**Men In White**



**Home  
Alone 2**



**Mrs. Doubtfire**

## MOVIES

Sat/Sun **8PM** E/P Weeknights **9PM** E/P

**Ohh Noooo!!!  
Mr. Bill Presents  
With Mr. Bean**



**Ohh, Yesss! Mr. Bill's Back!**

Miami Herald

**For some of us, it (Pee Wee's Playhouse) is the best TV series in the last quarter century. And it's returning to the all-new Fox Family Channel.**

The Times-Picayune  
New Orleans Edition

**The heart of the new Fox Family Channel will be 680 hours of new 6-9 p.m. weekday shows, Fox also will produce new "Shining Time Station" programs, as well as 20 original Sunday night movies.**

The Denver Post

**Kristen Eykel  
Life, Camera,  
Action**



**Idalis  
Outrageous!**

**The New  
Addams Family Series  
Coming In October**

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# It's A Re-energized Family Channel!

**DAYTIME**

Starts **7AM** E/P



**Bad Dog**



**The All New  
Captain  
Kangaroo**



**All Dogs Go  
To Heaven**

**The Three Friends  
and Jerry Show**



**John Salley  
I Can't Believe  
You Said That!**

**Stephanie  
Show  
The F**



**ALL ORIGINAL  
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Starts **6PM** E/P

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TCI

**“I believe cable viewers of all ages will enjoy  
the enhanced family programming.”**

Marc Nathanson,  
Chairman and CEO,  
Falcon Cable TV

**“I agree with Leo and Marc.”**

Haim Saban,  
Chairman, Fox Family  
Worldwide, Inc.





**CHANNEL**

**More Family Than Ever!**

## TOP OF THE WEEK / 8

**Keeping up with Jones** Comcast Corp. ponied up \$200 million-plus to Glenn Jones and company last week to accelerate by three years its \$700 million acquisition of a controlling stake in Jones Intercable. / **8**

**Do-it-yourself telco reg review** Commissioner Harold Furchtgott-Roth doesn't agree with the way the FCC is handling its review of telco rules, so he has employed some interns to conduct a separate review. / **14**

**Late arrival** Capitalizing on the departure of several first-run, late-night shows, Buena Vista has cleared *Unhappily Ever After* in half the country. / **12**

**Taking over Telemundo** Sony last week tapped Peter Tortorici and a new management team to put their stamp on Telemundo. / **13**

**Thomson to sell blocking sets** TV set maker Thomson Consumer Electronics plans to sell sets that will allow parents to block news, sports and advertising. Broadcasters aren't happy. / **19**

**Court tells FCC to try again** U.S. Court of Appeals in Washington says the FCC did not adequately explain its decision to dismiss the charge that *60 Minutes* distorted the news in a 1994 segment about the Ukraine. / **20**

**For more late-breaking news, see "In Brief" on pages 96-97**

### COVER STORY: Ringing up the bucks



Professional wrestling has a firm hold on basic cable. Two beefy opponents—the WWF and WCW—and two different cable outlets—USA and Turner—are running the show these days. / **22** Cover photo by Dennis Brack/Black Star

### SPECIAL REPORT MEDIA FINANCE



### THE MONEY MANAGERS

Who are the most important, influential or interesting money managers, the ones Wall Street has dubbed Media Mafia? Ten figures emerged as key players in media finance after BROADCASTING & CABLE polled CFOs and CEOs of major media companies as well as sell-side analysts and investment bankers. We also reviewed institutional holdings of companies on our annual ranking of the largest media companies. / **28**

### BROADCASTING / 58

**CBS up as viewing dips** CBS is on a roll, with six weekly rating wins this summer in TV households. Now it has to convince advertisers to take notice. / **58**

#### Jacor closes on Nationwide

Jacor closed on its purchase of Nationwide Communications Inc. last Monday (Aug. 10) after agreeing to divest six Ohio and two San Diego stations to win Justice approval. / **64**

#### Chancellor rocks in Cleveland

The home of the Rock 'n' Roll Hall of Fame will now be home to a major presence for Chancellor Media after three companies agreed to sell their six radio stations there for a total \$275 million. / **65**



CBS is suing the soon-to-be Pax TV network over its plans to air a 'Dr. Quinn' special. / **58**

### CABLE / 66

**MediaOne is hot property** The buzz on Wall Street is that MediaOne Group's recent separation from telco US West Inc. has left it the hottest takeover candidate in cable. Computer billionaires and former partners Paul Allen and Bill Gates are potential suitors, as is Amos Hostetter. / **66**



Jon Stewart will be the new host of Comedy Central's 'Daily Show.' / **68**

**New bird for DirecTV** DirecTV plans to launch a new Hughes-made bird in mid-1999 to replace its ailing DBS-1 satellite. / **70**

### TECHNOLOGY / 71

**Tower troubles** Concerned about earthquake durability, homeowners in the San Francisco area oppose addition of a digital antenna to a community tower. / **71**

**DiviCom deal** DiviCom will supply the MPEG-2 digital compression systems for DirecTV's Los Angeles Broadcast Center. / **72**

### INTERNET / 75

**Sonic boom** Fresh from a merger with TCI Music, SonicNet is pushing its brand name online, saying that it expects to strike deals with major portal sites. / **75**

**Real collaboration** RealNetworks and Inktomi Corp. will collaborate on development of caching technology for streaming media. / **76**

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WPHL/WB	Philadelphia	WVBT/WB	Norfolk
KOFY/WB	San Francisco	WUPL/UPN	New Orleans
WFXT/FOX	Boston	WTVX/UPN	West Palm Beach
WTTG/FOX	Washington, D.C.	KWBQ/WB	Albuquerque
KDFW/FOX	Dallas	KNVA/WB	Austin
WDWB/WB	Detroit		
WUPA/UPN	Atlanta		
KRIV/FOX	Houston		
WBNX/WB	Cleveland		
WBFS/UPN	Miami		
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KPLR/WB	St. Louis		
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WBNE/WB	Hartford		

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EVER AFTER

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# "It's America"

*Glenn Jones explains how he came out on top again in sale to Comcast*

By Price Colman and John M. Higgins

**G**lenn Jones is exiting the ranks of top cable operators in the same fashion he has always run Jones Intercable Inc., getting a much better deal than his shareholders.

In agreeing to sell his 2.9 million shares to Comcast Corp. and to leave the company he founded in 1967, Jones is collecting \$200 million, or \$69 per share, at a time when the low-voting common shares held by outside shareholders trade at just \$28 each, even after running up on news of the sale.

Further, Jones and a company he controls are getting another \$32 million in a side deal that Jones Intercable didn't publicly disclose.

While Comcast is widely expected to buy out public shareholders in relatively short order, even bullish Wall Street executives don't expect outsiders to get anything near the Jones price, to say nothing of his sweetheart side deal.

It's no surprise to financial executives who have long watched Glenn Jones steer business from publicly held Jones Intercable and public partnerships it managed toward companies he personally controlled. Networks owned by other Glenn Jones companies got instant precious channel space on Jones Intercable systems. The MSO has leased office space and computer services from Glenn Jones' private companies. An investment banking firm he controls regularly collected millions in fees when a Jones Intercable partnership sold its systems to the MSO.

Gordon Crawford, executive vice president of major Jones Intercable shareholder Capital Research & Management, is upset that Glenn Jones made no provisions for outside investors.

"It's extremely disappointing that in negotiating his own exit from the company, [Glenn Jones] didn't insist that public shareholders be taken out as



*Glenn Jones is making \$232 million in deal.*

***"It's extremely disappointing that [Glenn Jones] didn't insist that public shareholders be taken out as well. He has basically left his public shareholders once again to dangle."***

—Gordon Crawford

well," says Crawford. "He has basically left his public shareholders once again to dangle."

One securities analyst says that the Comcast move is a good deal for Jones Intercable shareholders "if the last name is Jones."

Asked whether his deal is fair to outside shareholders, Glenn Jones said only, "It's America."

Even critics note that Comcast was largely constrained by various deals that Glenn Jones partner Bell Canada International cut when buying into Jones Intercable years ago.

"It was something negotiated between Glenn and BCI," says one Comcast executive. "We kind of stepped into BCI's shoes and accepted the deal already negotiated and ultimately ended up paying Glenn."

The buyout stems from Jones' struggle with BCI, which bought a 30% stake in his company in 1994 then ended up fighting with him. The most prominent dispute was a court fight over Jones' decision to steer Jones Intercable's high-speed Internet business to a company he controlled privately.

## JONES INTERCABLE

**1997 REVENUE:**

**\$362.6 million**

**SUBSCRIBERS:**

**1 million**

In May, Comcast agreed to purchase from BCI about 12.8 million Class A common shares. That deal included some of Glenn Jones' entertainment and education companies, costing Comcast a total of \$500 million.

Comcast also bought BCI's option on Jones' personal holdings of supervoting stock exercisable at \$69 per share, but not until 2001. In order to pry Jones out of the company early, Comcast had to pay the full price now rather than discounting the \$69 back for the time value of the future price.

This is Jones' second payment on the stock. He collected \$20 per share from BCI for merely granting them the option—not actually selling the Cana-



dian telco any shares but simply giving them the right to pay even more money later. At the time, the price to actually buy Jones Intercable shares in the open market was \$18, and it only recently got much higher than that.

What was not publicly disclosed is that Glenn Jones is getting an even sweeter deal. Comcast is handing over \$7 million to buy out the remaining three and a half years on his employ-

ment contract. Under the deal with BCI, Jones was receiving about \$2 million a year. Comcast also is paying \$25 million to Glenn Jones' personal holding company, Jones International, for its six guaranteed channel slots on Jones Intercable systems—to run whatever programming networks he develops.

Comcast already carries some Jones programming, namely Great American

Country and Knowledge TV. Knowledge TV goes to about 500,000 Comcast subscribers, and GAC goes to about 1.5 million Comcast subs.

Jones founded the company in 1967, buying his first system in Colorado. He financed the company by syndicating public partnerships, then a relatively novel structure. He is also an author who has published books of his own poetry. ■

# Comcast makes its move

*Keeping up with Jones meant advancing its takeover to hasten integration of systems*

By Price Colman

**C**omcast Corp.'s early takeover of Jones Intercable bolsters the Philadelphia-based MSO's key East Coast supercluster, gives it cable systems that are on par technologically with its own and enhances its scale economics with the addition of one million subscribers.

Comcast ultimately would have controlled Jones, but accelerating the deal means Comcast can move more quickly to integrate Jones systems with its own and boost revenue

since the Comcast/BCI deal was announced. Sources say that billionaire Paul Allen, who recently purchased Marcus Cable and Charter Communications, had approached Glenn Jones about buying out BCI's interest, but Comcast got there first.

Comcast bought BCI's 30% interest in Jones Intercable in May for \$500 million—\$400 million then and \$100 million in December 2001. As part of that deal, Comcast also acquired BCI's right to buy out Glenn Jones' 2.9 million supervoting (10 votes per share) control shares.

Comcast will own 12.8 million Jones A shares (Nasdaq: JOINA) plus the 2.9 million supervoting shares (Nasdaq: JOIN), leaving about 22.8 million JOINA shares and roughly 2.1 million JOIN shares



**Comcast President  
Brian Roberts**

in the hands of outside investors. That translates into a 38% economic interest and 48% voting interest in Jones Intercable for Comcast. But those 2.9 million supervoting shares mean that Comcast can elect 75% of Intercable's board, effectively giving it control of the company.

The big question now, whether Comcast will make a tender offer for the remaining public shares and absorb Jones, is one that Comcast isn't answering at the moment.

"It's going to remain two public companies for now," said Comcast President

Brian Roberts in a conference call with analysts. "Closing the transaction—that's the number-one job. We said we'd do what's in the best interest of Comcast shareholders. Now that we have an interest in Jones, we'll try to do that for their shareholders. Where it goes from now, it's inappropriate to speculate."

Analysts are divided on whether Comcast will make that tender.

"In the grand scheme of things, I think Comcast will have a lot more uses for funds other than buying up the public float, such as upgrading its telephony," says Denver cable analyst Chuck Kersch. "Now that AT&T's in the ball game, it's inevitable that there will be a scramble on with who's going to affiliate with AT&T for telephony purposes."

Janco Partners analyst Ted Henderson takes the opposite side. "Now that Comcast controls Jones, we fully expect that minority Jones shareholders will receive Comcast shares for their existing Jones holdings," Henderson says.

The tender's not likely to come until after the deal closes, which is projected to be in first quarter 1999, Henderson says. He expects JOINA shareholders to receive \$35-\$40 per share, or about .80-.85 of a Comcast share, based on recent prices. What Comcast will offer for the remaining 2.1 million JOIN shares is a trickier issue—but given that Comcast now controls Intercable's board, Comcast is likely to offer about the same price for them, Henderson says.

During a conference call, Glenn Jones said he intends to focus on his programming ventures, including Great American Country, Product Information Network, Jones Radio Network and Knowledge TV. ■

**COMCAST**  
**1997 REVENUE:**  
**\$4.912 billion**  
**SUBSCRIBERS:**  
**4.3 million**

by offering new products and services.

For outgoing Jones shareholder Bell Canada International (BCI), the advantage is in getting its money now rather than waiting until December 2001 and in closing the book on its fractious relationship with Glenn Jones.

Comcast is paying Glenn Jones \$232 million—\$200 million for his supervoting shares plus about \$32 million in separate transactions—to acquire control of Jones Intercable more than three years ahead of schedule.

Glenn Jones' early departure comes as no surprise. Both Comcast and BCI had been seeking to speed Jones' exit

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# New host for 'Hard Copy'?

Paramount is close to a deal with L.A. anchor to join show

By Joe Schlosser

**P**aramount Domestic Television executives are close to signing former KCBS-TV Los Angeles morning and weekend news anchor Kyle Kraska as the new host of its syndicated news magazine, *Hard Copy*, sources say.

This summer the nine-year-old news magazine is getting a complete overhaul that will change the show's format and likely its name by the fall.

Sources say that Paramount executives are set to name the show *First*



**Sources say that Paramount executives are set to name the show 'First Person' when it reappears Sept. 14.**

*Person* when it debuts on Sept. 14 and that it is moving from its tabloid roots to a more advertiser-friendly, long-form reporting program. Paramount executives are talking with stations signed on for the news magazine for this fall about the new format and name. *Hard Copy* is cleared in more than 90% of the country for the 1998-99 season and in more than 50% for 1999-2000.

*Hard Copy's* two longtime anchors, Barry Nolan and Terry Murphy, were dropped this summer, and the show's New York news

bureau has been all but shut down, sources say. Kraska will likely be the show's lone host, according to sources.

Kraska had worked as an anchor at the CBS affiliate in Los Angeles for the past two years. Kraska's contract ended in July at KCBS-TV Los Angeles and it was not renewed, KCBS-TV executives confirmed.

Doug Bruckner, who has been a senior correspondent on *Hard Copy* since the show started in 1989, has been offered a top production position on the series, sources say. It is unclear whether Bruckner has accepted the post. Paramount Domestic Television executives had no comment.

"It's still up in the air," says Bill Carroll, vice president and director of programming at Katz Television Group, about the show's new format. "Paramount executives say they will make a decision soon and that those changes will go into effect on Sept. 14. Whether the name changes, they say, depends on the consensus of their key station clients. But trust me, they've already done the new logo." ■

# BVT capitalizes on late-night void

'Unhappily Ever After' cleared in half of the country, including some time periods vacated by first-run casualties

By Joe Schlosser

**B**uena Vista Television has cleared off-network runs of The WB sitcom *Unhappily Ever After* in more than 50% of the country for fall 1999.

Executives at Buena Vista say they began selling the comedy in late June for mostly late-night time periods to help stations fill the void left by a number of recent first-run late-night casualties. After the completion of the 1998-99 TV season, there will be nearly 100 episodes of the series available for syndication play. *Unhappily Ever After* debuted on The WB when the network started in 1995 and is slated to run again in prime time on Sunday during the upcoming season.

The series has been licensed to seven Fox owned-and-operated stations, including WNYW(TV) New York, KTTV(TV) Los Angeles and WFLD(TV) Chicago. Other clearances include WPHL-TV Philadelphia, KOFY-TV San Francisco and WFXT(TV) Boston. *Unhappily Ever After* is available on a 50-50



**'Unhappily Ever After,' an adult-oriented sitcom, was originally seen on The WB in 1995. It debuts in syndication in fall '99.**

barter split (the ad time is divided evenly between station and syndicator). Buena Vista executives say.

Janice Marinelli, Buena Vista's executive vice president of sales, says the edgy sitcom about the dysfunctional Malloy family is a perfect fit for stations in late-night time periods.

"The first thing stations did recently after shows like *The Keenen Ivory Wayans Show*, *Vibe* and even *The Magic Hour* didn't perform up to expectations was move them back a half-hour and throw another sitcom in front of them," Marinelli says. "Stations are really trying to counter Leno and Letterman with sitcoms that are edgy and adult-oriented, like *Unhappily Ever After*."

The sitcom has been sold in fringe and early-fringe time periods as well, Marinelli says.

Buena Vista executives weighed bringing the show out this January to capitalize on the numerous late-night openings on stations, but opted to hold the show for a standard fall launch in 1999.

"We missed the upfront by coming out in June, and we didn't want to go into the scatter market," she says. "We felt we'd rather hold it and get the right type of clearances and not try to rush the launch." ■



# Tortorici heads remade Telemundo

*Infusion of cash and original programs are first orders of business for new management team*

By Michael Stroud

**S**ony Corp.'s Columbia TriStar Television is moving quickly to put its stamp on Telemundo.

After Sony closed on the \$539 million acquisition of the Spanish-language network, Columbia named a new executive team led by former CBS Entertainment chief Peter Tortorici and announced plans for a slate of original programming.

The fall schedule's mix of original comedies, dramas, game shows, reality programming and movies is the beginning of plans to build a Spanish-speaking complement to the major U.S. broadcast networks.

Sony's library will provide some of the inspiration, as Columbia TriStar taps movies like "The Mask of Zorro" for movie nights and Spanish-language variations on shows like *Charlie's Angels*, *The Dating Game* and *The Newlywed Game*.

The goal is to appeal directly to some 29 million Hispanics living in the U.S., rather than hoping to attract that audience with imported fare—as both Telemundo and rival Univision have done in the past.

For Columbia TriStar Television President Jon Feltheimer, the plans are the realization of a long-held desire to tap the Latin-American TV programming market. "Our intention is to create programming and a brand fashioned for the lifestyle, the culture and the history of the Latino living in the United States," Feltheimer says. "We don't think they've had that opportunity so far."

To lead the charge, Feltheimer picked Tortorici, whose long list of credits include *Murphy Brown*, *Picket Fences*, *Northern Exposure*, *Touched by an Angel* and *Chicago Hope*. Most recently a consultant to Sony, Tortorici will rely on newly appointed Telemundo Entertainment President Nely Galan, who launched the Fox Latin American Channel and Fox Kids in Latin America.

"I'm going to be trusting Nely for a lot [of the Latin-American programming knowledge]," Tortorici says. Tortorici's team also includes chief operating officer Alan Sokol, previously a senior vice president for corporate development at Sony



**The new management of the Spanish-language network: Rachel Wells, Peter Tortorici, Nely Galan and Alan Sokol**

Pictures Entertainment, who helped to close the acquisition of Telemundo by Sony. Liberty Media and investors Apollo Management and Bastion Capital. Another member of the team is executive vice president for marketing Rachel

Wells, previously a senior vice president, international marketing, at Columbia TriStar Television International.

Roland Hernandez, Telemundo's former chairman, will now head the company's station group.

Feltheimer and Tortorici already have remade Telemundo's fall schedule. More than 80% of the slate consists of new material, and about half of the shows are produced by Columbia TriStar. While Tortorici won't comment on how much Sony is investing, he says this year's programming budget is about twice last year's, and the figure will likely jump sharply again before the 1999-2000 season.

Shows inspired by Sony's library will all have to be remade to appeal to Latin-American tastes and culture. Tortorici stressed, "You can't just simply put [a program] through the translator and expect it to work." ■

## Keeping the family together

As Family Worldwide converts its \$1.9 billion investment in Family Channel to Fox Family Channel (the change was scheduled to take place at noon on Aug. 15), they want to make sure everybody gets it—literally.

Fox Family Channel officials, particularly the channel's president, Rich Cronin, and the Fox Kids Worldwide chairman, Haim Saban, have fielded questions about whether they think Family Channel viewers—and operators—will embrace Fox Family.

Their answer is a training program that Fox has developed to educate customer-service reps of various cable operators about the content and goals of the new Fox Family lineup. Some 20,000 customer-service reps are expected to complete the program, which should provide them with enough information about Fox Family to field consumers' calls to their cable companies about the changes, says Tom Lucas, senior vice president of marketing at Fox Family Channel.

Fox Family also has activated a national toll-free number to answer viewer questions. "This is a significant change, and we understand that when changes are made to a network that's been in business for 20 years, it raises questions," Lucas says.

To hedge its bet, Fox Family is enticing families to tune in through a \$100 million marketing campaign with a "Getaway-House Giveaway" co-sponsored by Wendy's Restaurants. Cable systems representing more than 50 million subscribers will participate in the watch-and-win promotion, which promises one winner a vacation home or \$100,000 in cash. The sweepstakes runs Aug. 15-Sept. 15.

—Donna Petrozzello



**Mr. Bill, star of his own Fox Family prime time series, greeted the public last week in Los Angeles.**

# Furchtgott-Roth's shadow FCC

*Under commissioner's direction, team of interns has been searching for telco regs that are ready for the ax*

By Chris McConnell

Commissioner Harold Furchtgott-Roth doesn't like the way the FCC is handling its required review of telecommunications rules, so he's working on it himself.

Furchtgott-Roth has assembled a team of summer legal interns and set them to work scanning pages of telecommunications rules in search of regulations that are ripe for elimination. The commissioner hopes the law students will produce a mock review that real regulators can use as a reference when they conduct the next regulatory review in 2000.

"What we've tried to accomplish is to create a model," says Paul Misener, Furchtgott-Roth's chief of staff. Misener says 10 interns are working on the project, although some will be leaving and other newcomers arriving as the new school year begins.

Their work springs from a long-standing difference between Furchtgott-Roth and FCC Chairman Bill Kennard over the FCC's obligations under the 1996 Telecommunications Act. The law requires the commission to review its telecommunications rules every two years.

Last November, Kennard launched an internal review of all the FCC's telecommunications, broadcast, satellite and cable rules. The internal effort so far has led to a public review of more than 30 rules.

But Furchtgott-Roth insists that the FCC's effort doesn't really cover the full five volumes of FCC telecommunications regulation. He has voiced disapproval of the commission's compliance with the law in a series of statements appended to commission actions, most recently to an effort to streamline cable industry paperwork requirements.

Furchtgott-Roth praised that action, but insisted that it should not be confused with "complete compliance" with the law. He also chastised the commission for not generating a guide for the FCC's analysis of the rules.

Misener expresses hope that the



Furchtgott-Roth, pictured with his staff and interns, hopes the interns will create a model for the FCC.

interns' work will provide a guide for the next go-around, in 2000. All summer, the law students have worked on the project in a small, windowless room across the hall from Furchtgott-Roth's suite of offices. The interns are paid for the summer work, although they are splitting up a budget of the size

that other offices use to pay as few as one or two interns.

Misener says the crew actually will cover only a small percentage of the thousands of pages of telecommunications rules. He stresses that the goal is to create a blueprint for a full review and not to actually analyze each rule.

The effort has drawn some snickers and raised eyebrows from others on the FCC's eighth floor, some of whom view Furchtgott-Roth's crew as an in-house conservative think tank. Misener, who says the effort is not intended as a threat to Kennard's office or the rest of the

agency, voices the hope that the rest of the commission will not perceive it as one.

"It's not designed to be a publicity piece," Misener adds. Says Kennard: "We're always interested in getting any additional input ... we look forward to whatever they come up with." ■

## Ness, Tristani criticize FCC's review of radio deals

*Say inconsistencies in defining markets can affect application of ownership rules*

By Chris McConnell

Commissioners Susan Ness and Gloria Tristani don't like the way FCC officials are adding up radio stations for the purposes of enforcing local ownership limits.

Concurring last Friday in an FCC decision to uphold Noalmark Broadcasting Corp.'s acquisition of two Arkansas stations, the commissioners charged regulators with using inconsistent formulas to first determine market size and then determine how many commonly owned stations exist within a market.

"Our current broadcast ownership rules stumble on one of the critical



Susan Ness



Gloria Tristani

steps in any meaningful competitive analysis: a clear definition of the scope of the 'market' in question," the commissioners said. "The end result is that there can be no meaningful assessment of market concentration, because there is no consistent definition of the relevant market."



The commissioners argue that regulators currently count any station overlapping a proposed local radio combination for the purposes of determining market size. Regulators must define the size of markets because the number of stations that any one company can own varies with the size of the market.

But when it comes to applying the

local ownership caps, Ness and Tristani said, the defined "market" is limited to only the stations overlapping every other station under common ownership. The two regulators argued that the inconsistency could allow multiple station owners to hold several additional stations in cases in which the additional stations do not overlap every

other station in a local cluster.

"We do not have any definitive answers at this point, but a logical starting point would be to apply the same market definition both to the number of stations in the market and to the number of stations a particular entity actually owns within that market," the commissioners said. ■

## New names for B&C's Hall of Fame



Collins



Friendly



Kasem



Kelley



Kuralt



Lee



Nixon



Pauley



Wallace



Welk

Ten new members of the BROADCASTING & CABLE Hall of Fame will be inducted on Nov. 9 during a formal dinner and celebration in New York's Marriott Marquis Hotel. They bring to 174 the number of those honored since the Hall of Fame was established on the magazine's 60th anniversary in 1991. The new honorees are:

- Joseph Collins, chairman and CEO of Time Warner Cable and a cable pioneer. He served earlier as president of Home Box Office and is a past chairman of the National Cable Television Association.

- Casey Kasem, whose *American Top 40 with Casey Kasem* is now in its 28th year, and who is famous for other countdown formats across the dial.

- David Kelley, the writer-producer of such hit television vehicles as *Picket Fences*, *Ally McBeal*, *The Practice* and *Chicago Hope*, who began his career as producer of *L.A. Law*.

- Agnes Nixon, one of the foremost writers of television serial drama for more than 30 years and creator of *One Life to Live*, *All My Children* and *The City*.

- Jane Pauley, former host of NBC-TV's *Today* show and co-anchor of that network's *Dateline* series of prime time news magazines.

- Mike Wallace, co-editor of *60 Minutes* for 30 years

and veteran CBS News correspondent in all venues since 1951.

Posthumous Hall of Fame honors will be accorded to

- Fred Friendly, the Ed Murrow associate and one-time head of CBS News who went on to a distinguished second career as a media critic and teacher.

- Charles Kuralt, the popular CBS News reporter who created a new form of journalism with his "On the Road" series and a new institution with *Sunday Morning*.

- Terry Lee, for years a leading executive with the Storer Broadcasting Co. and board chairman of both the Television Bureau of Advertising and the Association for Maximum Service Television.

- Lawrence Welk, the bandleader whose syncopated musical style made its mark on the nation's musical memory and whose syndicated broadcasts are still seen and heard on the medium today.

Sam Donaldson of ABC News, who has been master of ceremonies from the Hall of Fame's inception, will again serve in that capacity.

For information and reservations contact Steve Labunski at (212) 337-7158 or Sandra Frey at (212) 337-6941. ■









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# Heyworth exiting Viewer's Choice

By Donna Petrozzello

**J**ust weeks after pay-per-view distributor Viewer's Choice combined with its major rival, president James Heyworth is exiting the company.

The company says that Heyworth's departure was "mutual," but executives familiar with the move say members of the company's board were pushing for a change. After years of on-again, off-again merger negotiations, Tele-Communications Inc. finally agreed to abandon its Request TV operation and merge it with Viewer's Choice.

With the bulk of PPV homes now under one cable distributor, the MSOs controlling the company want to take it "in a new direction," says one company executive. They want it to work harder to market the service to subscribers.

An executive familiar with Heyworth's exit says board members want to replace him with someone more seasoned in program marketing.

Heyworth had long suffered from the inability of his owners, including Time Warner Inc., Cox Communications Inc., Comcast Corp. and MediaOne Group Inc., to agree on how much Viewer's Choice should emphasize retail marketing.

PPV has long been a sluggish business, and other than boxing and wrestling matches, operators have not had much success with it. Now, with digital cable allowing dozens of PPV channels, operators are seeing movie buy rates quadruple and have a shot at making it a substantial part of their business.

"He ran it according to the wishes of its MSO owners," the executive says of Heyworth. "Now they're changing their view on what it should be."

Heyworth says only that "the new board of directors wants to change the role and authority of the president, and after 11 years, it's a good time for me to make a change."

As a result of Request TV's closure on July 1, Viewer's Choice expanded to serve 27 million addressable cable homes and went from 11 channels to 36. Viewer's Choice says it will retain Heyworth through the early phase of its migration to a new satellite. ■

## CLOSED CIRCUIT

BEHIND THE SCENES. BEFORE THE FACT

### DENVER

#### Dill departs TCI

**L**inda Dill, head of investor relations at Tele-Communications Inc., has quietly departed the MSO to join suburban Denver-based Corporate Express, the office supply giant. With the AT&T/TCI merger moving ahead, TCI isn't likely to replace Dill, who informed analysts last week that she would be leaving. Her departure doesn't appear to be the first in a wave of merger-spurred resignations, company insiders say. While eventual job cuts are a near certainty, TCI staffers are biding their time, hoping either for a spot at the new AT&T Consumer Services Co. or a healthy payout if they're shown the door. However, notes one insider, "This isn't the Brendan Clouston era of severance packages." There hasn't been a clash of cable and telco corporate cultures so far, says a source, but there clearly are differences. "The bible at AT&T is 'Built To Last,' a book on building corporate cultures," says the source. "We're more like the guys in 'Apollo 13' who fixed the CO<sub>2</sub> scrubber."

### WASHINGTON

#### Driver's seat

**B**roadcasters look like they are going to win their battle against PrimeTime 24 in the courts, but subscribers—bereft of their satellite-delivered imported network signals—may bring broadcasters a congressional loss. "I've spent all day long answering phone calls from angry constituents," says Ken Johnson, spokesman for Telecommunications Subcommittee Chairman Billy Tauzin (R-La.). "They are angry, and they are asking how the government could allow this to happen." Staffers in the offices of Sen. Conrad Burns (R-Mont.) and Rep. Robert Goodlatte (R-Va.) said they had received several calls from irate subscribers, including one whose husband will no longer be able to see ABC's *Monday Night Football*. Cut-off viewers

also are calling the FCC and the U.S. Copyright Office, which has set up a hotline at (202) 707-5932. If PrimeTime 24 loses its case, now going on in Miami—one source says the trial is going "spectacularly well" in favor of broadcasters—more than a million satellite TV customers stand to lose their network TV signals. Tauzin's solution is to allow DBS subscribers to offer subscribers some, but not all, local signals in their local markets for a few years. Broadcasters would prefer legislation that would allow satellite broadcasters to offer local signals only if they offer every local signal in a market. Such legislation passed out of the House Judiciary Committee earlier this month. Meanwhile, the U.S. court of appeals in Atlanta denied PrimeTime 24's emergency petition to stay the Miami court's preliminary injunction, issued last month.

#### Missing permits

**F**CC officials have accounted for all but three of the digital TV construction permits that were due at the agency Aug. 3. That was the deadline that regulators imposed on major network affiliates in markets 11-30 for filing DTV construction-permit applications. A commission official said Friday that 75 applications had been filed or granted; two stations had asked for extensions, and the remaining three DTV applications are unaccounted for. The official also said that regulators have granted 21 construction-permit applications to stations that pledged to have DTV signals on the air this November and that the FCC has granted 32 construction-permit applications for major network affiliates in the top 10 markets.

### Broadcasting & Cable ONLINE

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# Set makers support blocking option

*Thomson, CEMA say parents should have control over programming*

By Paige Albiniak

Over the objections of broadcasters, Thomson Consumer Electronics, the largest seller of TV sets in the U.S., is going forward with a plan to sell sets that will allow parents to block news, sports and advertising.

At a technical standards group meeting last week in Chicago, Thomson's trade association, the Consumer Electronics Manufacturers Association (CEMA), declined to actively support Thomson's initiative. CEMA preferred instead to refer to the FCC's rules on the subject. Those rules specifically say the V-chip, can block unrated programming.

"We understand that this is an emotionally charged issue for some broadcasters," wrote CEMA President Gary Shapiro to members of the group. "We also believe that parents in the marketplace—not broadcasters, manufacturers or the government—should determine what features sell and how they should be used."

"This whole debate should be about



CEMA's Gary Shapiro

what the parent wants," says Dave Arland, a Thomson spokesman. "This is not about the end of television on the planet Earth."

Other set makers, namely Sony and Panasonic, have not said whether they intend to offer parents the choice of blocking unrated programming. But at last week's meeting, all the set makers indicated they would like to have that option.

"We are still looking at the development and implementation of the V-chip," says Caroline Lappetito, spokeswoman for Sony. "We are going to evaluate what additional functions may be needed with V-chip-equipped TVs and we are going to see what consumers require."

Broadcasters say Thomson's initiative goes against the spirit of television ratings agreements they signed a year and a half ago and again last summer. During those negotiations, broadcasters, the cable industry, the creative community and advocacy groups created an age- and content-based television ratings system to work with the V-chip.

Broadcasters say that the ratings system purposely exempts news and sports and that set makers should not circumvent that agreement. Broadcasters also are concerned that consumers would purposely block advertising and inadvertently block emergency warnings.

But broadcasters can get around Thomson's plan by rating all programming TV-Y, the lowest possible rating. Sources say this is the route broadcasters likely will take should set makers offer the option to block unrated programming. Broadcasters also could choose to scrap the voluntary ratings system altogether.

Family advocacy groups—including the American Psychological Association, the Center for Media Education and the National Parent Teacher Association—say that they never intended the ratings system to apply to news and sports, but they do want parents to have the option of blocking unrated programming.

"[T]o be effective, the V-chip must give parents the ability to block unrated programming they feel is inappropriate for their children," the advocacy groups told the FCC when they first filed on the subject on Nov. 24, 1997. ■

## Sinclair defends Glencairn relationship

*Says no new charges have been raised by LMA complaints*

By Chris McConnell

Sinclair Broadcast Group says it's heard it all before. Responding this month to charges that it is controlling a company with which it has struck a series of local marketing agreements (LMAs), the broadcaster said that the FCC already has signed off on its relationship with Glencairn Ltd. in previous rulings.

Sinclair's response follows charges by the Rainbow/PUSH Coalition and KWTV(TV) Oklahoma City—owner Kelley International Licensing that Sinclair controls Glencairn. The groups made the charge in urging the FCC to reject Glencairn's acquisition of KOKH-TV Oklahoma City from Sullivan Broadcasting.

"Kelley's 'proof' consists of facts regarding the ownership structure of

Glencairn, all of which are well-known to the commission, as well as rank speculation as to the future behavior of Glencairn and Sinclair," Sinclair told the FCC.

The broadcaster pointed to past FCC decisions to approve Glencairn station acquisitions after reviewing the company's relationship to Sinclair. "Kelley presents no new facts," Sinclair said.

Glencairn's voting stock is 100% owned by its president, Eddie Edwards. However, 90 percent of the company's equity is held in nonvoting stock in trusts established by Carolyn Smith, mother of Sinclair President David Smith. Carolyn Smith holds another 7% of the equity herself, while Edwards holds the remaining 3%.

Baltimore-based Sinclair has more than a dozen LMAs with Glencairn stations, and the deals have drawn objec-

tions from other broadcasters before. Both Post-Newsweek Stations and Pulitzer Broadcasting have charged that the LMAs give Sinclair an unfair advantage.

Earlier this summer, Rainbow/PUSH questioned Glencairn's independence from Sinclair in an FCC filing and later called on the commission to hold a hearing on the relationship between the two companies.

Responding to Kelley's petition, Sinclair said the commission already has rejected objections to Glencairn's ownership structure: "Kelley has presented no factually supported allegations of any instance in which Edwards, at the direction of Sinclair, has failed to exercise the degree of control over the affairs and operations of the Glencairn stations that is expected of a broadcast licensee." ■

# Court sends complaint back to FCC

*Instructs commission to reexamine charges against '60 Minutes'*

By Chris McConnell

**A** Washington appeals court wants the FCC to take another look at a viewer's complaint against CBS's *60 Minutes*.

In a ruling last week, a three-judge panel of the U.S. Court of Appeals in Washington said the commission had not adequately explained its decision to dismiss Alexander Serafyn's charge that the show distorted the news in a 1994 segment dealing with the modern Ukraine. Serafyn asked regulators to deny a CBS bid to acquire Detroit's WWJ-TV (formerly WGPR-TV).

While regulators dismissed the petition in 1995, the judges last week sent the complaint back to the commission for further review. "The commission neither applied the correct standard nor provided a reasoned explanation in its decision," Judge Douglas Ginsburg wrote.

In a statement, CBS said it is confident the FCC "will again conclude that there is no basis for any allegation of news distortion."

In his complaint, Serafyn charged that the *60 Minutes* segment, "The Ugly Face of Freedom," unfairly por-

trayed Ukrainians as anti-Semitic. The report included comments about Ukrainians by Rabbi Yaakov Bleich, who later complained that his remarks were **quoted out of context**. The report also included **video** of the Ukrainian Boy Scouts overlaid with the sound of **marching boots**.

Serafyn included a **tape** of the segment in **his** petition and also said that the report misinterpreted Ukrainians speaking in the piece. When the Ukrainians used the term "zhyd," meaning "Jew," they were interpreted as having used the derogatory term "kike."

The FCC said Serafyn did not provide enough evidence to show "an intent to distort" on the part of CBS and dismissed the petition without holding a hearing.

The judges were unsatisfied with that explanation, maintaining that the FCC should have decided whether Serafyn offered enough evidence to warrant further review rather than deciding whether the petition proved an intent to distort the news.

"The commission's muddled discussion suggests that it ... applied the wrong standard in judging the suffi-

ciency of the evidence," Ginsburg wrote.

The judges went on to criticize the commission's handling of specific charges in the complaint. While the FCC said it long has stayed away from judging the accuracy of news broadcasts, for instance, the court said egregious errors "may indeed suggest that [a broadcaster] intended to mislead."

The judges pointed to the report's translation of "zhyd," stating that "changing 'Jew' to 'kike' may be as blatant a distortion as changing a 'no' answer to a 'yes.'" The court added that regulators unreasonably dismissed the translation issue without giving an explanation.

While sending the case back to the FCC, the judges did not specifically order regulators to hold a hearing on Serafyn's complaint.

FCC officials cannot remember a hearing on news distortion for at least the past two decades. One official cited a hearing that occurred more than 20 years ago after a TV station used World War II footage in a report on the Soviet Union's invasion of Czechoslovakia. ■

## Cool reception for minority auction credits

By Chris McConnell

**T**he FCC's latest effort to promote diversity in broadcasting drew mixed reviews last week from advocates.

Seeking to give new entrants a leg up in getting into the business, the commission this month said it will award bidding credits to new broadcasters bidding on analog licenses. The rules give winning bidders with no other media outlets a 35% credit toward paying their bids. Winning bidders with no more than three other media outlets and none in the market of the new licenses get a 25% credit.

In adopting the rules, the FCC commissioners said they hope the credits will give small businesses—including minority- and women-owned business-

es—a chance to participate in the bidding for about 40 TV analog licenses.

Advocates of increased industry diversity welcomed the gesture but held out few hopes that it will help advance their cause. "I don't know if it's really enough," said Gigi Sohn, executive director of the Media Access Project. Sohn praised the bidding credits as a good idea but said that limiting the auction to new entrants would be more effective.

Civil rights lawyer David Honig called the bidding credits "not unhelpful," but said he was more interested in seeing the FCC complete a study (dubbed the "Adarand study") defending affirmative action policies. "It just underscores the need to get the study done," Honig said of the auction rules. ■

The auction rules apply to radio and TV applications that have been frozen at the FCC since a federal appeals court threw out the comparative criteria that regulators used in selecting license winners from among competing applications. The auctions will be closed to applicants with pending applications, except in cases in which the FCC never opened a filing period for competing applications for a license.

One FCC official said that the first auction of the broadcast licenses could take place within a year.

Broadcasters, meanwhile, showed little interest in the FCC's auction rules and bidding credits. The NAB had no comment on the rules, and Association for Local Television Stations President James Hedlund said, "I haven't heard any complaints." ■





## WASHINGTON WATCH

By Chris McConnell and Paige Albiniak

### Cable rate refunds

**C**ablevision Systems Corp. will pay about \$1.2 million in subscriber refunds to settle 280 rate complaints under an agreement the FCC approved last week. About 300,000 subscribers will receive the refunds in the form of billing credits.

Dissenting from the decision was Commissioner Harold Furchtgott-Roth, who said the FCC lacks the authority to negotiate such rate settlements. He also objected to the commission's analysis of Cablevision's rates:

"This lack of explanation causes me to suspect that the number at which the commission and cable company have arrived has little to do with actual rate analysis but more to do with simple horse-trading." He went on to assail the rate-complaint resolution as "the sorry and inevitable by-product of rate regulation itself." FCC Chairman Bill Kennard defended the deal as providing "tangible, final and prompt relief that otherwise would not likely be possible."

### Studios and inspection files

**T**he FCC last week loosened its rules on public inspection files and main studio locations. The old rules required stations to maintain their main studios either within their community of license or within the station's strongest signal area. The new rule allows broadcasters to keep the main studio either within 25 miles from the center of the community of license or within the strongest signal area of any station licensed to the station's community of license.

In the case of the public inspection file, the old rules required stations to keep a public inspection file

at the main studio or within the community of license if the main studio was outside the community of license. The revised rules allow stations to keep the inspection file in the main studio, wherever it is located.

The new rules also give stations the option of keeping the file in a computer database rather than in paper form. Additionally, regulators encouraged stations to post the files on their Internet sites.



Furchtgott-Roth dissented in rate refund settlements.

In a separate statement, Commissioners Susan Ness and Gloria Tristani said they feared the FCC might be going too far in allowing the main studio and inspection files to sit in the signal area of any sta-

tion serving the community of license. "Such leniency, we are afraid, may erode the important concept of localism upon which the broadcast service is premised," the commissioners said.

### Star Wars

**I**n a last-ditch effort, Rep. Rick Boucher (D-Va.) and 22 other House members are asking FCC Chairman William Kennard to intervene in a Miami court case that likely will cause more than a million satellite TV viewers to lose their network TV programming. Last month, the U.S. District Court in Miami ruled that by Oct. 9 satellite TV distributor PrimeTime 24 must turn off the imported network signals of all subscribers who signed up after March 11, 1997, and who receive clear over-the-air TV signals more than half the time. Boucher is asking Kennard to consider the National Rural Telecommunications Cooperative (NRTC)'s solution: change the standard so that anyone who does not clearly receive over-the-air signals all the time could receive imported signals.

# Special Reports

## GLOBAL SATELLITES

Issue Date: August 24

Ad Close: August 14

## SYNDICATION FALL DEBUT AND MUSIC PROGRAMMING

Issue Date: August 31

Ad Close: August 21

## TOP 25 MEDIA COMPANIES

(Bonus Distribution at IBC)

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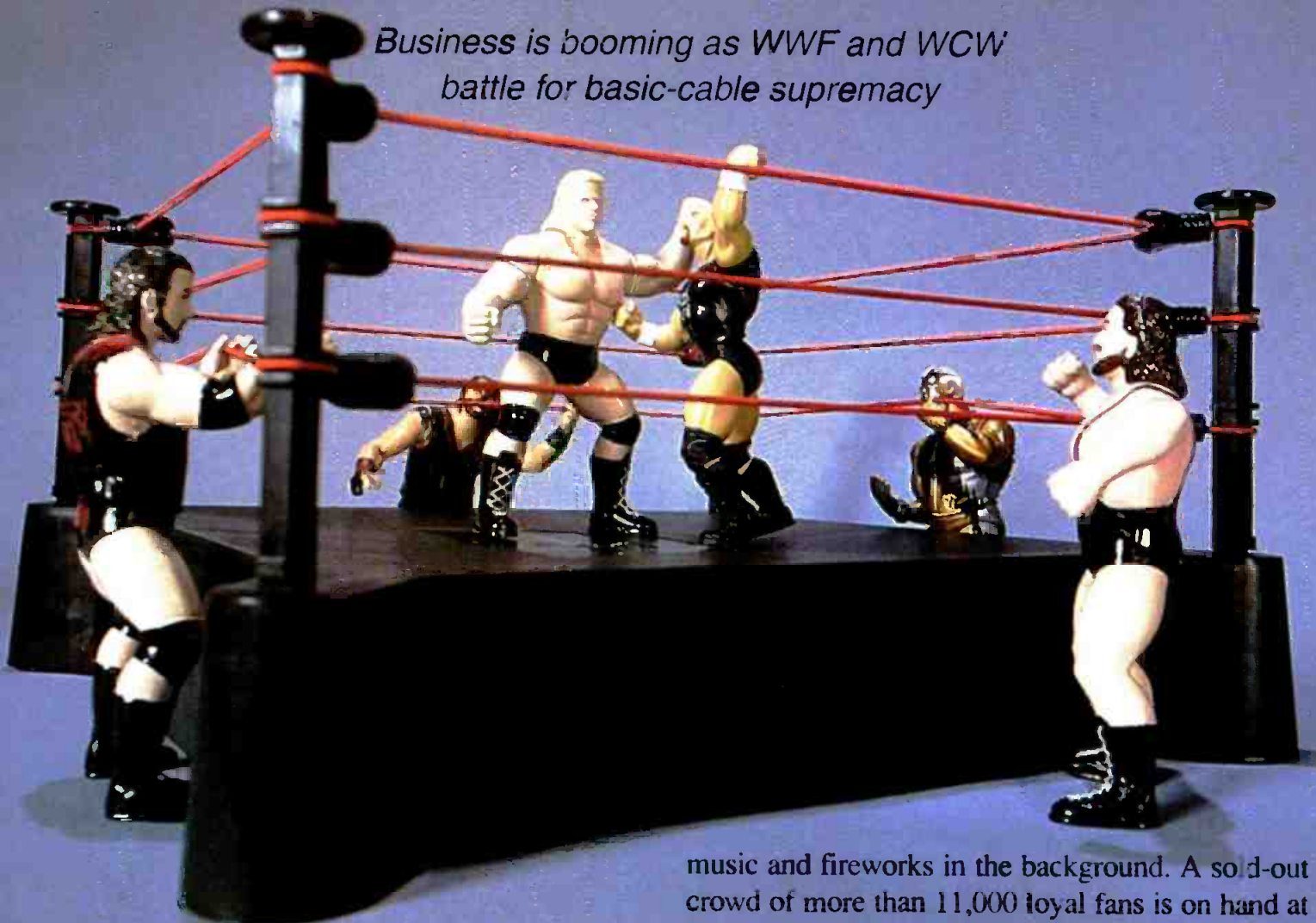
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# Broadcasting & Cable

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# WRESTLING WITH SUCCESS

*Business is booming as WWF and WCW battle for basic-cable supremacy*



By Joe Schlosser

**D**iamond Dallas Page makes his way down the ramp and into the ring. The Giant, a seven-foot-four, 475-pound behemoth, and the well-traveled Hollywood (formerly Hulk) Hogan are not far behind. Rock music screams, fireworks explode and 10,000 fans packed into the Denver Coliseum go wild. Another 3 or 4 million people across the country are watching at home, eagerly waiting to see whether former NFL player Bill Goldberg will find his way into the ring.

A few thousand miles away, Stone Cold Steve Austin is marching down a similar ramp, with rock

music and fireworks in the background. A sold-out crowd of more than 11,000 loyal fans is on hand at the San Diego Sports Arena—and close to 4 million viewers are at home, tuned in to see if Austin and his tag team partner The Undertaker can take down Owen Hart and The Rock.

It is just another Monday night in the suddenly resurgent professional wrestling business, a business that is drawing fans—and, more important, advertisers—to the ring in eye-gouging numbers. Two different wrestling organizations, two different cable outlets and two very different owner/promoters are running the show these days.

The World Wrestling Federation, which rose to national prominence in the early 1980s under the guidance and ownership of Vince McMahon, is back on top of the Nielsen ratings these days.



With a whole new cast of characters, a new attitude and some *Jerry Springer*-like qualities, the WWF has scratched its way back from an early '90s funk. The WWF's Monday night *Raw Is War* is carried on USA Network 52 weeks a year, half of the shows live from various arenas around the country.

The WWF's popularity has helped to fuel USA Network's status as the country's top-rated cable channel. Over the past two months, *Raw* has overtaken WCW's *Monday Nitro* in the weekly ratings battle. And last month, WWF introduced *Sunday Night Heat*, a five-week trial run that scored a 3.7 rating in its first outing and a 4.2 rating in its second effort, according to Nielsen Media Research. WWF and USA executives say that they still are discussing whether or not to make *Sunday Night Heat* a weekly event.

McMahon also says he is in negotiations to bring the WWF back to network television, where it last played on NBC in 1991. *Saturday Night Main Events*, a series of weekend specials, aired on NBC between 1985 and 1991, and two similar specials aired on Fox in the late '80s. McMahon won't say which network the WWF is in negotiations with. On the cable side, the WWF recently signed a new three-year contract with USA Network that begins this fall and includes a mutual "out" for both sides after two years.

Meanwhile, World Championship Wrestling, created by Time Warner Vice Chairman Ted Turner in the late 1980s, has been the hottest thing on cable TV for the past two and half years.

Since it debuted on Labor Day weekend in 1995, WCW's *Monday Nitro* has topped WWF's *Raw Is War* for the majority of Mondays over that span.

*Nitro* is carried live on Turner's TNT Network for three hours every Monday from arenas across the country. For the year, *Monday Nitro* has averaged a 4.5 rating on TNT, while WWF's *Raw Is War* has averaged a 4.3 rating. WCW's *Thursday Night Thunder*, which debuted earlier this year on co-owned TBS, has averaged a strong 3.7 rating year-to-date.

## FIRM HOLD ON THE DOLLAR

The two wrestling organizations combined gross well over a billion dollars a year in licensing, ad revenue, pay per view, syndication and sold-out arena sales, both domestically and internationally. During the past year, ratings have increased over 50% for wrestling, and more than 40 million people have watched wrestling every week in one form or another. Internationally, the WWF airs in more than 110 countries and in eight different languages. The WCW is carried internationally on Turner's various international channels.

Many of the top wrestlers on each side have worked for the rival faction during their careers, and the high-stakes battle for ratings and dollars has developed into something of a grudge match between TV's wrestling powers.

Two years ago McMahon filed a lawsuit against the WCW for copyright infringement, and the WCW quickly counter-

sued. Both cases are still pending in a Connecticut court.

Neither organization claims that the actual wrestling inside the ropes is for real; both call it entertainment. But what is real is that professional wrestling is the dominant programming form on cable television.

Outside the NBA, NFL or original episodes of Comedy Central's hit *South Park*, WCW and WWF claim the top five or six spots in the basic-cable Nielsen standings each week. Wrestling also attracts the most advertiser-friendly demographics in cable; truckloads of male viewers in the coveted 18-49 and 12-24 categories tune in each week.

"I think we've reinvented cable TV," says Eric Bischoff, the president of World Championship Wrestling, who also plays himself in various WCW story lines on TNT and TBS. "It is really ironic that our competition spends as much time complaining about what we've done—because they [WWF] were dead before we came along. The fact is we've created competition for them, which forced them to be better and also forces us to step it up."

McMahon, who purchased the WWF from his father, Vince Sr., in 1982, says wrestling is finally starting to overcome its long-standing image problem with the public—and, more important, with advertisers.

"There is and has been a stereotypical image of wrestling that was created by my predecessors, of Damon Runyonesque, cigar-chomping characters running around in smoke-filled rooms," McMahon says. "We're still dealing with a little bit of that stigma

that we brought on ourselves. But it's starting to become more mainstream now, and some executives—like [USA Networks Chairman] Barry Diller—are starting to understand populist television. The advertisers also see what a great platform wrestling is for their products."

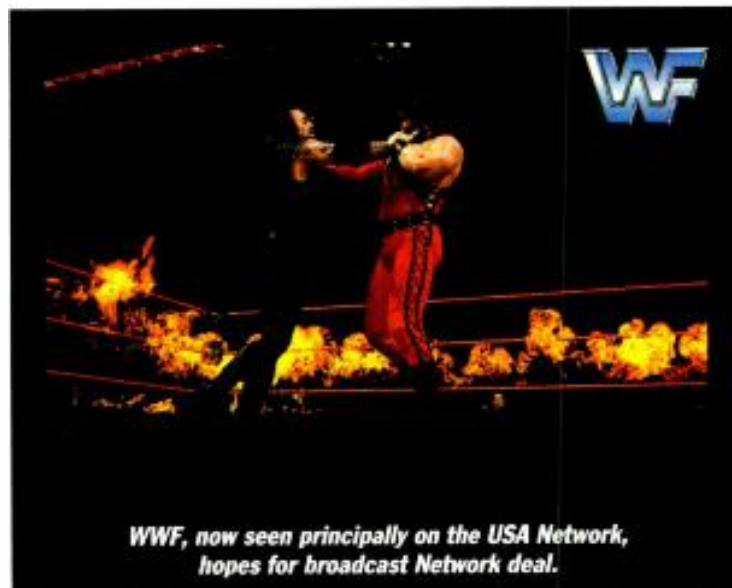
Chris Geraci, senior vice president and director of national TV buying for BBDO in New York, says the secret to wrestling's newfound fame is in its far-reaching, daily presence.

"What you are dealing with is a truly integrated product, with live events, pay per view and what is on the air on commercial television," Geraci says. "They've got a lot of brand awareness going on, because they are reaching their target audience through so many different avenues. And if you can tolerate the content and you are selling a product to that audience, you have some of the best concentration in cable or television altogether."

## ARE YOU READY FOR SOME WRESTLIN'?

In 1995, TNT President Bradley Siegel says he met with WCW executives and drew up a plan that would change the face of wrestling. Siegel says that for WCW to become a national force in the entertainment industry, the weekly matches had to be turned into "event programming."

"We needed to do something that people had not seen on a weekly basis with wrestling. It needed to be live, it needed to



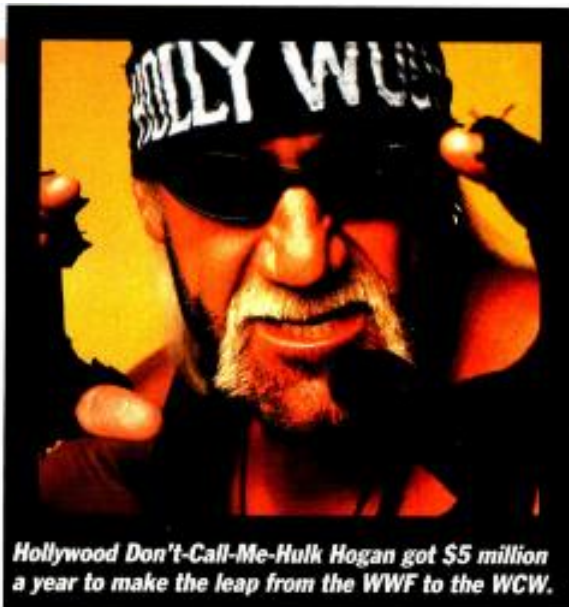
WWF, now seen principally on the USA Network, hopes for broadcast Network deal.

## COVER STORY

be live every week, and it had to become basically the *Monday Night Football* of wrestling," Siegel says. "And it had to be in major arenas, not in little podunk two thousand, three thousand-seat arenas."

Siegel got his wish. With the addition of a number of former WWF stars—the biggest being Hulk Hogan, whose moniker was quickly changed to Hollywood Hogan—the WCW began to pick up momentum. Fans started turning out in droves, and the WCW was soon coming into millions of homes each week from top-named arenas like Madison Square Garden and Los Angeles's Great Western Forum. TNT chose to go head-to-head with the WWF, putting its three-hour (it started out as a two-hour program) *Nitro* on Monday nights, the same night USA had been airing *Raw Is War* since 1993.

A new, heated rivalry was born, and McMahon says he wasn't going to watch his family's long-standing franchise go down for the count without a fight. Faced with the new challenge, McMahon teamed with USA executives and his own production staff to turn the WWF's fortunes around. Through a combination of new stars, edgy story lines and 26 live events a year, the WWF began to see increased ratings and was soon matching—and, more recently, surpassing—WCW in some ratings categories.



Hollywood Don't-Call-Me-Hulk Hogan got \$5 million a year to make the leap from the WWF to the WCW.

## IN THIS CORNER, MADISON AVENUE

After a year and half, Siegel says that TNT was seeing big results from WCW's live Monday night shows. The ratings were reaching levels that his network had seen only with professional sports like the National Basketball Association and the National Football League. The arenas were selling out in every city, and WCW merchandise was flying off the shelves. But Siegel says the biggest piece of the puzzle was still missing: advertisers.

"Last year I visited every single advertising agency in New York, I was so frustrated by the fact that I knew we had this event every Monday night that delivered the same kind of viewers that major sporting events and ESPN and MTV were delivering, but advertisers had this sort of snob attitude about it," he says. "It was as though [advertisers] thought it wasn't good for their product. It made no sense at all."

Siegel says he had to convince Madison Avenue executives that wrestling could be a safe, healthy platform to sell their products and that the stigma McMahon had talked about was no longer a reality. Siegel says he used Howard Stern's marketing pitch for the popular bottled drinks by Snapple as



**Thanks to our affiliates, The History Channel has achieved the past appealing to subscribers and attractive to**



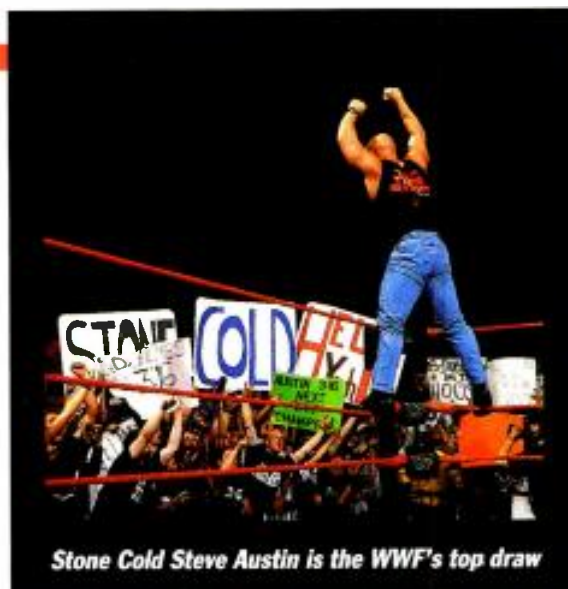
a prime example of how WCW could be used as a launching pad for new products.

"There is no passive listening to the Howard Stern [radio] show," he says. "It is the same thing with wrestling. The wrestling fan base is so actively involved with everything that is going on, including the commercials. A smart marketer can really take advantage of WCW Monday Nitro and create a tremendous marketing and promotional platform."

TNT now has more than 50 national advertisers signed on to its weekly WCW matches, including the likes of Coca-Cola, H&R Block and MCI. Ad rates have jumped more than 70% in the past two years for WCW, and advertiser spending has tripled overall in that time, Turner executives say. From the 1995-96 TV season to the 1996-97 period, Turner executives say ad sales were up 238%.

Turner executives say a popular destination for Hollywood studio-type advertisers right now is TBS Superstation's new *Thursday Night Thunder*. TBS runs a weekly 90-second spot during *Thunder* called Ringside Release, which looks ahead to that weekend's new theatrical releases. Paramount, Warner Bros., DreamWorks and Universal are some of the Hollywood studios that use the platform.

Over at the WWF, ad sales have gone up 282% from a year



Stone Cold Steve Austin is the WWF's top draw

ago, says Scott Rothschild, head of ad sales at Titan Sports Inc., WWF's parent company. Rothschild also says that ad rates are up about 190% from a year earlier. Advertisers with the WWF and USA Network now include Coca-Cola, Greyhound, Hasbro, Levi's, Mars and a number of Hollywood studios. The advertising is so hot right now that Rothschild says he has had to double his sales force in the past year and that his staff in Manhattan will be moving into new offices next month.

Titan Sports executives say they sell 90% of the ad time on USA Network and leave the other 10%

for USA sales teams.

"We said to the [USA executives] that since we know what we are doing in this field, why don't we take the vast majority of the inventory and we will guarantee you X number of dollars," McMahon says. "I'm happy to say, we are going to be cutting USA Network a nice fat check real soon, the biggest one we ever have."

Wall Street executives and top Madison Avenue types say that while wrestling may be pulling in good demographics and ratings, body slams are not for everybody.

"One of the things with wrestling is the content. There are only certain advertisers that are going to take this stuff seriously, if you will," says BBDO's Geraci. "I think a lot of advertis-



**50 million** subscribers. You've recognized our promise to make non-subscribers. Because of you, our figures are truly historic.



**THE HISTORY CHANNEL.**  
WHERE THE PAST COMES ALIVE.

# VINCE VS. KAY

World Wrestling Federation owner and producer Vince McMahon says he is a lot happier now that Kay Koplovitz is out and Steven Chao and Barry Diller are running USA Network.

McMahon, whose WWF events have been on USA in some form since the cable channel was launched 21 years ago, says he never got along with Koplovitz and that the former USA president didn't understand professional wrestling.

"The U.S. Open Tennis tournament was her thing, even though we were the number-one-rated program on the network all along," McMahon says.

McMahon, who just signed a new three-year contract with USA Network, says the WWF's recent ratings surge and new edgy attitude would never have been possible under Koplovitz. "She brought me in and raked me over the coals when we started to push the envelope a year ago," he says. "She said to me: 'How dare you. What happened to the good guys and the bad guys you used to give us? You created Hulk Hogan. He's a good guy; give me another one of those.'"



**McMahon: Koplovitz "ranked me over the coals when we started to push the envelope a year ago."**

McMahon says that would have been too simplistic and that the WWF audience of today wants edgy story lines and a lot of action, not just "cops and robbers." McMahon says Koplovitz said that couldn't happen on USA.

"She forced us into a position where we could have produced what Kay wanted us to do, which would have been as boring as hell, and the ratings would have gone down, or we could have said the hell with this and gone with our gut instinct. That's what we did," McMahon says. "And thank God that during that transition period the network was purchased by someone [Diller] who understands populist TV."

Diller acquired USA Networks from Universal last February, and Koplovitz stepped down in April as the longtime president of USA Networks. Koplovitz, who founded USA Network in 1977, believes she and Vince had a "very good" working relationship.

"I think Vince had his show on our network for so long because he did get support from us. For 20 years he got support," Koplovitz says. "WWF wouldn't have been there from the very start if it weren't supported. I brought in people to try and help the show when it had gone wrong, and I've always felt they were contributors to the network."  
—Joe Schlosser

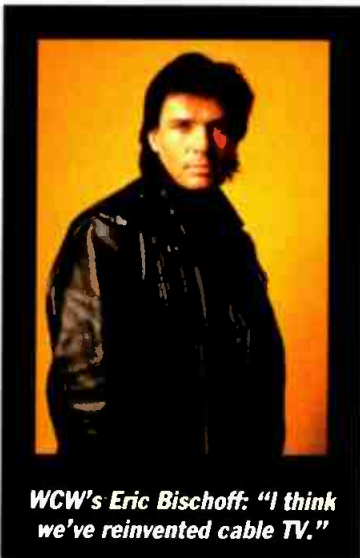
ers will tend to shy away from it because of the violence—and, as good as the numbers may be, there will probably always be a certain number of advertisers that will not buy it."

## 'NYPD BLUE' WITH TURNBUCKLES

Three weeks ago at the Arrowhead Pond in Anaheim, Calif., McMahon climbed into the ring to set one of the WWF's female "managers" straight. McMahon, who also plays himself in the ongoing WWF soap opera story line, looked up at crowd favorite Sable and called her a "bitch." Shortly before that, two of the WWF's most popular wrestlers, a tag team that calls itself D Generation X, began their match in usual form. The two wrestlers looked into the crowd, made a gesture to their midsection and gave their now-patented line: "Suck This!"

McMahon says it is all part of the WWF's new attitude and a strategy to "push the envelope." He wants the WWF to be thought of as the Oakland Raiders of the wrestling world—mean, tough and dirty, with wrestlers who are "bad-ass characters and renegades." McMahon acknowledges that he is going to have to defend his new approach to the media and to certain segments of viewers, but he says it is all good, clean fun.

"Please say that we are out of control, please say that," he says. "What we are trying to do is give people the perception that we just might be out of control. We are not, believe me, we are not. But what we are doing here is simply perceptions. The more our competitors talk about how aggressive we are, the bad language and all of that, the better off we'll be."



**WCW's Eric Bischoff: "I think we've reinvented cable TV."**

And the competition says the WWF is, well, out of control.

"Out of desperation and in order to get bigger numbers, they are going with gratuitous T and A ... and women mouthing the F-word," says WCW's Bischoff. "I have nothing against going for hard-core, adult themes, if indeed your network will allow you to do that, but I think it is irresponsible in the long term, and I think Vince is shooting himself in the foot."

Bonnie Hammer, senior vice president of Sci-Fi Channel programming and USA Networks original production, was assigned to the WWF cause two years ago by then USA Networks President Kay Koplovitz. Hammer and McMahon have worked together on the WWF's new strategy, and Hammer says what they are doing is no worse than ABC's *NYPD Blue* or Comedy Central's *South Park*.

"Do we push the envelope to a point that is fun? Yes, we do," Hammer says. "We stop when it's appropriate. It is not violent; there is an aggressiveness to it, but we're very careful with standards and practices about language that is bogus. Of course the competition is going to take shots at us, because we are now on top. The program is fun, and we know when to pull back."

Hammer adds: "Vince likes to be the bad guy, and he wants to be the one that is getting the little slap on the wrist, because he is just about going as far as he can go within the parameters. But there is always a wink there, always humor attached and always a cliffhanger."

But Turner executives and Bischoff disagree. They say the WWF's new tactics could end up hurting not only the WWF in the long



run, but professional wrestling altogether. Bischoff says the WWF is using adult-themed content in their shows and selling the TV advertising time to companies that sell children's products. Bischoff says USA Networks Chairman Barry Diller is going to be held accountable in the end.

"I'd like Barry Diller to justify how he sells Super Soakers, M&Ms and video games on a program that has half-naked women saying fuck you," says Bischoff, who claims that his two cable outlets [TNT and TBS] censor profanity and punish any wrestlers who use bad language on air.

Diller would not comment, but McMahon counters that 65% of the total WWF audience, including syndication and PPV viewers, are over 21 years old.

"Adults eat candy, as well," McMahon says. "What they are trying to do is say that we are so edgy that our advertisers are going to leave us. That's not true; advertisers are knocking down the door and trying to get into what we are doing. ... Our advertisers understand what we are doing. ( Reviewing WWF tapes, BROADCASTING & CABLE found women apparently mouthing "fuck," but never heard the word.)"

Many of the advertisers that have purchased time on the WWF and/or WCW would not comment on the record, claiming it was against policy. But a number spoke on background.

Nearly every top movie producer said that they have no problem with the content of WCW or WWF. One advertising executive at 20th Century Fox said that wrestling is a perfect "buy" for a studio when it is launching a new film aimed at a young male audience.

"When we have spots for movies like "There's Something About Mary," which is pretty edgy anyway, we don't really have a problem with the content, and there has never really been any suggestion of that," the 20th Century Fox executive said. "Both WCW and WWF really deliver a strong core of moviegoers, and it is a great way to reach them."

Elizabeth Janneman, Turner Broadcasting executive vice president, entertainment sales, says a number of advertisers have recently told her that they were taking their ad dollars out of WWF because of the new edgy, controversial story lines.

"They made the decision after watching the shows—and that's really the biggest frustration we have, that a lot of people that are responsible for making the buys are not necessarily wrestling viewers—but for the ones who have invested the time and watch the difference between the two, feel WWF is just out-and-out raunchy," Janneman says.

BROADCASTING & CABLE could not locate any advertisers who were pulling their ad dollars out of WWF. And Titan's Rothschild says that in the past three and a half years, no advertiser has failed to renew its contract with WWF.

## THE BATTLE ROYAL?

**M**cmahon claims that Time Warner Vice Chairman Ted Turner is out to get him and the WWF. He says the rivalry between the two dates from when Turner was airing WWF events on WTBS(TV) Atlanta in the early 1980s.

"We gave Turner the best numbers he ever had back in the early '80s," McMahon says. "Then Turner began to notice what we were doing. He invited me to a Braves game down in Atlanta and said 'Vince, you are too damned successful; you have to sell me some of your stock.' I told him the WWF was a private company, a family-owned company, and that he couldn't have any of our stock."

McMahon says that at the next conversation he had with Turner, Turner demanded the majority of Titan Sports Inc.'s stock. McMahon says he turned him down, and ever since, the Time Warner vice chairman has had it in for the WWF. Turner would not comment.

WCW President Eric Bischoff says that Turner "spits bigger than Vince McMahon" and that McMahon is an egomaniac who "loves to see his name in print with Ted's."

"I meet with Ted Turner probably for about five minutes a year; that's Ted's involvement in WCW," Bischoff says. "But Vince likes to portray to you and others in the media

that there is a big grudge match going on between him and Ted. I kind of think if Vince were to walk into Ted Turner's office, someone would have to remind Ted who Vince is."

## HOW MUCH IS TOO MUCH?

**E**ven when it comes to the future, the WCW and WWF can't see eye to eye. The biggest question facing both organizations is oversaturation. McMahon says the more outlets, the more marketing deals and

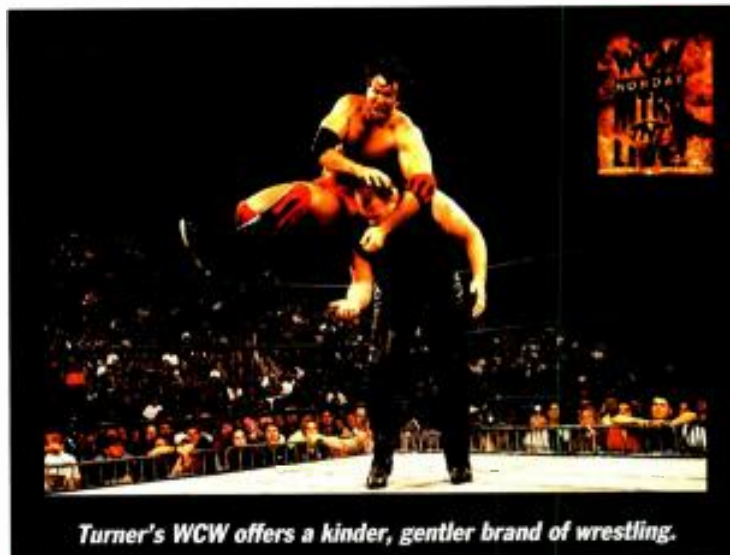
the more advertisers that the WWF can bring in, the merrier. TNT's Siegel says too much of the genre could kill his idea of wrestling as "event programming" and damage wrestling's popularity.

McMahon is currently talking about new broadcast deals for WWF, more big pay-per-view matches and the use of WWF wrestlers on various TV shows, such as USA Network's *Pacific Blue*.

"We are no longer in the wrestling business—we're in the sports entertainment business—and we're really an action-adventure program," McMahon says. "When you are doing a really good action-adventure, as long as there is a need, and I would suggest there always will be, and as long as you can find the right time slots to reach a different demographic, why not do it?"

Turner executives claim that one of the reasons that the WWF's *Raw Is War* has topped WCW's *Monday Nitro* in recent months is the addition of WCW's new prime time show, *Thursday Thunder*, on TBS Superstation.

"This is event programming, and I do worry about diluting it," Siegel says. "By having it on too much and in too many different places, you can do that. You are always tempted to use wrestling here and there to get a big number. I'm of the opinion that it's a one-night-a-week thing and that we should cultivate that audience and leave it there. But so far, having it on TBS has helped WCW, there is no doubt about that." ■



Turner's WCW offers a kinder, gentler brand of wrestling.

## MEDIA FINANCE: THE MONEY MANAGERS

# The Powers That Buy

*Wall Street's Media Mafia of portfolio managers and analysts can make or break companies*

By John M. Higgins and Price Colman

It may seem that swaggering dealmakers like John Malone, Rupert Murdoch, Sumner Redstone, Gerald Levin, Mel Karmazin and Barry Diller rule the world, or at least the media world. They engineer multibillion-dollar cable takeovers, drop \$500 million to start a single cable network and sweep up radio stations to put a hammerlock on the songs people hear.

But there is another group that can inflict misery upon media titans, thwart their ambitious expansion plans and literally pluck billions of dollars from their pockets. That's Wall Street's Media Mafia, the money men and women who dictate how much a company is worth and who can influence everything, including how much capital Viacom Inc. can raise, whether Time Warner Inc. can afford a particular takeover or whether CBS Corp. execu-

tives' stock options are worth millions or nothing.

Armed with vast billions of dollars managed on behalf of small mutual fund investors or huge pension funds and insurance companies, a core group of portfolio managers and buy-side analysts either lavishly reward or torture media executives.

Every top executive knows their pain. After the buy side soured on Blockbuster Entertainment's video-rental operations, Viacom Inc. Chairman Redstone watched his company's stock drop 63%—cutting his personal holdings by \$2 billion, to \$1 billion or so. At the same time, Time Warner Chairman Levin—whose career as a salaryman didn't make him as rich as more entrepreneurial executives—is watching his personal holdings zoom from around \$1.5 million to possibly more than \$100 million if the company's stock rally continues.

The money managers aren't focused on the personal wealth of USA Network Inc.'s Diller or CBS President Kar-

## Biggest Media Investors

<i>Institution</i>	<i>Investment Goals</i>	<i>Index</i>	<i>Institution</i>	<i>Investment Goals</i>	<i>Index</i>
Fidelity Management & Research Co.	Growth, Value, Income	1000	Goldman Sachs Asset Management (US)	Growth, Value	194
Capital Research & Management Co.	Growth, Value	850	American Express Financial Advisors	Growth, Value, Index	170
Putnam Investment Management	Growth, Value	707	Regents of University of California	Income, Value	162
Janus Capital Corp.	Growth, Value	691	Warburg Pincus Asset Management Inc.	Growth	155
Barclays Global Investors N.A.	Growth, Value, Index, Quant.	593	AIM Capital Management Inc.	Growth, Value	152
State Street Bank and Trust Boston	Growth, Value	384	Southeastern Asset Management Inc.	Growth, Value	144
Bankers Trust Co. (Inv. Mgmt.)	Index, Growth, Value	340	Massachusetts Financial Services Co.	Growth, Value	132
American Century Investment Mgmt.	Growth, Value	304	Mellon Bank N.A.	Index, Value	125
Alliance Capital Management L.P.	Growth, Value	227	Berkshire Hathaway Inc.	Strategic	111
The Vanguard Group	Growth, Value, Index	219	State Street Research & Mgmt Co.	Growth, Value	100
TIAA-CREF Investment Management Inc.	Growth, Index	213	INVESCO (New York)	Growth, Value, Index	91
Smith Barney Investment Advisors	Growth, Value	204	Franklin Mutual Advisers Inc.	Growth	87
			New York State Common Retirement Fd.	Index	84

Ranked by investments in 25 top U.S. broadcast TV, radio and cable companies as of March 31. Each investor is indexed to largest holder.

Source: CDA Spectrum





mazin except for the fact that if the executives score big gains, so do the money managers' clients and in turn, the managers themselves.

What industry insiders call the Media Mafia is only partly made up of iconic money managers who have followed TV and entertainment companies for decades, like GMAC Investors' Mario Gabelli or Capital Research & Management's Gordon Crawford. The most important players may actually be lower-profile analysts, like J.P. Morgan Investment Management's Jim Tierney or brand-new media follower Janus Capital's John Schreiber. They influence portfolio managers who pour money in when a sector is hot.

Media executives say that it's not the longtime media investors who usually are responsible for fueling rallies or slumps in their stock. It's the marginal, or incremental, money flowing in.

"Those guys can rock your stock," says Comcast Corp. Vice Chairman Julian Brodsky, who is always pushing brokerage analysts and investment bankers to arrange presentations to institutions that have never held Comcast stock. "One guy who comes in and wants to build a position of 5-10 shares can move the stock. The marginal buyer can move the stock up, and the opposite is always true."

Tom Dooley, Viacom deputy chairman and executive vice president, concurs, saying that the company goes through an elaborate process (including retaining a consulting firm) to identify institutions that might be lured to its stock. When the company got hammered, Dooley started looking at portfolio managers focusing on "value" stocks. Now that Viacom has rebounded, he's courting growth investors that concentrate on surging earnings.

Dooley said that companies always take care to cater to established players. "But there is an art form and a very specific methodology to figur[ing] out who is going to be your next stockholder."

Some buy-side players are particularly respected for their insight and understanding; many are dismissed. "It's almost comical to watch at times," says the CEO of one TV company. "There are a handful of people who really get it, peel back the onion, take the time to understand what at times are less than simplistic issues. But a lot of people with a herd mentality jump on the bandwagon with what appears to be in vogue at the time, taking only a superficial look." ■



To uncover Wall Street's Media Mafia, **BROADCASTING & CABLE** asked CFOs and CEOs of major media companies as well as sell-side analysts and investment bankers who they consider to be the most important, influential or simply interesting. We also reviewed **BROADCASTING & CABLE**'s annual compilation of top media companies to find the top institutional investors. Ten money managers emerged as key players in media finance. Following are their profiles.

# Capital Research's Gordon Crawford

*"I believe the top of the food chain is content."*

By John M. Higgins

In August 1995, Time Warner Inc. Chairman Gerald Levin flew west on a secret mission. Taking a private jet to Montana, Levin headed to the ranch

**SPECIAL REPORT**  
**MEDIA FINANCE**



**THE MONEY MANAGERS**

of Ted Turner, chairman of Turner Broadcasting System Inc. After eight years of alternately supporting and wrestling with Turner and his other cable partners—notably Tele-Communications Inc. (TCI) Chairman John Malone—Levin had an audacious proposal. The plan would end the increasing friction of the past two years between Turner and the backer that had once kept him out of bankruptcy and for years kept him out of the movie business. Levin wanted to take over TBS outright for \$7.5 billion (roughly \$35 per share), pry Malone away from the cable programmer and make Turner a lieutenant at Time Warner.

This was a meeting that would rock the market. TBS stock had languished at some \$15-\$20 per share for two years. News of the talks would give an immedi-

ate 50% gain to anyone holding the stock.

One investor knew a deal was afoot instantly. Hanging out at the ranch with Turner that weekend was Gordon Crawford, vice president of Capital Research Management, a mutual fund company with \$400 billion under management. Although he was in Montana to spend a little time with Turner and his buffalo, Crawford found himself in the middle of a huge media deal, one that promised to transform Time Warner.

Armed with choice insider information, Crawford called his home office—not to tell traders to buy stock but to order a freeze on Capital Research trading in any of the companies involved in the deal. The freeze lasted two months—even though word leaked to the press within two weeks and the deal was signed within four.

"I knew more details than had come out in the press," Crawford says, adding, "I don't want to spend my dotage in a federal penitentiary."

Crawford's intimate relationships with media and entertainment titans arise from his indisputable position as the media money manager with the most clout. The combination of 27 years following media companies and the size of Capital Research has made Crawford as much adviser and confidant to media moguls as he is a stockholder.

Part analyst, part portfolio manager, Crawford finds his counsel sought by the likes of Malone, Levin and USA Networks Inc. Chairman Barry Diller. Rivals believe that he may be more



tuned in to the strategies of companies than anyone else on Wall Street, partly because he works for a mutual fund company that doesn't just buy and hold, but buys and holds "forever."

"It helps that I know he's not going to load up or sell his whole position the minute he walks out of the room," says the CEO of one media company. "You can trust him."

Crawford's relationships with media titans are the envy of nearly every media analyst and investment banker on Wall Street, many of whom assume that Crawford has insider information on every deal in the works.

"I get it less often than people imagine," Crawford says. For example, he says that he found out about AT&T Corp.'s deal to buy TCI the night before it was announced; he got the same call from management that other big players received.


The investment strategy of Capital Research—the mutual-fund arm of Los Angeles-based The Capital Group—is distinctive. The company favors taking a 5%-15% stake in a company and holding it for years. For example, Crawford began acquiring TCI stock for Capital Research in the '70s and today holds an 8% stake worth some \$1.2 billion.




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# CEA New York

## Mergers/Acquisitions/Divestitures

The following is a partial listing of mergers, acquisitions and divestitures completed by CEA New York:

June 1997  
\$22,000,000  
Acquired  
ACME Television  
has acquired  
KWBP - TV  
Portland  
CEA represented the buyer

October 1997  
\$13,200,000  
Acquired  
ACME Television  
has acquired  
WINT - TV  
Knoxville  
CEA represented the buyer

December 1997  
Acquired  
ACME Television  
has acquired  
KZAR - TV  
Salt Lake  
CEA represented the buyer

December 1997  
Acquired\*  
ACME Television  
has acquired  
KAUO - TV  
Albuquerque  
CEA represented the buyer  
\*closing pending FCC approval

December 1997  
\$146,000,000  
Acquired  
ACME Television  
has acquired  
KPLR - TV\*  
St. Louis  
CEA represented the buyer  
\*closing pending FCC approval

December 1997  
\$629,000,000  
Sold  
The Radio Stations, Radio Networks  
and Orlando Outdoor Billboard  
Assets of  
Paxson Communications Corp.  
to  
Clear Channel Communications  
CEA represented both parties

December 1997  
Sold  
WGTZ - FM, WING - AM,  
and WING - FM of  
Great Trails Broadcasting Corp.  
to  
Clear Channel Communications  
CEA represented the seller

December 1997  
Acquired  
Great Trails Broadcasting Corp.  
has acquired  
KSVI - TV (ABC)  
and time brokerage rights to  
KHMT - TV (Fox)  
CEA represented the buyer

May 1998  
Sold  
Petracom Equity Partners, L.P.  
KDEB - TV, Springfield, MO  
WTVW - TV, Evansville, IN  
KARD-TV, Monroe, LA  
WQRF - TV, Rockford, IL  
KLBK - TV, Lubbock, TX  
to  
Quorum Broadcasting  
CEA represented the seller

May 1998  
Sold  
Petracom Equity Partners, L.P.  
KAYD-FM, KQXY-FM,  
KAYD-AM, KQHN-AM  
Beaumont-Port Arthur, TX  
to  
Cumulus Media, LLC  
CEA represented the seller

May 1998  
Sold  
Pacific Broadcasting, Inc.  
KTCX-FM  
Beaumont-Port Arthur, TX  
to  
Cumulus Media, LLC  
CEA represented the buyer

July 1998  
\$5,200,000  
Sold  
Cramer Outdoor  
to  
DeLite Outdoor  
CEA represented the seller

June 1998  
\$62,500,000  
Sold  
U.S. Broadcast Group  
KFDX - TV, Wichita Falls, TX  
KJAC - TV, Beaumont, TX  
KSNF - TV, Joplin, MO  
to  
Nexstar Broadcasting  
Management  
CEA represented the seller

June 1998  
\$26,000,000  
Sold  
U.S. Broadcast Group  
WVNY - TV, Burlington, VT  
to  
Straight Line  
Communications  
CEA represented the seller

August 1998  
Sold\*  
U.S. Broadcast Group  
WWCP - TV, Johnstown, PA  
to  
Peak Media  
CEA represented the seller  
\*closing pending FCC approval

August 1998  
\$9,000,000  
Sold  
U.S. Broadcast Group  
WMGC - TV, Binghamton, NY  
to  
Ackerley Communications  
CEA represented the seller



# Delivers in 97/98

## Financings

The following is a partial listing of financings completed by CEA New York:

March 1997  
\$10,000,000  
Equity Capital  
has been arranged for  
**62nd Street Broadcasting, LLC**  
Funding was provided by:  
Bain Capital  
CEA represented the issuer

July 1997  
\$17,500,000  
Senior Debt Financing  
has been arranged for  
**Exit Now Outdoor, LLC**  
Funding was provided by:  
IBJ Schroder Bank & Trust Co.  
CEA represented the borrower

July 1997  
\$6,000,000  
Equity Capital  
has been arranged for  
**Exit Now Outdoor, LLC**  
Funding was provided by:  
Summit Capital Group  
CEA Capital Partners USA, L.P.  
CEA represented the issuer

September 1997  
\$127,370,000  
Senior Subordinated Notes  
have been arranged for  
**ACME Television**  
Funding was underwritten by:  
CIBC  
Merrill Lynch  
CEA represented the borrower

September 1997  
\$55,442,500  
Equity Capital  
has been arranged for  
**ACME Television**  
Funding was provided by:  
BancBoston Capital  
Alta Communications, Inc.  
CEA Capital Partners USA, L.P.  
CEA represented the issuer

September 1997  
\$40,000,000  
Preferred Equity Capital  
has been arranged for  
**ACME Television**  
Funding was underwritten by:  
CIBC  
Merrill Lynch  
CEA represented the issuer

September 1997  
\$40,000,000  
Senior Debt Financing  
has been arranged for  
**ACME Television**  
Funding was underwritten by:  
CIBC (Agent)  
CEA represented the borrower

December 1997  
\$65,000,000  
Senior Debt Financing  
has been arranged for  
**Root Communications, L.P.**  
Funding was provided by:  
Bank of Montreal  
SunTrust Bank  
CEA represented the borrower

December 1997  
\$20,000,000  
Equity Capital  
has been arranged for  
**Root Communications, L.P.**  
Funding was provided by:  
Fleet Equity Partners  
CEA represented the issuer

December 1997  
\$34,500,000  
Senior Debt Financing  
has been arranged for  
**Great Trails Broadcasting Corp.**  
Funding was provided by:  
Bankers Trust Company  
CEA represented the borrower

January 1998  
\$20,000,000  
Senior Debt Financing  
has been arranged for  
**PNE Media, LLC**  
Funding was provided by:  
Union Bank of California  
CEA represented the borrower

January 1998  
\$12,400,000  
Equity Capital  
has been arranged for  
**PNE Media Holdings, LLC**  
Funding was provided by:  
BancBoston Ventures, Inc.  
Alta Communications, Inc.  
CEA represented the issuer

June 1998  
\$200,000,000  
Equity Capital  
has been arranged for  
**Paxson Communications Corp.**  
13 1/4% Cumulative Junior  
Exchangeable Preferred Stock  
CEA represented  
Paxson Communications Corp.

June 1998  
\$75,000,000  
Equity Capital  
has been arranged for  
**Paxson Communications Corp.**  
9 3/4% Series A Convertible Preferred  
Stock with Warrants  
CEA represented  
Paxson Communications Corp.

June 1998  
\$38,000,000  
Senior Debt Financing  
has been arranged for  
**S&P Cellular Holding, Inc.**  
Funding was provided by:  
ING Barings  
AT&T Commercial Finance Corp.  
CEA represented the borrower

June 1998  
\$18,000,000  
Equity Capital  
has been arranged for  
**S&P Cellular Holding, Inc.**  
Funding was provided by:  
Stewart Capital, LLC  
Hibemia Capital Corp.  
Science Applications International Corp.  
Tyco Submarine Systems Ltd.  
Advantage Capital Partners  
AT&T Commercial Finance Corp.  
Dominion Financial Group Int'l.  
CEA represented S&P Cellular Holding, Inc.

CEA New York

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In a business in which most managers are slaves to quarterly performance, Crawford and Capital Research stick out because they don't try to respond to companies' medium-term leaps and dives, holding on to positions for years, sometimes even decades.

"We seek consistently superior long-term results. Your compensation system is based on a four-year weighted average of your results," Crawford says. "It doesn't pay to look at your quarterly results."

With so much cash under management, "we can't move in and out of sectors," Crawford says. He looks for large companies in sectors that he thinks will grow over 10 years.

Although he's famed as a media analyst, Crawford also is involved in portfolio management responsibilities with five of the Capital Research mutual funds. (Sister division Capital Guardian manages money for pension funds and other institutions.)

In media, Crawford favors cable and content—cable systems, cable networks and his favorite sector, movie studios.

"Entertainment is what I love best," Crawford says. "I believe the top of the

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## THE MONEY MANAGERS

food chain is content. I believe the global appetite is enormous—for records, for movies. That's our core holdings—things you can stick in a drawer and own for 20 years."

These days, in Wall Street terms, forever generally means a few years. "I think

forever is forever, unless something gets grossly overvalued. And I don't think any of these things is grossly overvalued." That's because other than a \$1.6 billion position in America Online, Crawford doesn't hold much in the way of Internet-related stocks, the values of which he generally thinks are "wacky." While radio and broadcast TV stocks are covered by an associate, David Simenhoff, Crawford isn't high on them.

"Right now [those] stocks are fairly expensive," Crawford says. With radio, "we're in the seventh or eighth inning."

## Biggest Cable Investors

<i>Institution</i>	<i>Investment Goal</i>	<i>Index</i>
Janus Capital Corporation	Growth, Value	1000
Capital Research & Management Co.	Growth, Value	688
Putnam Investment Management	Growth, Value	639
Fidelity Management & Research Co.	Growth, Value, Income	636
State Street Bank and Tr. Co. Boston	Growth, Value	577
Barclays Global Investors, N.A.	Growth, Value, Index, Quant.	458
Southeastern Asset Management, Inc.	Growth, Value	317
American Century Investment Mgmt.	Growth, Value	312
Franklin Mutual Advisers, Inc.	Growth	276
Bankers Trust Company (Invest. Mgmt.)	Index, Growth, Value	272
GAMCO Investors, Inc.	Value	234
AIM Capital Management Inc.	Growth, Value	218
TIAA-CREF Investment Management Inc.	Growth, Index	203
Alliance Capital Management L.P.	Growth, Value	199
Goldman Sachs Asset Management (US)	Growth, Value	183
The Vanguard Group	Growth, Value, Index	180
Neuberger & Berman Pension Mgmt.	Value, Growth	162
Smith Barney Investment Advisors	Growth, Value	160
Harris Associates L.P.	Value	156
Iridian Asset Management LLC	n/a	153

Ranked by investments in U.S. cable companies, as of March 31. Each investor is indexed to the largest holder.

Source: CDA Spectrum

The run-up has been driven by relaxed ownership regulation, allowing groups to gobble up stations in individual markets. With so much leverage over advertisers, groups like Chancellor Media and CBS have, in turn, been able to drive up ad rates. But Crawford doesn't think that growth rate is sustainable.

"Radio advertising will slow down," Crawford says. "It's charging along as fast as cable advertising. Once all that consolidation is finished, I think the stocks will slow down."

He's no more excited about broadcast TV. "The network business is going to continue to be a difficult business. They face tremendous cost pressures and fragmenting audiences."

The company is one of the top three institutional shareholders in Time Warner (\$3.7 billion), Viacom Inc. (\$3 billion), TCI (\$1.7 billion) and News Corp. (\$600 million). But Crawford doesn't love all media. In the most recent data available for the 40 largest institutional shareholders (March 31), Capital Research is absent from CBS Corp., MediaOne Group Inc., Chancellor Media Corp. and Paxson Communications Inc.

Crawford bristles when asked about major slumps weathered by some of his "forever" stocks, pointing out that he's not blind to management mistakes.

Even though he's more tolerant of business cycles than most of his peers,

he acknowledges big errors. Capital stuck by its massive investment in the cable industry after the collapse of Bell Atlantic Inc.'s planned takeover of Tele-Communications Inc. and the FCC's draconian order to roll back basic rates by 17%. MSO stocks were essentially sliced in half. The decline tested his strength as a buy-and-hold stalwart.

"In retrospect, I wish we had sold a lot of the cable stocks," Crawford says. "I missed what was going on in 1994. The stocks got hammered. It was a very hard period of time. That was just a mistake."

Crawford concedes that he has to fight to maintain a proper perspective, to ensure that he believes—rather than simply accepts—media moguls' strategies.

"You just keep reminding yourself that you're not in the business for Jerry Levin or Rupert Murdoch," Crawford says. "You're in the business for your clients."

For example, Crawford says that when Warner Communications Inc. was flying high on roaring sales of its Atari Corp. video games, he didn't believe the growth was sustainable. He sold Capital's entire 10% position in the company just months before Atari hit the wall, plunging Warner deep into a financial crisis.

Great, but that was 15 years ago.







Crawford laughs and says there are more recent examples, such as clearing out Capital's PolyGram stock in 1994 when the music giant started getting into





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## Leadership in Broadcasting M&A

<p><b>\$1,620,000,000</b></p> <p><b>Chancellor</b> MEDIA CORPORATION</p> <p>has agreed to acquire</p> <p><b>LIN Television</b></p> <p>Pending</p>	<p><b>\$90,000,000</b></p>  <p>has agreed to acquire</p> <p><b>Wabash Valley Broadcasting</b></p> <p>Pending</p>	<p><b>\$307,000,000</b></p>  <p>has acquired</p> <p><b>SF Broadcasting</b></p> <p>July 1998</p>	<p><b>\$112,000,000</b></p> <p><b>BUSSE</b> BROADCASTING CORPORATION</p> <p>has been acquired by</p> <p><b>Gray Communication Systems Inc.</b></p> <p>August 1998</p>	<p><b>\$1,950,000,000</b></p>  <p>has been acquired by</p> <p><b>Hicks, Muse, Tate &amp; Furst Inc.</b></p> <p>March 1998</p>
<p><b>\$1,150,000,000</b></p>  <p>has been acquired by</p> <p><b>Tribune Company</b></p> <p>March 1997</p>	<p><b>\$435,000,000</b></p>  <p>has acquired</p> <p><b>First Media Television</b></p> <p>July 1997</p>	<p><b>\$623,000,000</b></p>  <p>has acquired</p> <p><b>EZ Communications Inc.</b></p> <p>April 1997</p>		

## Leadership in Broadcasting Financing

<p><b>\$745,817,103</b></p> <p><b>AMERICAN TOWER</b></p> <p>Class A Common Stock Co-Manager July 1998</p>	<p><b>\$589,000,000</b></p>  <p>Class A Common Stock Co-Lead Manager June 1998</p>	<p><b>\$193,200,000</b></p>  <p>Class A Common Stock Lead Manager May 1998</p>	<p><b>\$594,750,000</b></p>  <p>Clear Channel Common Stock Co-Manager March 1998</p> <p><b>\$575,000,000</b> Senior Convertible Notes Co-Manager March 1998</p>	<p><b>\$1,032,412,500</b></p> <p><b>Chancellor</b> MEDIA CORPORATION</p> <p>Common Stock Co-Manager March 1998</p>	<p><b>\$858,000,000</b></p>  <p>Univision Communications Inc. Class A Common Stock Co-Manager February 1998</p>
<p><b>\$325,000,000</b></p>  <p>Senior Discount Notes Co-Manager February 1998</p> <p><b>\$300,000,000</b> Senior Subordinated Notes Co-Manager February 1998</p>	<p><b>\$256,186,500</b></p> <p><b>Jacor</b> Jacor Communications, Inc.</p> <p>Common Stock Co-Manager February 1998</p>	<p><b>\$197,774,000</b></p> <p><b>Hearst-Argyle</b> TELEVISION, INC.</p> <p>Senior Notes Co-Manager January 1998</p>	<p><b>\$500,000,000</b></p> <p><b>Chancellor</b> MEDIA CORPORATION</p> <p>Senior Subordinated Notes Co-Manager December 1997</p>	<p><b>\$108,000,000</b></p> <p><b>Hearst-Argyle</b> TELEVISION, INC.</p> <p>Class A Common Stock Co-Manager November 1997</p>	<p><b>\$250,000,000</b></p> <p><b>AH BELO</b> CORPORATION</p> <p>Senior Debentures Co-Manager October 1997</p>
<p><b>\$100,000,000</b> <b>DM 140,000,000</b></p>  <p>Senior Notes Lead Manager August 1997</p>	<p><b>\$750,000,000</b></p> <p><b>AH BELO</b> CORPORATION</p> <p>Senior Notes and Debentures Lead Manager June 1997</p>	<p><b>\$200,000,000</b></p> <p><b>Chancellor Broadcasting Company</b></p> <p>Senior Subordinated Notes Co-Manager June 1997</p>	<p><b>\$237,072,500</b></p> <p><b>Jacor</b> Jacor Communications, Inc.</p> <p>Common Stock Co-Manager May 1997</p>	<p><b>\$200,000,000</b></p>  <p>Preferred Stock Co-Manager January 1997</p>	

**MORGAN STANLEY DEAN WITTER**

the volatile movie business. That move proved as much a disaster as Crawford had feared. Seagram has agreed to take over PolyGram for about the price at which Crawford says he sold out.

He also has turned hostile toward companies that he felt mistreated shareholders. He joined with fellow media maven Mario Gabelli to hammer International Family Entertainment Corp. last year. In selling the company to News Corp. and Saban Entertainment for \$1.8 billion, IFE Chairman Pat Robertson tried to cut a sweetheart deal that would have paid a huge \$70 for each of the Class B shares that he and

his son, Tim, controlled. Outside shareholders would be left with just \$24 per share.

Gabelli and Crawford worked behind the scenes and through the press to get an equitable deal for all shareholders. The Robertsons were pressured into settling for \$35 per share for everyone.

Crawford and Gabelli got together again to force BET Holdings Inc. Chairman Robert Johnson and Liberty Media Corp. to boost their bid to take BET private from \$48 per share to \$63.

In 1996, speaking to a group of analysts, Crawford criticized Malone and then TCI President Brendan Clouston

for mismanaging the company, an event that was reported by the press. He privately and publicly upbraided Cablevision Systems Corp. after it took over Madison Square Garden, contending that Chairman Charles Dolan and President James Dolan were losing focus at a time when their cable system operations were not fully turned around.

"By nature, I'm nonconfrontational," Crawford says. "Making money for my clients—that's my only role. That's when I like to come public and make a stand. Sometimes it's effective; sometimes it's not." ■

# Gabelli's Mario Gabelli

*"I see darkness when everyone sees sunshine."*

By Price Colman

**B**y any measure, Mario Gabelli has been among the most successful media and entertainment investors in the two decades since he founded

Gabelli & Co. in 1977.

He's responsible in part for establishing the Media Mafia investment sector, his funds consistently rank high in Morningstar's ratings—and in 1997, Morningstar named Gabelli its U.S. portfolio manager of the year.

So what's the formula? A

strong measure of value investing coupled with a contrarian approach.

"I see darkness when everyone sees sunshine," says the voluble Gabelli, whose first foray into stocks came as a teenage caddy in New York (IT&T and Coca-Cola were among those early picks).

Conversely, if there are clouds gathering around U.S. equity markets, as current sentiment suggests, Gabelli should feel increasingly optimistic.

For the moment, high public valua-

tions on the kind of stocks Gabelli likes make the environment challenging.

"A value investor like us has to be patient," says the man nicknamed Super Mario for his ability to zero in on companies that have strong fundamentals but are underappreciated by other investors. "There are still some bargains."

One of Gabelli's distinguishing traits is his willingness to share his picks. What the heck, he figures, it's going to show up on a Securities and Exchange Commission filing soon enough anyway. Why not be out front about it? But don't get the idea that he would tout a stock to further his own agenda.

"I don't use the notion of floating ideas that I'm buying stuff as a mechanism to get a response," he says. "I'm a lone ranger. I always have been that way."

What are his picks, as of midsummer 1998? MediaOne Group, Cablevision Systems, Time Warner, Gaylord Entertainment and Liberty Media are among them. That selection underscores a key tenet of Gabelli's investment philosophy: Look for companies with assets that can be leveraged in multiple ways, particularly across global markets. Thus, he likes Cablevision for its mix of distribution and programming; Liberty for its mix of domestic and international programming interests, and Time Warner for all of the above—particularly the Turner acquisition that gives it a broad global presence.

"Right now, we think the balance of power is shifting back to program-



mers," Gabelli says, adding, "We made a ton of money on the cable guys."

Speaking of cable, it's a good example of Gabelli, the value investor, in action.

"A value investor under the Gabelli approach tries to buy domestic, cash-generating businesses at a discount to their private-market value," he says. "We try to project a trend line over the next five years on what would influence cash flow, how good is management at increasing valuation. Then we look at public-market value."

One key to this is what Gabelli calls "Mr. Market": an indicator Gabelli developed that describes how an imaginary investor treats a particular stock. With that baseline, Gabelli then compares how Mr. Market values a stock with how the rest of the market values the stock.

In the case of cable: "Eighteen months ago, in the fall of 1996, I said Mr. Market is wrong. ... The bottom line was that Mr. Market was way

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# RESHAPING THE BROADCASTING AND CABLE INDUSTRIES.

<p><b>\$69,500,000,000</b></p> <p><b>AT&amp;T</b></p> <p>Advisor to AT&amp;T on the Acquisition of Tele Communications, Inc.</p>	<p><b>\$745,000,000</b></p> <p><b>AMERICAN TOWER</b></p> <p>Lead Managed Initial Public Offering</p>	<p><b>\$1,850,000,000</b></p> <p><b>Hearst-Argyle TELEVISION, INC.</b></p> <p>Acquisition of the Broadcasting Division of Pulitzer Publishing Co.</p>	<p><b>\$589,000,000</b></p> <p><b>Capstar Broadcasting</b></p> <p>Lead Managed Initial Public Offering</p>
<p><b>Chancellor MEDIA CORPORATION</b></p> <p>\$900MM Co-Managed Equity Offering \$500MM Co-Managed High Yield Offering \$200MM Lead Managed High Yield Offering \$200MM Co-Managed PIK Preferred \$100MM Co-Managed Convertible Preferred \$100MM Co-Managed PIK Preferred \$150MM Co-Managed IPO</p>	<p><b>AMERICAN Radio SYSTEMS</b></p> <p>\$2.6BN Sale of Radio Assets to CBS \$200MM Convertible Exchangeable Preferred \$150MM Common Stock Offering \$70MM Initial Public Offering \$125MM Convertible Debt Offering \$175MM High Yield Offering \$900MM Flag Ship Bank Financing Managing Agent</p>	<p><b>\$150,000,000</b></p> <p><b>MULTICAPITAL</b> <small>PRIME OPERADOR ARGENTINO DE CABLE</small></p> <p>Joint-Lead Managed 20 Year Senior Notes</p>	<p><b>CLEAR CHANNEL</b></p> <p>\$75MM Co-Managed Equity Offering \$300MM Co-Managed Equity Offering \$539MM Co-Managed Equity Offering \$300MM Lead Managed Senior Offering \$500MM Co-Managed Equity Offering \$500MM Co-Managed Convert Offering \$900MM Co-Agent Bank Financing \$1.75BN Co-Agent Bank Financing</p>
<p><b>Loews CINEPLEX ENTERTAINMENT</b></p> <p>\$110MM Lead Managed Common Stock Offering Advisor to Sony Corporation on the Merger of Loews Theatres Exhibition Group and Cineplex Ocean Corporation \$70MM</p>	<p><b>TELEMUNDO</b></p> <p>\$125MM Lead Managed High Yield Offering Advisor to Sony Pictures Entertainment Inc. on the acquisition of Telemundo Group, Inc. \$738MM</p>	<p><b>Heftel Broadcasting Corporation</b></p> <p>\$175MM Co-Managed Equity Offering \$240MM Co-Managed Equity Offering</p>	<p><b>SBG SINCLAIR BROADCAST GROUP</b></p> <p>\$200MM Co-Managed Equity Offering \$150MM Co-Managed Convertible Preferred Offering \$1.2BN Participant Bank Financing</p>
<p><b>The E.W. Scripps Company</b></p> <p>\$200MM Lead Managed Notes Offering \$65MM Sale of The Fittsburgh Press \$800MM Managing Agent Bank Financing</p>	<p><b>Jacor Communications, Inc.</b></p> <p>\$325MM Co-Managed Equity Offering \$130MM Co-Managed Equity Offering \$1.15BN Agent Bank Financing</p>	<p><b>Saga</b> <small>COMMUNICATIONS, INC.</small></p> <p>\$23MM Lead Managed Initial Public Offering \$12MM Sole Managed Equity Offering \$10MM Sole Managed Equity Offering</p>	<p><b>\$75,000,000</b></p> <p><b>RADIO ONE</b> <small>THE URBAN RADIO SPECIALIST</small></p> <p>Lead Managed Notes Offering</p>

**DONE.**

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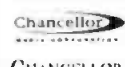
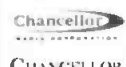











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<p>AUGUST 1997 \$173,000,000</p> <p>BENCHMARK COMMUNICATIONS</p> <p>HAS BEEN ACQUIRED BY</p> <p>CAPSTAR BROADCASTING</p> <p>FINANCIAL ADVISOR</p>	<p>DECEMBER 1997 \$125,000,000</p> <p>BENEDEK BROADCASTING</p> <p>\$15,000,000 REVOLVING CREDIT FACILITY</p> <p>\$77,000,000 TERM LOAN A FACILITY</p> <p>\$33,000,000 TERM LOAN B FACILITY</p> <p>ADMINISTRATIVE AGENT</p>	<p>MARCH 1998 \$125,000,000</p>  <p>BIG CITY RADIO, INC.</p> <p>11 7/8% SENIOR DISCOUNT NOTES DUE 2005</p> <p>CO-MANAGER</p>	<p>MAY 1998 \$589,000,000</p>  <p>CAPSTAR BROADCASTING CORPORATION</p> <p>COMMON STOCK</p> <p>CO-LEAD MANAGER</p>	<p>MAY 1998 \$1,350,000,000</p>  <p>CAPSTAR RADIO BROADCASTING PARTNERS, INC.</p> <p>\$5,000,000,000 REVOLVING CREDIT FACILITY</p> <p>\$150,000,000 TERM LOAN A FACILITY</p> <p>\$500,000,000 TERM LOAN B FACILITY</p> <p>ADMINISTRATIVE AGENT CO-ARRANGER</p>
<p>JUNE 1997 \$200,000,000</p>  <p>CAPSTAR RADIO BROADCASTING</p> <p>9 7/8% SENIOR SUBORDINATED NOTES DUE 2007</p> <p>LEAD MANAGER</p>	<p>MARCH 1998 \$1,032,400,000</p>  <p>CHANCELLOR MEDIA CORPORATION</p> <p>COMMON STOCK</p> <p>JOINT BOOK MANAGER</p>	<p>SEPTEMBER 1997 \$2,500,000,000</p>  <p>CHANCELLOR MEDIA CORPORATION OF LOS ANGELES</p> <p>\$1,600,000,000 REVOLVING CREDIT FACILITY</p> <p>\$900,000,000 TERM LOAN A FACILITY</p> <p>SYNDICATION AGENT CO-ARRANGER</p>	<p>JUNE 1998 \$940,000,000</p>  <p>CLEAR CHANNEL COMMUNICATIONS, INC.</p> <p>HAS ACQUIRED</p> <p>MORE GROUP</p> <p>FINANCIAL ADVISOR</p>	<p>MARCH 1998 \$594,800,000</p>  <p>CLEAR CHANNEL COMMUNICATIONS, INC.</p> <p>COMMON STOCK</p> <p>LEAD MANAGER</p>
<p>MARCH 1998 \$500,000,000</p>  <p>CLEAR CHANNEL COMMUNICATIONS, INC.</p> <p>2 3/4% SENIOR CONVERTIBLE NOTES DUE 2003</p> <p>LEAD MANAGER</p>	<p>OCTOBER 1997 \$66,200,000</p>  <p>ECHOSTAR COMMUNICATIONS CORPORATION</p> <p>COMMON STOCK</p> <p>CO-MANAGER</p>	<p>JUNE 1998 \$260,000,000</p>  <p>GRANITE BROADCASTING CORPORATION</p> <p>REDUCING REVOLVING CREDIT FACILITY</p> <p>ARRANGER/ADMINISTRATIVE AGENT</p>	<p>JANUARY 1998 \$238,600,000</p>  <p>HEFFEL BROADCASTING CORPORATION</p> <p>CLASS A COMMON STOCK</p> <p>LEAD MANAGER</p>	<p>AUGUST 1997 \$85,000,000</p> <p>PAXSON COMMUNICATIONS CORP. WPBF-TV PALM BEACH</p> <p>HAS BEEN ACQUIRED BY</p> <p>HEARST CORP.</p> <p>FINANCIAL ADVISOR</p>
<p>JUNE 1997 \$165,000,000</p> <p>PREMIERE RADIO NETWORKS INC.</p> <p>HAS BEEN ACQUIRED BY</p> <p>JACOR COMMUNICATIONS INC.</p> <p>FINANCIAL ADVISOR</p>	<p>APRIL 1998 \$150,000,000</p> <p>RENAISSANCE MEDIA L.L.C.</p> <p>\$40,000,000 REVOLVING CREDIT FACILITY</p> <p>\$60,000,000 TERM LOAN A FACILITY</p> <p>\$50,000,000 TERM LOAN B FACILITY</p> <p>ADMINISTRATIVE AGENT/CO-ARRANGER</p>	<p>APRIL 1998 \$467,800,000</p>  <p>SINCLAIR BROADCAST GROUP</p> <p>CLASS A COMMON STOCK</p> <p>CO-MANAGER</p>		
<p>APRIL 1998 \$1,750,000,000</p>  <p>UNIVERSAL OUTDOOR HOLDINGS, INC.</p> <p>HAS BEEN ACQUIRED BY</p> <p>CLEAR CHANNEL COMMUNICATIONS, INC.</p> <p>FINANCIAL ADVISOR</p>	<p>FEBRUARY 1998 \$836,000,000</p>  <p>UNIVISION COMMUNICATIONS, INC.</p> <p>CLASS A COMMON STOCK</p> <p>CO-MANAGER</p>	<p>NOVEMBER 1997 \$300,000,000</p>  <p>YOUNG BROADCASTING INC.</p> <p>REVOLVING CREDIT FACILITY</p> <p>AGENT</p>		

below intrinsic value, and we bought a lot of [cable] stock."

History shows Gabelli read the situation correctly. Cable stocks, with TCI in the vanguard, hit lows in October 1996 and began a steady rebound. In June 1997, Microsoft's \$1 billion investment in Comcast revved up investor interest in the sector. Then, in quick succession this summer, the TCI/AT&T deal and Paul Allen's \$4.5 billion acquisition of closely held Charter Communications further fueled the fire.

As much as he's identified with media-sector investing, Gabelli has his finger in several different pies. Gabelli & Co. includes a mutual-fund arm—including son Mark Gabelli's Global Couch Potato Fund—and an institutional-investment arm, with about \$16 billion in investments evenly split between the two. One little-known area of specialization for Gabelli & Co.: auto-related industrial parts manufacturers.

Gabelli is as forthright about his pans as he is about his picks. He's not a fan of radio stations, despite their 18-19 times cash flow in acquisitions. Nor does he like movie theater companies

(which are bringing about 16 times cash flow in deals), competitive local-access telephone providers or so-called Internet portal companies, such as Excite and Yahoo!

The stratospheric valuations on Internet-related companies underscore

Gabelli's concern about the overall market.

"There's no margin of safety in a lot of stocks today," he says. "When the fundamentals provide no safety net, this is the Wallenda family doing a high-wire act."

Which is why, despite what's considered the longest-running bull market on record, Gabelli doesn't consider the current era the golden age of Wall Street.

"When things are bad, that's the golden age," he says. ■

# Invesco's Karen Southard

*"I prefer to be early on calls and get in at the bottom."*

By Price Colman

**K**aren Southard, lead analyst for Invesco—New York's media/entertainment and telecom sector investments, casts a wide net when it comes to gathering information.

On any given day, she'll gather data from the Internet, secondary research resources, scores of contacts in the investment community and the companies themselves.

Indeed, the ever-increasing amount of raw data available has amplified the challenges of her job. "There's so much noise in the system that you have very little time to reflect," she says.

Maybe, but in the 20 years she's been covering media/entertainment stocks, she's developed sophisticated and effective mental filters for distilling information from data. And her skills, as demonstrated by the success of her recommendations, have earned her widespread respect in financial circles.

The names and owners may have changed, but Southard has been with what's essentially the same company since she completed graduate work at Columbia Business School in 1979. And since the early days, when the firm was Citicorp Investment Management, she's focused on media/entertainment.

What Southard calls structural change—primarily regulation-driven consolidation—has been the constant throughout. In 1984, when then-FCC chairman Mark Fowler changed the so-called Rule of 7 to the Rule of 12 (permitting a broadcaster to own 12 stations instead of seven), a wave of consolidation began that reached a peak with the Time Inc./Warner Bros. merger in 1989. And after the 1992 Cable Act, consolidation in the cable sector accelerated.

Amid the turbulence in the media/entertainment sector, the digital age dawned, prompting busi-



nesses and investors alike to develop new ways of looking at the world. "It's really a transformation from an analog world to a digital world, distilling analog data down into digital bits that at the end of the day are reassembled at the end user," Southard says. "It's very different from the '80s and the analog world. It makes analysis of this sector a lot more complex. There are more moving parts."

The regulatory arena is a crucial component of the transformation, because what happens there can make or break, stimulate or delay business and financial changes for an entire sector. Little wonder that Southard allocates a good deal of her analysis time to understanding what happens in the regulatory world. Along with media/entertainment, she also covers the telecom sector, where the regulatory dynamics are, if anything, more pivotal in making investment calls.

"It's a Byzantine world of incredible change," she says. "Convergence, which everyone sneered at from 1995 to 1996, is real today. All the different technologies are converging. It's really what the AT&T/TCI merger is all about. The lines of demarcation with reference to local and long-distance are breaking down. The whole telecommunications landscape is

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going to change.”

Southard's investment focus typically is on companies showing cash-flow growth, although that's shifting increasingly toward growth in free cash flow—essentially cash that's left after funding capital expenditures and paying dividends on preferred stock. That's an increasingly apt characterization of major cable companies as they near the end of big capital spending programs to

upgrade networks. Seeing the trend early, Southard began accumulating cable shares for Invesco—New York, a pension asset manager, in early 1997.

“I prefer to be early on calls and get in at the bottom. I tend to

## Biggest TV Station Investors

<i>Institution</i>	<i>Investment Goals</i>	<i>Index</i>
Putnam Investment Management	Growth, Value	1,000
GAMCO Investors Inc.	Value	496
Janus Capital Corp.	Growth, Value	473
American Express Financial Advisors	Growth, Value, Index	462
Massachusetts Financial Services Co.	Growth, Value	436
T. Rowe Price Associates Inc.	Growth, Value	240
Boston Partners Asset Management	Value	224
Fidelity Management & Research Co.	Growth, Value, Income	183
Capital Research & Management Co.	Growth, Value	178
Scudder Kemper Investments Inc.	Growth, Income, Value	167
Barclays Global Investors N.A.	Growth, Value, Index, Quant.	149
Lynch & Mayer Inc.	Growth	140
Alliance Capital Management L.P.	Growth, Value	134
Private Capital Management Inc.	Value	133
Ohio Public Emp. Retirement System	n/a	127
Moody, Aldrich & Sullivan L.P.	Value	116
Morgan Stanley Dean Witter Advisors	Growth, Value	107
Invesco—New York	Growth, Value, Index	103

Ranked by investments in U.S. TV station groups, as of March 31. Each investor is indexed to the largest holder.

Source: CDA Spectrum

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like things that are somewhat out of favor," she says, adding, "It's important for analysts to get investors out of stocks that have performed well at the right time. In my history in investing ... most of the names we've invested in have been good ideas for two to three years at least."

Among her telecom picks: "We love WorldCom, and we like MCI, which was a cheap way to create WorldCom," she says. "[WorldCom CEO] Bernie Ebbers and management saw what had to be done. To distinguish their business from others, they're more focused on the medium and large business user."

On the media/entertainment side, she likes the content/distribution system combination, a classification that includes Time Warner, Comcast and Cablevision Systems.

"Time Warner has a great set of content assets, both information and entertainment, that are unique in terms of the quality of those assets," she says. Those assets, combined with Time Warner Cable's broadband distribution platform, put the company in a league of its own, Southard contends.

With its cable network upgrade nearing completion, Time Warner will begin to generate considerable free cash flow. One effect: The return on investor capital will rise significantly, Southard says. She goes along with the consensus that Time Warner Chairman Gerald Levin will shrink the company's capitalization—through a share buyback, debt reduction or a combination.

Cablevision Systems and Comcast also are well-positioned with content and distribution platforms. Cablevision's New York metro-area cluster is particularly attractive: Its Rainbow programming division is a strong component, and its competitive local exchange carrier (CLEC) is well-positioned for growth.

Liberty Media, which is high on many institutional investors' charts, is another Southard favorite. "Now Malone is going to get \$5.5 billion in cash tax-free and \$1.7 billion in net operating losses he can use," she says. "With the resources available to Liberty, it's kind of like a blind pool."

Southard's interest in investing started when she was in high

school. "The reason I'm in the business is really my dad," she says. Although he was not an investment professional, "he inculcated in me that the path to success was to save money, create capital and invest it."

Her first investment? Bonds she bought out of bankruptcy from a long-dead company called W.T. Grant. That's a sophisticated tactic, particularly for a first-time teenage investor. As it turned out, Southard made some money; more important, that early foray into investing gave

her the basic approach she employs to this day.

"It's certainly not a momentum style," she says. "It's really about discipline—know what the assets are and what they are worth. Those ideas, planted very early, had a profound impact on the course I chose. I've always been independent-minded in my thinking and able to work in an unstructured environment. Those traits are very well-suited to being an equity research analyst." ■

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# J.P. Morgan's Jim Tierney

*"My job is to find inefficiencies in the market and take advantage of them."*

By Price Colman

**W**hen you're selecting six to eight stocks to make up an institutional portfolio of roughly \$4 billion, a bad pick stands out like a Ford Escort in a lot full of Mercedes.

Jim Tierney, lead analyst for J.P. Morgan Investment Management's media/entertainment portfolio, has earned widespread respect for his ability to pick Mercedes.

At the same time, he has a good handle on the reality of the high-stakes world in which he works and recognizes that a perfect batting average is an illusion.

"We all go to school 12 to 15 years, and we're taught if

you're not getting 75 to 80 percent right you're doing poorly," he says. "When you come into a job like this, at first you're probably going to get it wrong about 55 percent of the time. Eventually, you should get it right about 55 percent of the time."

Tierney declines to discuss the holdings in J.P. Morgan's media/entertainment portfolio. According to CDA/Spectrum Research Services, the portfolio's holdings as of June 30 included TCI, Time Warner, Comcast and MediaOne Group. If they're the yardstick, then Tierney has an enviable grade point average.

His strategy is the modern equivalent of the Wall Street "buy low, sell high" adage: "I view my job as to find inefficiencies in the market and take advantage of them."

Tierney's chief tool is a dividend

discount model: He projects future earnings, then works backward to arrive at a current value for the stock. It's similar to the discounted cash-flow model, except that Tierney includes capital expenditures, debt interest payments and dividend payments.

As a result, "We could have high price/earnings—multiple companies that are going to grow for a long period that would show up on our system," he says. "Or we could have low-growth companies with a low P/E multiple that show up."

In the cable world, cash flow, or EBITDA, has long been a popular gauge for determining company performance, because cable firms by and large continue to show net losses, don't pay dividends (except for certain preferred stock) and don't show positive earnings.

Over the past two years, institutional investors have begun to focus on free cash flow, or cash left over after capital expenditures and payment of preferred stock dividends. But for Tierney, free cash flow has long been a key component in identifying attractive stocks.

"One thing that scared people about the industry two years ago [was that] we were going into a period of substantial capital spending," he says. "Now that such spending is largely behind us, the free cash-flow story is just much more evident. The real question going forward is who uses free cash much more intelligently."

Assuming that a company doesn't plan to pay dividends on common stock or issue more preferred stock, there are essentially three ways to use free cash—acquisitions, paying down debt and buying back stock. The trick is making the right assumptions about what the future will bring to make the right choice about what to do with free cash now.

"I am a fan of stock buybacks," Tierney says. "It creates a permanent improvement in the capital structure. And it's the one business you know better than anyone else—your own



company."

Given that, it's hardly surprising that Tierney likes Liberty Media, although it goes well beyond the company's practice of buying back stock. Liberty is essentially a programming portfolio company with holdings in such firms as BET Holdings, Discovery Communications, USA Networks (formerly Home Shopping Network Inc.), Turner Broadcasting System, International Family Entertainment (now Fox Kids) and Fox/Liberty Sports.

"The people at Liberty have done a phenomenal job over time and have created substantial value for shareholders," Tierney says. "The combination of Dob Bennett and John Malone is very intelligent."

Two threads run parallel and sometimes intertwined in Tierney's research: conduit and content. "The two themes I really like are who owns or controls the flow of information into the home ... and who controls the content," he says.

On the conduit side, "Whoever is the gatekeeper either will make a lot of money or stands to get involved in joint ventures along the way and build on that gatekeeper role," Tierney contends. On the content side, "As we go to a world where there are at least 100 channels, and we are not far away, content providers with the top 20 to 30 channels are going to be disproportionately rewarded."

Some current winners in that race include the Turner networks, now part of Time Warner; Viacom's MTV, VH1, Nickelodeon and part-ownership of Comedy Central; Disney's ESPN, and Discovery.

Tierney's also intrigued by Barry

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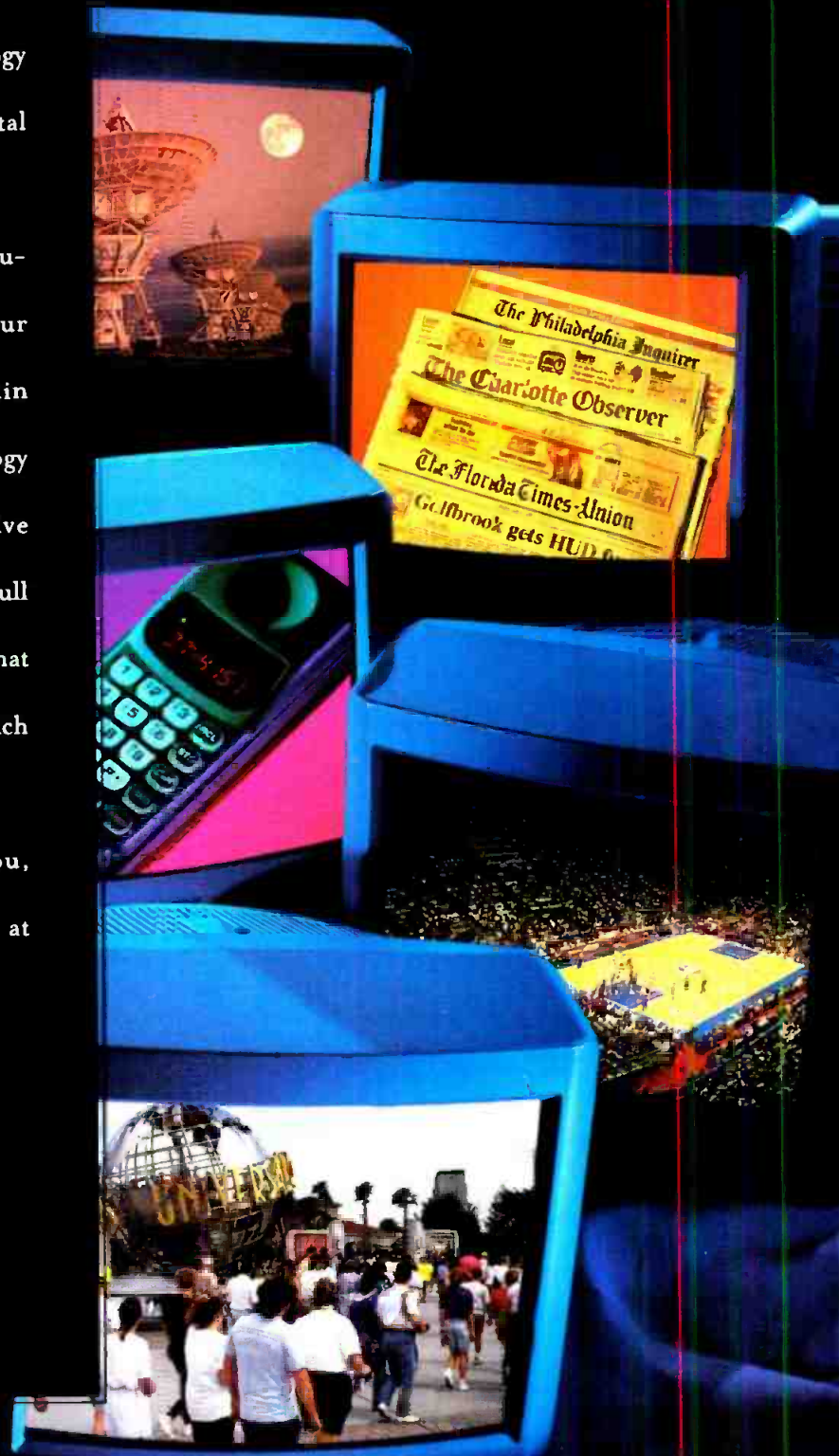
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Diller's USA Networks and Sci-Fi Channel, although there are certain questions he'd like to have answered. "[Diller] has a tremendous platform from which to work and a big opportunity to build [on] that," Tierney says. "But I think he has to get ad rates up and subscription rates up."

Given his focus on distribution and programming, it's predictable that Tierney finds vertically integrated companies—ones with conduit and content alike—attractive. Vertical integration will be a key to media/entertainment companies' future success, Tierney says.

Tierney joined J.P. Morgan in 1988 as a research associate. After a break to attend Columbia Business School, he returned to J.P. Morgan in 1992 armed with an MBA. Initially, he focused on energy and transportation sectors. He shifted to media/entertainment in early 1997—just in time for a fundamental shift.

"There's been a huge sea change over the past two years," he says. "There was a time period in which cable was a dead industry, and people thought it was going to be replaced by telephone companies offering cable or

by satellite companies. Over the past 18 months, that's been proven untrue—and it has been proven that cable is going to be the most valuable pipe into home.

For Tierney, knowing when to sell is tougher than knowing when

to buy. On the flip side, it's essential to keep personal biases from unduly influencing investment decisions.

"I think the hardest part of the job in general is going back to an investment where you have been burned and taking a fresh look," he says. "From another perspective, you may think that because the stock is down 30 percent it's got to be cheap, although the fundamentals may have changed so that it's no longer cheap.

"If you can fight your way through those two pitfalls, it makes you a much better investor." ■

# Liberty Asset Management's David Shell

*"I look for recurring revenue sources, strong franchises trading at a discount to private-market value."*

By John M. Higgins

**D**avid Shell was just starting his honeymoon (en route to heavenly Bali) last October when the stock market went to hell. When he got off a plane in Singapore, the portfolio manager and senior analyst for Liberty Asset Management discovered that the Dow Jones Industrials had dropped 500 points, one of the few major stumbles in the previous couple of years. Back home, traders were gripped with anxiety over whether this was merely a blip or the beginning of a major turn in the market.

Shell was not among those sweating. While he and his new wife were waiting to change planes, he called a financial contact to check some stock prices and then got on the connecting flight. He did not check in with his office. "I was just really curious," Shell says. "I walked out and said, 'Honey, the market's down 500 points'." He called back home a few days later. "It took me 35 years to get married, and nothing was getting in the way."

Such is the stance of a money manager trying to focus on the long term, shrugging off the jumps and dives of the markets in favor of companies that he believes will grow steadily over several years. A lot of buy-siders who espouse the same stance privately acknowledge that the discipline has been tough to follow during the market's recent rocky days. But Shell, who specializes in media and telecommunications stocks, denies that he feels much anxiety.

"Because we run more institutional money, I have to have a little more sensitivity to the short term than at a mutual fund," Shell says, because retail money is "stickier" during periods when a manager is underperforming the market.

But he claims not to be very both-

ered by recent broad market jitters. "I'd like to see the market close down for five years, because I know my companies will do better than the rest of the portfolio at the end of that period."

Shell's not off chasing high flyers. He likes companies that are solid but beaten up in the market. He likes cable systems and believes that radio stocks have life left in them. Liberty Asset's biggest recent media move was amassing a sizable position in CBS Corp.—because of radio, not TV. The most interesting new possibilities: tower companies that buy large antenna masts and rent them to broadcast TV and wireless phone companies.

"I look for recurring revenue sources, strong franchises trading at a discount to private-market value," Shell says.

Liberty Asset is just a slice of Goldman Sachs Asset Management, which runs \$160 billion on behalf of institutions and individuals. The firm, acquired by Goldman in 1997, tries to focus on growth, targeting companies that are expected to generate midteens percentage cash-flow growth but are somewhat depressed in the market for other reasons. Based in Tampa, Fla., Liberty runs about \$10 billion worth of investments.

Liberty started out as Eagle Asset Management, a division of regional brokerage Raymond James & Associates. In 1994, chairman Herb Ehlers led a management buyout, leaving the retail mutual fund business plus a cut of existing institutional clients' fees with Raymond James. After two years, however, Liberty executives realized they were basically "a one-product company," Shell says, and hired Goldman Sachs investment bankers to find a partner. After reviewing the company, Goldman bought Liberty for itself.

Shell has hardly left his hometown. He grew up in Tampa and got a finance

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**CBS Corporation**  
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**COX  
RADIO, INC.**  
**\$100,000,000**  
*6.25% 144A Notes due 2003*

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*May 1998*

**COX  
RADIO, INC.**  
**\$100,000,000**  
*6.375% 144A Notes due 2005*

**JPMorgan**

*May 1998*

**SONY**  
**Sony Corporation**  
**\$1,500,000,000**  
*6.8% Global Notes due 2003*

**JPMorgan**

*February 1998*

**COX  
COMMUNICATIONS**  
**\$100,000,000**  
*6.85% Bonds due 2018*

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*January 1998*

**COX  
COMMUNICATIONS**  
**\$100,000,000**  
*6.95% Bonds due 2028*

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**Hearst-Argyle  
TELEVISION, INC.**  
**\$200,000,000**  
*7% Bonds due 2018*

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degree from the local University of South Florida. During college he worked at a nursery and learned that wasn't the kind of growth stock he was seeking in life. "What a brutal business," Shell says. "When it's hot you've got to be out there; when it's cold, you've got to be out there to run the heaters to make sure the plants don't freeze."

Friends introduced him to Raymond James, where he started as an assistant to Ehlers. Black Monday, the October 1987 market crash, hit on Shell's birthday. "That created a lot of opportunity." He's been with Ehlers ever since.

Right now, Shell doesn't like the broadcast TV business, fearing a downturn in the economy. "I don't own any broadcast TV other than CBS," Shell says. Part of the problem is "market cap issues"—many independent station operators have relatively little public stock floating around. But more important, "I like to be protected from the cycle, and I think I'm better protected from the cycle owning CBS."

CBS has been beaten up because of weaknesses in its station group—and particularly in its broadcast network.

**SPECIAL REPORT  
MEDIA FINANCE**



**THE MONEY MANAGERS**

But Shell has confidence in CBS President Mel Karmazin (who came along with CBS's takeover last year of Infinity Broadcasting), believing that Karmazin's hard-edged approach to driving sales and cutting costs will revive the company.

But more important, Shell says he likes radio—despite the huge run-up in the past two years that has been driven by the flurry of takeovers giving station owners big concentrations in individual markets. The cost-per-thousand of radio ads runs \$3-\$4, about half the rate TV stations get. With station groups controlling huge chunks of local radio audiences, Shell believes they'll succeed in leveraging prices upward.

But even in radio, he wants some sort of value equation. Liberty Asset's other big radio position is Jacor Broad-

casting. "Jacor is half sticks," Shell says. "Out of 200 radio stations, half are just sticks with little or no cash flow." That makes them turnaround candidates, he contends.

He sees the same growth coming in cable stocks, despite their equally huge run-up: "A year and a half ago we were looking at TCI at \$11 and change, with some of the others just as ugly." There were four big questions: Does new technology work? Is competition going

to crush MSOs? Will Washington step in again and reduce basic rates? And if operators can actually deliver on their promises about new product, when does the revenue hit?

"Those risks all existed 19 months ago," Shell says. "The only one that still exists is timing and execution."

"The market pays for certainty," he adds. "Back then we had pure uncertainty; today we have certainty. It's just a matter of timing." ■

## State Street Research's Lawrence J. Haverty Jr.

*"We pay a lot of attention to whether the cash flow is free or requires reinvestment."*

By Steve McClellan

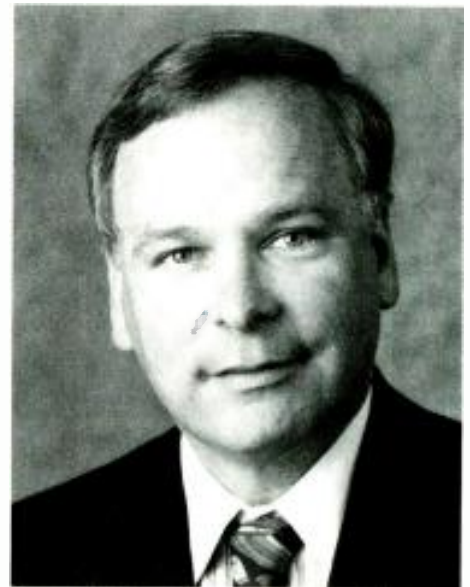
**A**s the top media and entertainment analyst at State Street Research (SSR), a Boston-based investment concern with some \$53 billion in assets, senior vice president Larry Haverty covers almost 60 companies in the field. He also covers the lodging and gaming industry and some Internet segments, including America Online.

A 26-year investment industry veteran, Haverty joined SSR in 1988 and has been the company's top media and entertainment analyst since 1989. Before joining SSR, he held positions at Putnam Investments and Fred Alger Management.

As of June 30, SSR had about \$1.5 billion in media investments, with holdings in any given company ranging from about \$30 million to \$400 million.

Haverty's current list of holdings includes Media One, News Corp., Chancellor Media, Viacom, AOL, CBS, Clear Channel, Time Warner, Outdoor Systems, Capstar and USA Networks. "Those are the ones we like," he says, noting that SSR's biggest single current media position is in MediaOne, where it has a stake valued at more than \$300 million.

Haverty cites several key factors on which he bases buying decisions. "We start at ground zero and ask ourselves:



Do we want to be an owner of a business? You would want to do that because it grows and it generates cash, and while it's doing that it erects barriers to protect the cash and maybe allow the multiple of cash—what people will pay for it—to be viewed at a higher rate than it was in the past." At the same time, he says, "we hope that the government stays a disinterested party."

Regulatory initiatives have worked both ways—positive and negative—for the company. "We got hurt by the cable regulation" several years ago. But he says that deregulation of radio—partic-



ularly approval of single-market duopolies—paid off handsomely in the company's radio investments.

"We try to figure out what the cash flows are going to do, and we pay a lot of attention to whether the cash flow is free or requires reinvestment," Haverty says. Cable system operators, he says, tend to have less free cash flow: "That's an example of where you more or less have to pet and feed the cable plant or it won't stay in first-rate condition. With radio there are fewer reinvestment requirements" and therefore more free cash flow.

Overall, he says, the media and entertainment industry gets pretty high marks as far as SSR's investment criteria are concerned. "The revenue generally goes up, with the possible exception of film production. These businesses have generally consistent and growing cash flow. Most are protected by licenses, so you can see where the competitors are coming from."

Currently, Haverty puts the "order of attraction" of various media sectors as follows: cable networks, radio, cable system operators, integrated entertainment companies, and, "down at the bottom of the spectrum," television stations.

That's the current order, but Haverty says market conditions can change, and the order can be rearranged pretty much at "any point in time."

As to television, Haverty recalls a recent conversation with NBC President Bob Wright. "We were discussing the advertising environment for the television business, and we more or less agreed that it is tenuous—the business isn't roaring ahead right now." Some groups have acknowledged the negative impact of the recently settled General Motors strike, he says. But also, "the market is worried about economic growth, and one of the areas that won't do as well in an economic downturn is local television stations. It's the business that we can see is most vulnerable to an economic shortfall."

For the first six months of the year, radio cash flow is very strong and "much stronger than TV," Haverty says. "The signals from the cable networks are just terrific." He says results so far for both the USA- and MTV-owned networks are very positive. "ESPN would look like a million dollars if it weren't for a little problem with the cost of sports rights." But generally speaking, he says, "when you see the market doing what it's doing you

kind of wonder where the varmints are. And the varmints of cash-flow shortfall are most likely in companies with TV holdings versus radio or cable holdings."

As smaller sectors, radio and cable also have more room for growth, Haverty says. And they both tend to be "underpriced mechanisms" in the advertising sales market, he says.

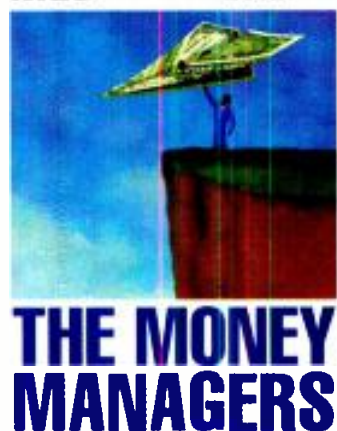
Asked how much influence the sell-side analysts have on his buying decisions, Haverty responds: "I generally do my own thing. But I'll also call them to see if we're on the same wavelength. I like to use the Street as a sounding board, but I also have to be ahead of the Street in order to justify my existence. For example, if seven analysts come out and revise downward their recommendation on Disney, if I'm not out of Disney at the same time or a few weeks before, I'm really going to be just nowhere."

Haverty says he's skeptical of sell-side analysts who also are involved in their firm's investment banking activities, because "you have to wonder how objective they are" in assessing investments in companies for which their own firms may be trying to raise financing.

Haverty says he doesn't "try to outdo Wall Street's earnings models." But he often will challenge assumptions made by the Street: "We didn't think Blockbuster was nearly as broken as Wall Street did." Thus, SSR retained a sizable stake in parent Viacom.

Haverty and other buy-siders clearly have influence at the companies in which they invest. One example, he says, is News Corp. "We were convinced there was tremendous value in what I call the Fox entity"—value that wasn't being expressed in parent News Corp.'s stock price. After Haverty and others "got involved in bothering the company" about what it would do to remedy that situation, News Corp. announced a plan in June to spin off 20% of its TV and sports assets to the public. ■

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# Omega Advisors' David Fiszel

*"I look for a double [in share price] over three years."*

By Price Colman

**B**ack when David Fiszel used to take the subway home from Stuyvesant High School in New York City, he watched the Wall Street guys comparing notes on the day's business.

"These men spoke with such passion about their work that I was fascinated and determined to learn more," Fiszel says. "Stuy didn't offer any investing classes, but my economics teacher recommended 'Graham & Dodd' to read on my own. I was hooked from the start."

Thus was born an interest in investing that eventually earned Fiszel a position as part of the brain trust at Omega Advisors, a private hedge-fund firm headed by Wall Street power hitter Leon Cooperman. "Lee Cooperman is the best of the best and has taught me a great deal about stock selection," says Fiszel.

## SPECIAL REPORT MEDIA FINANCE



## THE MONEY MANAGERS

Fiszel's intensity about investing hasn't waned since those high school days. But don't get the idea that it has evolved into a short-term mentality—just a desire to be right every day.

"Our average holding period is about two years," Fiszel says. "I

look for a double [in share price] over three years."

When Fiszel joined Omega in early 1996 to head its media/entertainment portfolio—after a year as a junior analyst at Lehman Equity Research—cable stocks were the redhaired stepchildren of the media/entertainment sector. But looking behind the popular perception of the cable sector, Fiszel saw a big gap between private-market and public-market values. In other words, a prime investment opportunity.

"When I first recommended cable in

1996, cable was out of favor," he says. "We have a value discipline, which is what drove me to the sector. As a value investor, I look to buy a dollar for 50 cents. In 1996, Comcast was trading for six times cash flow, while the private market was anywhere between 10 and 12 times cash flow. At that time, it was cheaper to buy cable assets on Wall Street than on Main Street."

In hindsight, buying into cable stocks in late 1996, early 1997 might appear prescient. At the time, it looked almost foolhardy. DBS was coming on strong, cable companies were staggering under heavy debt loads and cable's promise of delivering new products and services via its broadband pipe was considered just another example of the industry's hype-and-hope syndrome. But Fiszel's research and value-investing approach indicated that the sector's fundamentals were solid and that the potential was more than smoke and mirrors.

With Microsoft's \$1 billion investment in Comcast in mid-1997, cable received the validation it needed. But there was more to it than the Gates factor, Fiszel says.

"Many people credit Bill Gates with validating the inherent value in cable," he says. "I feel credit should be equally shared by Leo Hindery, who has galvanized the cable industry to work together. When we were buying TCI at \$16, we were looking at \$20-\$21 a year out. However, Leo changed that for the better."

Following the AT&T/TCI deal, Fiszel has substantially reduced Omega's cable exposure. But don't get the idea he's grown disaffected with the industry. AT&T's acquisition of TCI and Paul Allen's subsequent purchase of Charter Communications at record private-market values helped to increase public-market values for cable stocks and narrowed the gap with the private market.

"After the AT&T deal, I still think they're fine stocks," Fiszel says. "They just no longer qualify as being value stocks."

Fiszel since has turned his attention to broadcast TV and content providers. Liberty Media is one of the biggest



holdings in the \$400 million media/entertainment portfolio that Fiszel manages.

Liberty's executive team of John Malone, Dob Bennett and Gary Howard and the strategies they've enacted are a big part of the reason. "Roughly 25% of the company pro forma [about \$5.5 billion] will be cash," Fiszel says. "And they're about halfway through a billion-dollar share repurchase program. I love a backstop to value—a buyer of last resort that's the company. I view share repurchase as an acquisition."

For similar reasons, Barry Diller's USA Networks (USA) is another Fiszel favorite. USA Network itself consistently receives top ratings for a cable channel, and the Sci-Fi Channel, while a niche player, also has a solid audience share. Moreover, Diller has trimmed costs and bumped up revenue and cash flow at Home Shopping Network. In the past quarter USA reported a 43% year-to-year increase in cash flow, and its return on capital in the cable network business "is the best in media land," Fiszel says. Plus, USA has a 10 million-share repurchase program in effect.

Fiszel's shift from cable distribution companies to programming underscores a basic of his approach to investing in media and entertainment. "In the distribution war between DBS and cable, you want to own the manufacturer of bullets," he says. "That's what content represents."

On the broadcast side, Young Broadcasting fits Fiszel's profile of an attractive stock. From \$35 a share, where Fiszel originally bought in, Young's stock has gone to the mid-\$60s, closing the gap between private- and public-



**Broadcast Engineer.** WB18 WKCF-TV Orlando, Florida, is seeking a qualified individual with a minimum of 3-5 years experience in the installation, maintenance, and repair of television broadcast equipment. Applicants must have working knowledge of digital and analog video/audio systems, PC operation and troubleshooting, and UHF transmitters. Familiarity with Tektronix Profile, Scitex StrataSphere, and Automation Systems a plus. SBE certification required. EOE. We invite you to submit your resume to HR/BE, 31 Skyline Drive, Lake Mary, FL 32746 or Fax to 407-647-4163. *No phone calls or walk-ins.*

**HELP WANTED MARKETING**

**TV Station Marketing-Creative Services Manager.** Group owned NBC affiliate seeks an experienced manager who will direct the marketing strategy for a developing top 50 market station. Individual must have good team building and creative idea skills. EOE Send resume, tape and other examples of skills and accomplishments to Box 01412.

**Director of Marketing/Creative Services:** Network affiliate in beautiful medium market seeks an idea person who is an innovator, a motivator, a planner and gets it all done. This one person will supervise promotion, production and new ventures, such as internet and cable. Send resume and VHS sample of your work, to: Dan Akens, VP & General Manager, WTXL-TV-ABC, 8927 Thomasville Road, Tallahassee, FL 32312.

**HELP WANTED NEWS**

**INVESTIGATIVE UNIT  
PRODUCER  
PHOTOGRAPHER/EDITOR**

New York's News Leader seeks to add two talented and experienced broadcast journalists to its expanding investigative unit.

WABC-TV is looking for the best **Investigative Producer** in the country. Candidates should have a minimum of 5 years of major market or network experience and a track record outstanding investigate work. You must be able to take a story from tip to broadcast in the #1 market, while maintaining the highest legal and ethical standards. Knowledge of computer assisted reporting and undercover techniques is a plus.

We are also seeking a dedicated and self-starting **Investigative Photographer/Editor** to work full time in the unit and make great stories come to life. Candidates should have a minimum of 5 years shooting and editing experience and must be familiar with investigative techniques including undercover photography.

Send your tape and resume to **Ken Jobe, Assistant News Director, WABC-TV, 7 Lincoln Square, New York, NY 10023.** No calls please. We are an equal opportunity employer.



**NEWS**

FOX 17 WXMI, a top 40 FOX affiliate, is building a news team from the ground up. We need assignment editors, producers, directors, anchors, reporters, photographers and video editors. If you are willing to work hard and grow with a Tribune-owned station, send your resume and non-returnable VHS tape to **Human Resources Coordinator, FOX 17 WXMI, 3117 Plaza Drive NE, Grand Rapids, MI 49525.** EOE. No phone calls please!

**Broadcasting & Cable  
MANAGING EDITOR**

BROADCASTING & CABLE is seeking a Managing Editor. NYC based position will oversee the day to day operations and development of the magazine including editorial content and overall "look." Works closely with Editor to drive news coverage. Ideal candidate should be a seasoned professional, daily newspaper experience preferred. Strong leadership and management skills necessary.

Send resume w/sal. rqmts. to:

**Cahners Business Information  
HR Dept. - BCME  
245 W. 17th Street  
New York, NY 10011  
Fax: 212-727-2425**

We appreciate your responses but will only be responding to qualified applicants.

WHOI-TV, the ABC affiliate in Peoria, IL is looking for someone to replace original co-anchor on its Five O'Clock newscast. The co-anchor who is leaving for higher aspirations has helped set the course for our fastest growing and most successful newscast. WHOI is looking for an individual who can keep the ratings moving upward and wants to be a part of a close knit news team that is committed to building a winning station. Individual must have strong reporting, writing and communication skills with at least two years of anchoring experience. If you like Midwest living, and want to play in Peoria's competitive market, send a resume to: Pat Livingston, News Director, WHOI-TV, 500 N. Stewart Street, Creve Coeur, IL 61610. WHOI is an Equal Opportunity Employer. Women and minorities encouraged to apply.

**TV Assistant News Director/Assignment Manager.** Need seasoned, newsroom leader with strong writing and management skills to guide young reporters in aggressive weekday coverage from story selection through final product oversight. Substantial broadcast news experience required. No beginners. No phone calls, faxes or email. Send letter, resume and non-returnable videotape to: News Director, WVIR-TV, 503 East Market Street, Charlottesville, VA 22902. EOE.

**WAAY-TV is searching for Reporters, Photographers and Producers.** Reporters, Huntsville, Alabama is yours to conquer. If you are enthusiastic about storytelling, we are looking for you. We encourage fighting for leads! We are looking for a gung-ho person who understands the "news of the day" concept. Rush tape and resume. *Bulletin # 353.* Photographers: If you want to work on state-of-the-art equipment - Sony's Betacam SX is on the way in, and we are training staffers right now. We have all the toys. You will have better working conditions here than where you are, and that's a promise. Interested? Send tape, pronto! Must have good driving record. *Bulletin # 356.* Producers: Do you want to really move to a bigger market? We have the opportunity for you to do creative things you are not doing where you are. You will have assistant producers and a well-staffed assignment desk. There are no shortage of special projects to work on. Interested? Send last night's show and your resume today. *Bulletin # 360.* Women and minorities are encouraged to apply. WAAY-TV, 1000 Monte Sano Blvd., Huntsville, AL 35801. Boles@waaytv.com. Pre-employment drug testing. EEO.

**TV Business Reporter.** Report live from Wall Street daily, send demo & bios only. Reuters, 747 Third Ave., 29F/RBN, NYC 10017.

**Sports Anchor/Reporter - NFL Football, NCAA Hoops** and a commitment to sports coverage you won't find at just any station. Work with our Sports Director to cover live play-by-play, co-anchor long format programs, tell exciting stories. No beginners please. Resume, non-returnable VHS tape to: Box 01411. EOE.

**Producer/Writer (Sports).** NBC owned station in Philadelphia seeks a highly creative, motivated sports producer/writer to join our News Department. Responsibilities include formatting, writing and producing sportscasts, special reports, special projects, and series. Field produce as necessary. Assist in daily planning, story development, and research. Successful applicants will have a significant experience in writing and producing sports programming in a major market. Knowledge of newsroom computers preferred. Send your resume to: NBC 10, Employee Relations Department, 10 Monument Road, Bala Cynwyd, PA 19004. No calls please. EOE

**Photographer/Editor.** WSOC-TV is looking for a creative hustler who loves breaking news and winning. We are a number one shop that needs go-getters in the field. If you are a photographer with a flair who wants to grow and learn please send your resume and tape to: WSOC-TV, Attn: Bill Bruce, News Operations Manager, Dept. 95, 1901 N. Tryon Street, Charlotte, NC 28206. No phone calls please. EOE M/F.

**Photographer.** WHAS11, ABC affiliate and market leader, is looking for a full-time individual with experience in shooting and editing for newscasts. Strong involvement with NPPA a major plus and experience with remote microwave ENG trucks are also necessary. Must be available to work week-ends and nights. Interested candidates forward resume and cover letter to: Cindy Vaughan, Human Resources Director, HR#830, WHAS11, 520 West Chestnut Street, Louisville, KY 40202.

## HELP WANTED TECHNICAL

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## Technical Services Technician

This exciting position is in our California Broadcast Center (CBC), located in Long Beach, CA. Your role would be to maintain and configure television equipment and associated computer systems, including non-linear editing, graphics and MPEG II compression. Additional activities include immediate remedial and routine system maintenance on both hardware and software, and analysis and correction of problems.

You must have 5 years in maintenance with digital and analog equipment and hands-on experience in digital editing equipment, control and data systems in a satellite ground station or television station. A background of hardware and software maintenance for systems including Avid, non-linear editing, and graphics, knowledge of digital networks and their interconnections, and a basic understanding of signal flow are all key. Must have at least a 2-year technical degree in Computer Science or Electronics, or formal software or electronics maintenance training or equivalent experience. In addition, familiarity with logic analyzers, network sniffers, spectrum analyzers, LAN analyzers, scopes and software diagnostics is preferred.

DIRECTV offers an excellent compensation and benefits package. For immediate consideration, please forward your resume and salary history, to: DIRECTV, Inc., Attn: Human Resources, Dept. 802907/DW, P.O. Box 915, El Segundo, CA 90245. E-mail (text format only, no attachments): [resume@directv.com](mailto:resume@directv.com) or see [www.directv.com](http://www.directv.com). DIRECTV is proud to be an Equal Opportunity Employer. We do more than support workforce diversity - we live it!

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### DTV Master Control Assistant Supervisor.

Join us as we sign on the air Winter 1998 with our new digital/HDTV transmitter. Responsibilities include development of digital/HDTV production facility, training, preparing schedules, quality control and daily operations. Qualified candidates must have a minimum of five (5) years master control switching experience and demonstrated leadership abilities. Bachelor's degree in related field preferred. Be an integral part in our move to digital television. Send your resume to WNDU-TV, Human Resources, Position #00217, PO Box 1616, South Bend, IN 46634. Or Email your resume to [Jobs@WNDU.COM](mailto:Jobs@WNDU.COM). No phone calls please! The WNDU Stations is an Equal Opportunity Employer.

**Senior Television Maintenance Engineer.** Fully skilled in repairing both digital and analog video and audio broadcast grade equipment. Troubleshooting to both the board and component level preferred. Facilities and light circuit design skills a plus. Electrical Engineering degree preferred, but not required. An extremely high quality sense is mandatory. Extensive experience in broadcast grade teleproduction, network or television station engineering required. Send resume and salary requirements to: Nichols Technical Services, Attn: SR/3/98, 2945 Flowers Road South, Suite 107, Atlanta, GA 30341.

**Maintenance Technician:** FT individual should possess a solid working knowledge of both analog and digital systems along with related equipment expertise in trouble shooting. 3-5 years experience in TV or related fields with broadcast installation and computer skills desired. For consideration forward resume to FOX Philadelphia, WTXF-TV, HR Dept., 330 Market Street, Philadelphia, PA 19106. EOE/M/F/D/V.

### Junior Television Maintenance Engineer.

Broadcast grade equipment bench repair skills required. High quality level of digital and analog video and audio equipment alignment and set-up abilities. Full understanding of electronic theory mandatory. Technical school or college degree in an electronics related discipline preferred. A minimum of 7 years experience in engineering maintenance at the broadcast grade level is a must. Send resume and salary requirements to: Nichols Technical Services, Attn: JR/3/98, 2945 Flowers Road South, Suite 107, Atlanta, GA 30341.

**Chief Engineer needed for WJBF,** the Channel 6 ABC affiliate in Augusta, Georgia. The vacancy was created by present chief's promotion to one of Spartan Communication's larger stations. WJBF has, and will continue to be supported with capital funding necessary to keep it technically current; no junk equipment. A new transmitter went on the line only a few weeks ago; new tower and antenna are in the plans for next year. The transmitter site and studio technical facilities are well documented with AutoCad; no need to wonder where the wires go. Fax or mail letter of application with resume to: Bone & Associates, Inc., Attention: WJBF Position, Six Blackstone Valley Place, Suite 109, Lincoln, RI 02865. Fax 401-334-0261. EOE/M-F.

**ENG and Broadcast Personnel.** ENG Field Operations with Camera and Microwave Experience. Videotape Editors. Studio Operations and Maintenance Including: 1) Technical Directors (GVG-300 switcher with Kaleidoscope) 2) Audio (mixing for live studio and news broadcasts) 3) Studio Camerapersons (studio productions and news broadcasts) 4) Chyron Operators (INFINITI!) 5) Still Store Operations 6) Tape Operators (Beta) 7) Maintenance (plant systems with experience in distribution and patching) 8) Lighting Director Engineer 9) Robotic Camera Operations 10) Master Control. For the East Coast, Midwest and West Coast. Would commence spring/summer 1998. Out-of-town applicants accepted for the positions will be reimbursed for airfare, hotel, and per diem expenses. Send resumes to: MMS, Suite 345, 847A Second Avenue, New York, NY 10017, Or Fax 212-338-0360. This employment would occur in the event of a work stoppage and would be of a temporary nature to replace striking personnel. This is not an ad for permanent employment. An Equal Opportunity Employer.

**Maintenance Engineer.** NY 1 News is looking for full-time Maintenance Engineer. Experience required includes: troubleshooting broadcast/production equipment & systems-related problems. Working knowledge of BTS Router, ASC Servers, GVG Switchers, DVCPro, Chyron CG & AutoCAD a plus. Send or fax resume to: NY 1 NEWS, 460 West 42nd Street, 4th Floor, New York, NY 10036, Attn: Chief Engineer. Fax 212-563-7156. NY 1 News is an Equal Opportunity / Affirmative Action Employer.

### Large Ministry looking for experienced TV

Editors. Experience with Grass Valley Avid equipment; with linear and non-linear equipment a plus. Must have knowledge of digital format and type deko, also familiarity with DVE and CMX equipment. Interested applicants should forward resume and salary requirements to: Harriet Matthews, Personnel, Post Office Box 490124, College Park, GA 30349. (770)907-9490, ext.2038.

### Broadcast Maintenance Engineer:

A top ten market, sports network is currently seeking a qualified engineer with five years of related maintenance experience. This candidate should be capable of repairing television equipment to the component level. Must possess knowledge of Sony BETA format, digital switchers and Avid equipment. PC and Macintosh literacy a plus. Position also entails EIC operations for live broadcasts. Must be able to work as a team member as well as independently. We offer a competitive salary and benefits package. E.O.E. Please send resume to *Chief Engineer, 70 Brookline Avenue, Boston, Ma 02215.*

### Satellite Truck Operator:

FT FOX Philadelphia is getting a Satellite Truck to be used on news remote programs and breaking news out of our microwave region. Individual should have 3 years satellite truck experience and have knowledge of ENG trucks and be able to shoot and edit video. For consideration forward resume to FOX Philadelphia, WTXF-TV, HR Dept., 330 Market Street, Philadelphia, PA 19106. EOE/M/F/D/V.

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your classified ad to  
Broadcasting & Cable  
at (212)206-8327.



## Advertising Sales Positions

Join the fastest growing television advertising company in the Mid-Atlantic states. The Central Region of Media Partners, the advertising arm of Adelphia Communications, is looking for a few motivated and enthusiastic people to add to its sales team. Candidates will be considered based on experience, performance and work history.

**Local Sales Manager, Erie, PA:** This individual oversees the activities of between 6 and 8 sales people, has complete responsibility for the local budget, and is responsible for the coaching, training and discipline of the sales and local support staffs. Position reports to the Regional Manager. A minimum of a high school diploma or equivalent is required, and at least four years of media sales and/or management experience. A college degree, plus previous management experience is preferred. This position carries a salary, plus monthly/quarterly bonus, annual incentive and monthly automobile allowance.

**Senior Account Executive, Virginia:** This position calls on major agency accounts in the Mid-Atlantic region. A high school diploma or equivalent, plus at least four years of media sales experience is required. A college degree plus major account experience is preferred. This position reports to the National Sales Manager and requires a goal-oriented individual who can work independently. This position carries a salary, plus monthly commissions, quarterly incentives and monthly automobile allowance.

**Account Executive, Erie, PA and Danville, VA:** A high school diploma or equivalent and two or more years of media sales experience is required. A college degree with sales experience preferred. Marketing or advertising knowledge of print layout, design, radio and television production. These positions carry a salary, plus monthly commissions, quarterly incentives and monthly automobile allowance.

All successful applicants must pass a drug/alcohol test, physical examination, criminal records and drivers license check. Please forward resume to:

**Media Partners**  
 17 Middlebrook Avenue  
 Staunton, VA 24401  
 Fax #: (540)886-4304  
 or e-mail  
 alunsford@adelphia.net

Applicants will be accepted through August 28, 1998 or until positions are filled.  
 Media Partners is an equal opportunity employer.

**Local Account Executive.** WYFF-TV, the NBC affiliate in Greenville, SC (35th market) is looking for an experienced Account Executive for a major list. Candidates must have experience handling agency business and proven success in new business development. Position requires strong negotiation, organizational, and presentation skills. Proficiency in the use of qualitative research and TV Scan necessary. A minimum of three years of TV sales required. Send resume to: WYFF TV, Human Resources Manager, P.O. Box 788, Greenville, SC 29602. WYFF is an Equal Opportunity Employer.

**General Sales Manager:** WEYI, NBC affiliate in Flint-Saginaw-Bay City, Mid-Michigan's growth station seeking an aggressive leader whose goal is to out perform the competition. We need an outside the box thinker with ability to train and motivate, build team spirit, control inventory, forecast revenue and establish budgets. Excellent compensation package and growth opportunities, with expanding television group. Send resume to: Ron Pulera, President and General Manager, WEYI-TV NBC25, 2225 W. Willard Road, Clio, MI 48420. Call 810-687-1000. An Equal Opportunity Employer.

**General Sales Manager.** CBS affiliate looking for dynamic personality to lead solid sales staff. Excellent opportunity for LSM or NSM ready to move to the next level. Must be leader motivator, with good sales track record, rate and inventory management experience. National sales knowledge a plus. VCI, TvScan. Excellent benefits, industry competitive salary plus override and bonus, great place to live and raise a family. EOE. Send resume to Robert A. Ford, President and General Manager, WLFI-TV, PO Box 2618, West Lafayette, IN 47906-0618. No phone calls!

**General Sales Manager.** Immediate opportunity at WTHR-TV, a Dispatch Broadcast Company. Job responsibilities include, but not limited to, management of Local, National and Regional Sales Staff, pricing and controlling station sales inventory, and establishing and attaining station revenue goals. Candidate must possess excellent communication skills, have a proven track record of leadership and sales success, clearly demonstrate creative thinking in developing new selling opportunities, be able to work well with other department heads, be able to recruit, train and lead a sales staff. Ideal candidate would have a minimum of 5 years in local sales, previous national sales experience, five years in sales management, at least three of which should be as a General Sales Manager. Applicants possessing these skills should submit a letter of referral source, cover letter and resume to the General Manager, Attn: Job No. 98-203, PO Box 1313, Indianapolis, IN 46204. Replies held in confidence. Qualified female and minority applicants encouraged. Equal Opportunity Employer.

**National Weather Network.** Seeks Ad Sales Manager/Affiliate Manager. Spot sales experience required. 1-800-353-9177

**Local Sales Manager.** The second fastest growing television market has an immediate opening for a Local Sales Manager. If you can lead a team of professionals, know Nielsen, TVScan, CMR, and all facets of market research, then you might consider this unique opportunity. Send resume to Peter J. Celentano, GSM, WKFT-TV40, PO Box 2509, Fayetteville, NC 28302. EOE.

**TV GSM** for a powerful Midwest ABC-TV affiliate. Our market size is small, but our ratings and sales opportunities are big. Our heavy commitment to local news and special events typically puts our early and late news among the top ten stations in the nation. Our GSM is moving to a top 50 market. We need an experienced leader for an exceptionally talented sales team. We're owned by a growing group that empowers its employees and has the potential for promotion to large markets. We're in a great small town where living costs are low and all the big-city pleasures of Kansas City are less than one hour away. If you are the energizing leader we seek, please fax your resume to Steve Cline, EEO Officer, KQTV, St. Joseph, Missouri, 816-364-3787.

**Sell the Peacock.** NBC O&O in Columbus seeks the best sales professional not already on our team. Minimum of five years television sales experience. Are you a marketing professional ready to enter the booming 34th ranked market? You must demonstrate a complete knowledge of negotiation skills and excel at new business development. We have the tools including Stowell Data, Eckstein, Summers and Company, TvScan, outstanding support staff along with vendor and marketing experts to facilitate your success. College degree required. Forward your letter of application and resume to Kendrick A. Lubker, Local Sales Manager, NBC 4 (WCMH-TV), PO Box 4, Columbus OH 43216. An NBC owned and operated station. No phone calls please. EOE. Drug screening.

**New Business Account Executive:** Terrific company (ABC) hot location (Raleigh/Durham) exciting growth market (#29 and growing) = an opportunity of a lifetime for a creative *New Business Specialist!* Successful candidate will be responsible for generating new business at client/direct and agency levels. Computer proficiency, good negotiation skills and strong written and verbal skills a must. Radio or television experience is required. This position will work closely with our research director so a knowledge of pure and applied research is helpful. Send resume to: William Webb, General Sales Manager, WTVD, PO Box 2009, Durham, NC 27702. No phone calls. EOE.

**Account Executive/Automotive Specialist.** We are expanding our sales force with the addition of an Account Executive Specialist. We are looking for an individual with dynamic sales skills who has a successful track record. Past experience in media or automotive sales is not required. Our objective is to find an individual with great sales skills. The person selected will have the ability to manage their time effectively and be very organized. They must operate with a sense of urgency until the sale is complete and be able to manage many projects at one time. A college degree and previous experience in a professional sales organization is preferred. Send resume to: Dave Ottaviani, Local Sales Manager, WPXI-TV, 11 TV Hill, Pittsburgh, PA 15214. WPXI-TV is an Equal Opportunity Employer.

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## RADIO

### HELP WANTED MANAGEMENT

**General Managers/GSMs:** Looking for location and lifestyle? Alpine Broadcasting's resort group in Idaho now accepting applications for our Sun Valley duopoly and start-up in Idaho Falls. We're looking for aggressive sales leaders who can hire, train, and motivate, all while being out on the streets, serving customers and community. Positions offers unique opportunity to grow into regional management/sales for our stations in Jackson Hole, Wyoming, and West Yellowstone, Montana. 5 years GM and/or GSM experience required. Fax or send resume, references, philosophy and salary history to Scott Parker, KECH/KSKI, PO Box 2158, Ketchum, Idaho 83340. 208-726-5459. EOE.

**General Manager.** Great opportunity in La-Grange, TX. AM/FM. Excellent chance for Sales Manager to move up to GM. Profitable station will celebrate its 40th anniversary next year. Fax resume to: Personnel KVLG/KBUK Houston 713-871-1005. Women and minorities are encouraged to apply.

**GSM.** Medium market in Upstate New York needs an aggressive sales manager to take sales staff to the next level. The individual must have a successful track record as a sales manager with proven abilities in pricing and inventory control. The right individual must also be able to develop non-traditional revenue as well as cross sell other owned stations in market. EOE. Women and minorities are encouraged to apply. Reply to Box 01409.

### HELP WANTED TECHNICAL

**Cumulus Broadcasting in West, Texas** has an opening for qualified, experienced engineer capable of transmitter and studio maintenance, installing new studio equipment and is familiar with digital audio. Previous experience with Computer Concepts software and hardware very helpful. Send resume to Randy Smith, Cumulus Broadcasting, 2025 S. Danville, Abilene, TX.

### HELP WANTED NEWS

**WLPO (AM) WAJK (FM)** has a fulltime opening for news reporter. We're located in Illinois River Valley, about 1/2 hrs. from Chicago, Rockford, Quad Cities and Peoria. Stable company. Good pay and benefits - great work environment! Send tape and resume to Joe Hogan, WLPO/WAJK, PO Box 215, LaSalle, IL 61301. EOE.

**Soft Rock 92.7 WOBM**, Ocean County's Information Authority is seeking a full-time news anchor/reporter. If you can conceive, develop and write local news in a 90's one to one style, plus update our website on a daily basis, send your tape, resume and writing samples to: Jeff Rafter, WOBM-FM, 1015 Route 9, Bayville, NJ 08721. Nassau Broadcasting is an Equal Opportunity Employer. College degree in journalism and 3 to 5 years newsroom experience.

**Assistant News Director- Wisconsin Public Radio(WPR).** USA's 2nd largest public radio network is accepting applications for Assistant News Director to help lead an award-winning staff of 13 journalists. Creative team player who can produce compelling radio stories and inspire excellence in others. Duties: back-up host, assign, edit, and help lead WPR news department. Excellent benefits. Salary \$30's. Requires: Baccalaureate, 3 years full-time exp. in radio news reporting, announcing; organizational, interpersonal skills. Supervisory and public radio experience a plus. 9/9/98. Request application: Carol Gensch, Communications Div., 432 N. Lake Street, Madison, Wisconsin 53706. 608-263-5023; gensch@admin.uwex.edu.EOE.

### HELP WANTED ALL POSITIONS

**Wanted: Applicants for Broadcast Industry Opportunities - All Positions.** The members of the New Hampshire Association of Broadcasters (NHAB) are committed to the FCC's goals of non-discrimination and affirmative action. Post resumes on the NHAB web page at [www.nhab.org](http://www.nhab.org) Or mail resumes to: New Hampshire Association of Broadcasters, Attn: Job Bank, 10 Chestnut Drive, Bedford, NH 03110. The members of the NHAB are Equal Opportunity Employers. Please specify the position(s) you wish to be considered for. No phone calls.

### HELP WANTED PROGRAMMING

**VP of Programming.** Cincinnati's Classical Public Radio, WGUC, seeking a brilliant strategist to direct our award-winning programming strategies and lead an outstanding on-air team. Someone who enjoys the classics to create a bold future based on a fine tradition. Reply: PD Search, WGUC-FM, 1223 Central Parkway, Cincinnati, OH 45214.

**Christian Radio KCBI, Dallas/Fort Worth**, is accepting applications for the position of Program Director. Significant programming experience required for team building, talent development, research and format refinement. Familiarity with MusicMaster and Scott Studios a plus. Send tape and resume to Mike Middleton, VP of Operations, Criswell Communications, PO Box 619000, Dallas, TX 75261-9000. EOE.

### SITUATIONS WANTED MANAGEMENT

**Owners! Managers! Group Operators! Now Available - Strong, Bottom-Line Oriented, Top-Of-The-Line GM/GSM.** 20+ years stable, hands-on success in Suburban/Metro, Medium, Small Markets. Startups, Upgrades, Turnarounds too! Your confidential inquiry today to Robert 815-436-4030. A great opportunity to increase your bottom line!

**Looking for a born leader** who always exceeds expectations of the bottom line? In his 15 years in broadcast, he went from major market superstar sales to GSM to GM and then into his own business. He is qualified as a cluster manager, GM, GSM or Corporate Management/Sales Trainer. 305-531-8116.

**Can do combo guy!** Need any of these? Sales and marketing, programming, on-air and production, engineering! GM experience. Available immediately, permanent or temporary. Bill Elliott 813-920-7102.

### 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.

## TELEVISION

### HELP WANTED SALES

### LOCAL SALES MANAGER

**WKMG-TV, Orlando, Florida**, a Post-Newsweek Station, is seeking an aggressive individual that can demonstrate success in TV sales.

Send resume to:

**John McKay**  
General Sales Manager  
WKMG-TV  
4466 John Young Parkway  
Orlando, FL 32804  
EOE

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owns 22 FMs and nine AMs  
**Seller:** Noalmark Broadcasting Corp., El Dorado, Ark. (William C. Nolan Jr., president); also owns nine FMs and four AMs  
**Facilities:** 104.7 mhz, 100 kw, ant. 800 ft.  
**Format:** Soft hits  
**Broker:** Media Services Group/Whitley Broadcast Media Inc.

**KBON(FM) Mamou, La.**  
**Price:** \$70,000  
**Buyer:** Rose Ann Marx, Mamou, La.  
**Seller:** Simla B. Ellis, Lafayette, La.

**Facilities:** 101.1 mhz, 25 kw, ant. 100 m  
**Format:** dark

**AMS**

**WSSA(AM) Morrow, Ga.**  
**Price:** \$380,000 for stock  
**Buyer:** Saints Inc., Locust Grove, Ga. (Anthony D. St. Cyr, president); no other broadcast interests  
**Seller:** Doug Wilhite, Ormond Beach, Fla.; Wilhite also owns WELE(AM) Ormond Beach, Fla.  
**Facilities:** 1570 khz, 5 kw day, 50 w night

**Format:** Christian country  
**KFIG(AM) Fresno, Calif.**  
**Price:** \$300,000  
**Buyer:** Valley Broadcasting Inc., Fresno, Calif. (Mike Munoz, president)  
**Seller:** Headliner Radio, Fresno, Calif. (Ron Oslan, president); no other broadcast interests  
**Facilities:** 1430 khz, 5 kw  
**Format:** Spanish

**KUAU(AM) Haiku, Hawaii**  
**Price:** \$89,000  
**Buyer:** Lahaina Broadcasting Co. Ltd., Lahaina, Hawaii (Richard Charles Bergson, president); also owns KPOA(FM) and KLHI-FM, both Lahaina  
**Seller:** Richard Miller, Haiku, Hawaii; no other broadcast interests  
**Facilities:** 1570 khz, 1 kw day, 500 w night  
**Format:** News/talk

—Compiled by Alisa Holmes

## Westwood One's profits slide

Competition and taxes. Westwood One couldn't escape either of them in the second quarter of the year, as profit fell from \$8.98 million a year ago to \$4.08 million and income taxes rocketed from \$796,000 to \$3.17 million. Westwood One says the tax hit is due to a higher effective income tax rate of 44% for the first half of the year, compared with 8% in the first half of 1997. Westwood One's numbers weren't helped by an unnamed "new competitor in the network radio industry" that affected operating results, President Mel Karmazin said in a news release. That competitor presumably is Chancellor Media Corp.'s AMFM Radio Networks, which wrested *American Top 40 with Casey Kasem* from Westwood One early this year. Other numbers: Westwood One's quarterly operating income fell from \$11.96 million to \$9.6 million as net revenue fell from \$66.12 million to \$63.49 million.

—Elizabeth A. Rathbun

## Amplification

Marathon Media's purchase of Goetz Broadcasting for \$18.8 million (B&C, Aug. 3) was brokered by Donald K. Clark Inc.

July 30, 1998

## Radio Unica Corp.

has completed the acquisition of the assets of

## KBLA AM

Los Angeles, California

from

## Sinclair Broadcast Group, Inc.

The undersigned initiated this transaction on behalf of Radio Unica and assisted in the negotiations.

THE  
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 Palm Beach and  
 Cincinnati

## BY THE NUMBERS

### BROADCAST STATIONS

Service	Total
Commercial AM	4,724
Commercial FM	5,591
Educational FM	1,961
<b>Total Radio</b>	<b>12,276</b>
VHF LPTV	559
UHF LPTV	1,515
<b>Total LPTV</b>	<b>2,074</b>
FM translators & boosters	2,928
VHF translators	2,248
UHF translators	2,752
<b>Total Translators</b>	<b>7,928</b>
Commercial VHF TV	558
Commercial UHF TV	651
Educational VHF TV	125
Educational UHF TV	242
<b>Total TV</b>	<b>1,576</b>

### CABLE

Total systems	11,600
Basic subscribers	64,800,000
Homes passed	93,790,000
Basic penetration*	66.1%

\*Based on TV household universe of 98 million  
 Sources: FCC, Nielsen, Paul Kagan Associates  
 GRAPHIC BY BROADCASTING & CABLE

# CHANGING HANDS

The week's tabulation of station sales

## COMBOS

### KTVF(TV) and KCBF(AM)-KXLR(FM), all Fairbanks, Alaska

**Price:** \$8 million

**Buyer:** The Ackerley Group, Seattle (William Ackerley, president); owns/is buying 11 TVs and four radios

**Seller:** Northern Television Inc., Anchorage (Julianna Guy, president); also owns KBYR(AM)-KNIK-FM and KTVA(TV) Anchorage, and KFSH(AM) Seward, Alaska

**Facilities:** TV: ch. 11, 5 kw, ant. 50 ft.; AM: 820 khz, 10 kw; FM: 95.9 mhz, 25 kw, ant. 7 ft.

**Formats:** AM: Oldies; FM: classic rock

**Affiliation:** TV: NBC

### WWSR(AM)-WLFE(FM) St. Albans, Vt.

**Price:** \$500,000

**Buyer:** Champlain Communications Corporation, St. Albans, Vt. (Stephen Silverberg, owner); no other broadcast interests

**Seller:** New England Broadcasting LLC, St. Albans, Vt. (Roland Devost, owner); also owns WSNO(AM)-WORK(FM) Barret, Vt.

**Facilities:** AM: 1420 khz, 1 kw day, 110 w night; FM: 102.3 mhz, 440 w, ant. 800 ft.

**Formats:** AM: Oldies; FM: country

**Broker:** Media Services Group Inc.

### KBOA-AM-FM Kennett, Mo.

**Price:** \$450,000

**Buyer:** Pollack Broadcasting Co., Memphis (William H. Pollack and Sydney Pollack, owners); also owns WPLX(AM) and KSUD(AM), both Memphis

**Seller:** Legend Broadcasting Company, Chicago (Scott M. Krusinski, president); also owns KTMO(FM) Kennett, Mo.

**Facilities:** AM: 1540 khz, 1 kw; FM: 105.5 mhz, 6 kw, ant. 91 m

**Formats:** AM: News; FM: oldies

**Broker:** Sunbelt Media Inc.

## FMS

### WJDX(FM) Jackson, and WBKJ(FM) Kosciusko, both Miss.

**Value:** \$11.5 million

**Swapper, WJDX(FM):** Capstar Broad-

casting Partners LP, Austin, Tex. (Thomas O. Hicks, owner); Capstar owns/is buying 248 FMs and 103 AMs  
**Swapper, WBKJ(FM):** Boswell Broadcasting, Kosciusko, Miss. (H. Mims Boswell, 51% owner); also owns WKOZ(AM) Kosciusko and WLIN-FM Durant, Miss.

**Facilities:** WJDX: 96.3 mhz, 100 kw, ant. 1,450 ft.; WBKJ: 105.1 mhz, 100 kw, ant. 981 ft.

**Formats:** WJDX: AC; WBKJ: country

### WWCT(FM) Peoria, Ill.

**Price:** \$7.75 million

**Buyer:** Kelly Communications, Peoria, Ill. (Bob Kelly, chairman); also owns/is buying six FMs and one AM

**Seller:** Central Illinois Broadcasting, Peoria, Ill. (Bruce T. Foster, president)

**Facilities:** 105.7 mhz, 38 kw, ant. 581 ft.

**Format:** AOR

### KIOL(FM) Lamesa, Tex.

**Price:** \$300,000

**Buyer:** Equicom Inc., Austin, Tex. (Dain L. Schult, president); also

## 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 □ \$8,950,000 □ 3

FMs □ \$19,620,000 □ 4

AMs □ \$769,000 □ 3

Total □ \$29,339,000 □ 10

### SO FAR IN 1998

TVs □ \$4,763,597,000 □ 48

Combos □ \$1,181,125,107 □ 157

FMs □ \$511,775,837 □ 182

AMs □ \$339,548,599 □ 119

Total □ \$6,773,046,543 □ 505

### SAME PERIOD IN 1997

TVs □ \$3,942,306,684 □ 72

Combos □ \$5,829,673,404 □ 200

FMs □ \$1,631,906,243 □ 254

AMs □ \$255,781,761 □ 141

Total □ \$11,659,668,092 □ 667

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# RealNetworks, Inktomi go cache streaming

By Richard Tedesco

**R**ealNetworks and Inktomi Corp. will collaborate on development of caching technology for streaming media. RealNetwork will integrate its latest-generation RealSystem G2 delivery system with a new traffic server still under wraps at Inktomi to allow scalable delivery of video and audio on the 'Net.

Tightly integrated software plug-ins will be used to solve online multimedia latency by creating a system for caching frequently accessed multimedia content through existing high-speed cable 'Net connections and other Internet service providers.

The objective is to make the 'Net a broadcast video rival by improving online video quality. "We feel that caching is pretty fundamental to scaling the Internet and making the economics more favorable so that it can truly become the next broadcast medium," says Brett Goodwin, RealNetworks product unit manager.

RealNetworks and Inktomi expect to test their caching configuration later this year. Beta customers probably

will include at least one MSO and a more traditional ISP, according to Goodwin.

The RealNetworks/Inktomi guiding concept is that caching frequently sought multimedia content will make it more readily accessible to PC users, reducing the download time required and improving video quality—simply by delivering it more efficiently. But until it's tested, RealNetworks can't quantify how much the new caching system will improve streaming performance, according to Goodwin. The companies nonetheless are confident that their approach will work, he says.

The two Silicon Valley companies have been cooperating on the media streaming caching solution for the past several months. RealNetworks customers have asked it to solve problems associated with increasing user demand of multimedia on Internet access services and private corporate intranets.

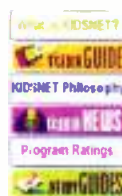
RealNetworks declined to provide details about the upcoming trials or to say how much the companies are investing in research and development toward the caching solution. ■

## KidsNet opens site online



No Appropriation of State Funds

Click here for the latest news, announcements and broadcast updates on children's media



**KidsNet's Website offers study guides, program ratings and more.**

site are KidsNet program ratings and *Media News*, a quarterly report on media awards, publications, events and new technology.

KidsNet supporting companies include the Big Four TV networks and several major cable networks, including Discovery, HBO and TBS.

Michael Strait, a research scientist and independent site designer, designed the KidsNet site. Strait was formerly online services director of PBS affiliate WETA-TV Washington.

KidsNet has migrated its 15-year franchise as a nonprofit children's educational TV group online.

KidsNet ([www.kidnet.org](http://www.kidnet.org)) debuted this month, offering its print resources online, including its monthly *Media Guide*—which highlights programming and sources for related materials—and its study guides, intended for use with individual shows.

Also available on the

—Richard Tedesco

## SITE OF THE WEEK [www.kvia.com](http://www.kvia.com)



### KVIA-TV El Paso, Tex. ABC, ch. 7

**Site features:** Four news shows streamed live daily by Broadcast.com and archived for 24 hours after each broadcast/Webcast; links to ABCNews.com and ABC.com

**Site launched:** January 1995

**Site director:** Joseph Van Harken, Webmaster

**Number of employees:** 15

**Design:** Creative Edge, El Paso; maintained in-house

**Streaming technology:** RealVideo  
**Traffic generated:** Averaging 1.5 million hits per month

**Advertising:** Banners, page sponsorships

**Revenue:** \$60,000 last year on banners; \$75,000 projected for 1998

**Highlights:** Online traffic peaks for the news-oriented ABC affiliate during sweeps periods, when the station presents special news content; a special online companion to a race relations forum that KVIA-TV broadcast in May drew particular attention among viewers in El Paso, Las Cruces, N.M. and Juarez, Mexico, the station's primary markets.

**Coming attractions:** Daily streamed newscasts will soon be archived for seven days rather than 24 hours, and KVIA-TV also plans to create a video-on-demand story archive for particular subjects

**New online business model:** KVIA-TV's deal with Broadcast.com is an example of a relatively new barter model online; Broadcast.com gets ads on-site and on-air with KVIA-TV in exchange for providing streaming infrastructure



# SonicNet broadens its 'Net horizons

Online music programmer looks to build brand

By Richard Tedesco

**O**n the heels of its merger with TCI Music, SonicNet is aggressively pushing its brand name online, expecting to strike deals soon with major portal sites.

Last week's deals with Lycos's Tripod and TheGlobe.com, both online community/entertainment services, were the first phase of this fresh strategy, according to Nicholas Butterworth, SonicNet president. "In order to increase our reach and consolidate our audience, we've decided to take a very aggressive approach to syndicating and partnering with a flexible content strategy," says Butterworth, who ranks SonicNet as the Web's second music site, behind MTV, but sees emerging competitors in Rolling Stone and Spin online.

The numbers back Butterworth's logic: TheGlobe currently claims 1.7 million members and 6 million monthly users. While not as prominent a brand name, Tripod benefits from its parent, Lycos, which boasts several million regular users monthly and is one of the 'Net's most popular portals.

Under terms of both deals, SonicNet will provide its *Music News of the World* to TheGlobe and Tripod, along with album reviews and some music content in their respective entertainment areas. Tripod, in turn, lets its users incorporate elements of the Son-

icNet content in personal Web pages they construct. The idea, says Butterworth, is "making our brand part of people's daily life on the Web with their music experience"—in short, to "be wherever a music fan is" online.

This fall, SonicNet plans to add national TV listings for music programming to its music directory. That reflects the overall strategic direction of TCI Music, which will give its music video cable service an online edge by permitting PC users to order videos for TV viewing via TheBox.com.

SonicNet assumed the lead role in TCI Music's integration strategy when it relaunched itself in March, featuring its new Streamland music video-on-demand service with a library of more than 200 music videos for free streaming. That complements an extensive archive of concert performances also accessible through the Silicon Alley-based service.

More to the point of its primary mission, SonicNet intends to explore the potential for live pay-per-view event programming online through the high-speed @Home service, a natural alliance under the TCI umbrella as con-



SonicNet aligns with Tripod and TheGlobe.com to enlarge its music offerings.

vergence between the PC and TV enters its first tentative stages in the cable arena. Ultimately, TCI Music wants to cross-pollinate content through its services—The Box, SonicNet and the DMX digital music service—and increasingly blur the lines between interlace and progressive-scan images. "We're looking to integrate online and television programming and drive convergence between the PC and the TV for music fans everywhere," Butterworth declares.

TCI is looking to get as much bang for its content buck as possible, especially after laying out a cool \$24 million to acquire the nascent online music service. And TCI money can build considerably on the buzz that SonicNet has already created as a stand-alone 'Net music standout.

## Discovery's Titanic coverage wraps up online

The month-long expedition mounted by Titanic Inc. and Discovery Channel will conclude its online coverage this week.

Highlights from the Aug. 16 climactic two-hour Sunday-night *Titanic Live!* broadcast are accessible through Aug. 23 at [www.discovery.com](http://www.discovery.com). The most dramatic moments from the latest examination of the ill-fated Royal Mail steamship at the bottom of the north Atlantic are available for streaming in RealVideo, along with other multimedia content and daily reports from the expedition's log.

Discovery has been posting images from the expedition, aimed at seeking more information about the cir-



Discovery viewers have been following the latest Titanic expedition.

cumstances of Titanic's last tragic hours, throughout the month.

Since Aug. 5 the site has averaged 200,000 page views daily, peaking at 475,000 on Aug. 12. Anticipating increased traffic during a live Webcast following the Sunday-night documentary, it added six Silicon Graphics Origin200 servers to its online infrastructure.

Meanwhile, Titanic Inc. was active in another online venue last week, striking a deal with FarcSystems. The agreement will help the corporate entity that cashes in on the shipwreck to sell reproductions of Titanic artifacts online.

—Richard Tedesco





## CUTTING EDGE

By Karen Anderson and  
Glen Dickson



*KUWB-TV's DVCPRO order includes AJ-D90 VTRs, which Panasonic is now shipping.*

### Panasonic completes installation for KUWB-TV

Panasonic Systems Solutions Co. (PSSC) has completed the design, integration and installation of a turnkey studio and master-control television system for Acme Television's new WB affiliate, KUWB-TV Salt Lake City. The PSSC portion of the project is valued at more than \$1.8 million. Panasonic equipment valued at \$400,000 includes 19 DVCPRO units—13 AJ-D650 studio editing VTRs, four AJ-D230 VTRs, an AJ-D700 camcorder and the new AJ-D90 DVCPRO 50 dockable 4:2:2 signal processing VTR. Panasonic began shipping the AJ-D90 VTR in July. The purchase also includes other Panasonic electronics gear, including the WV-F565H 3-CCD digital signal processing camera, a CCTV security system, a digital business telephone system and consumer TV sets and VCRs.

### GE Americom gives away dishes

GE Americom has established a cable antenna program to provide cable

headends with greater access to the cable programming neighborhoods on the GE-1 satellite and the soon-to-be-launched GE-4 bird. The company will offer a free 3.8-meter antenna that makes it possible for any cable headend serving at least 11,000 subscribers to receive both GE-1 and GE-4 services. For qualified cable headends that already have a dedicated GE-1 antenna, the company will retrofit and upgrade the antenna to receive feeds from both satellites. GE Americom plans to distribute as many as 2,500 antennas to reach up to 90% of continental U.S. cable subscribers.

### Maxell introduces HD videocassette

The Maxell Corp. of America commercial products group has introduced the D-5 high-definition videocassette to accommodate the high-density recording needs of Panasonic's D-5 1/2-inch



*Maxell has introduced its new videocassette for high-definition recording, the D-5 HD.*

component digital HD format. The videocassettes have Ceramic Armor metal particle coating and are made with new calendaring technology that smooths the magnetic surface. Maxell uses a thin,

highly rigid polyethylene terephthalate-based film material. Uniform filler dispersion technology enables the tape to clean the head surface evenly without causing excessive wear. The D-5 HD is available in a variety of recording times.

### CSG renews Time Warner contract

Denver-based CSG Systems has renewed its contract to provide Time Warner Cable of New York City with customer-care and billing systems for some 800,000 customers. TWC will continue to use CSG Advanced Customer Service Representative, CSG Communications Control System, CSG Vantage and CSG Enhanced Statement Presentation. The contract also calls for new application-programming interfaces that will allow third-party applications to be used in conjunction with CSG products.

### Snell & Wilcox to demo Sentinel

Snell & Wilcox will pull the plug on a live MPEG-2 transmission at IBC '98 to demonstrate its new Sentinel safeguard device.

Designed to eliminate downtime and blank television screens, Sentinel detects a break in power supply and automatically inserts an emergency bit stream. It then reports an alarm status, usually to an automation and control system. The HD-compliant Sentinel handles both SPTS and MPTS losses and triggers only in response to catastrophic losses, such as a full multiplex crash and loss of sync/signal. RollCall network software control and

configuration facilitates integration with automation systems. The system is transparent to conditional-access systems, so it has no involvement with private data streams.

### S-A updates 8600x analog system

Scientific-Atlanta has expanded the capabilities of its 8600x advanced analog platform with the launch of the System Release 4.5 systemwide software and hardware upgrade package. Scientific-Atlanta's advanced analog set-top and system now can support cable operator branding, an enhanced interactive viewing guide, pay-per-view options and the migration to a client/server-based network. SR 4.5 also provides enhanced IVG user interface options. It supports a second-generation S-A "native guide" and the StarSight IVG.

### PBN launches Diamond Transport fiber-optic line

Philips Broadband Networks' new series of fiber-optic transmitters allows cable operators to insert targeted ads and programming in digital and/or analog formats to specific locations within service areas. Diamond Transport 800E-TX and 800G-TX series transmitters support two RF inputs, one for broadcast channels and one for local targeted video channels. The transmitters allow the operator to feed the main RF broadcast channel lineup through passive RF splitters and to input targeted analog services (using the secondary RF input) while maintaining isolation between transmitters.



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# DiviCom snags DirecTV contract

*Will supply MPEG-2 compression gear for Broadcast Center in Los Angeles*

By Glen Dickson

**D**iviCom has won the contract to supply the MPEG-2 digital compression systems for DirecTV's new Los Angeles Broadcast Center (LABC), the companion facility to DirecTV's Castle Rock Broadcast Center in Colorado, under construction.

Under a deal worth an estimated \$14 million, DiviCom will work with DirecTV to develop a complete uplink signal processing system for the LABC, supplying hardware as well as systems integration services. The DirecTV deal gives Milpitas, Calif.-based DiviCom the lion's share of the DBS compression market in North America, since it already supplies MPEG-2 encoders to EchoStar and Canadian DBS provider ExpressVu.

The DiviCom MPEG-2 system will support the transmission of more than 200 channels from the LABC, which is due for operation in second quarter 1999. The hardware will include DiviCom's MediaView MV40 encoders, MediaNode multiplexer and MPEG Media Toolkit.

According to LABC's Steven Orland, vice president/GM, DirecTV evaluated all the major players in MPEG-2 compression before deciding



*DiviCom will be supplying DirecTV with more than 200 of its MediaView MV40 encoders, which use dual encoding chips to maintain picture quality at low bit rates.*

on DiviCom. "They came to us with a very appealing proposal," Orland says. "They were able to meet our time schedule, and the pricing was very attractive. But we evaluated the product specifically on video and audio quality and performance. In addition, the packaging of their hardware was another major factor for us—it's very

space-efficient and compact."

DirecTV also will be using DiviCom's DiviTrack statistical multiplexing technology, which is incorporated into the MV40 encoder (B&C, March 2, 1998). DiviTrack uses two separate C-Cube DVx compression chips to improve picture quality and minimize bit rates—one chip to analyze and encode program data and a second to perform a similar operation with more precision a fraction of a second later.

"We feel [DiviTrack] offers a significant advantage for our business," Orland says. He adds that the DiviCom MPEG-2 gear represents the "next generation in technology" when compared with the General Instrument Magnitude MPEG-2 encoders used at DirecTV's Castle Rock facility. The LABC also will be using the next generation of playback technology to feed its MPEG-2 encoders: it will rely on Hewlett-Packard MPEG-2 4:2:2 video servers for playback instead of the Digital Betacam tape decks used in Castle Rock (B&C, Aug. 3, 1998).

Orland expects the DiviCom system to arrive in late 1998 or early 1999 for installation and testing. ■

## Look TV selects DiviCom compression

Look Communications of Canada has chosen DiviCom compression systems for Look TV, its new digital wireless television service launched last Tuesday (Aug. 11). DiviCom has completed integration of Look TV's transmission center in Milton, Ont., which is built around DiviCom's MediaView MV10 video encoders. Look TV receives its incoming feeds from fiber-optic link and from off-air antennas. The incoming signals are routed throughout the plant to allow for programming substitution whenever necessary. Look TV programming offers viewers 90 digital channels, including impulse pay-per-view and 30 CD-quality audio channels. Look TV also plans eventually to offer two-way, high-speed Internet access.

## Avid buys back shares from Intel

Avid Technology has repurchased 500,000 shares of Avid common stock from Intel, reducing Intel's ownership from 6.75% to 4.1%.

Intel had purchased 1,552,632 shares of Avid common stock for \$9.50 per share in March 1997. According to Ned Hazen, senior vice president/general manager of Avid's office and consumer group, Avid repurchased the stock for \$33 per share.

Avid says the privately negotiated transaction accelerates its plan to repurchase 1,500,000 shares of Avid common stock to put into its employee stock option program. So far Avid has repurchased 1 million shares in common stock this year.

"Our strategic alliance with Intel as an investor continues to be very successful as we execute our business strategy to offer video and audio editing products on the Intel structure," says William J. Miller, Avid chairman. "We have shown successful results of this alliance by introducing a number of new Windows NT-based products in 1998."

The Intel buy-back announcement comes on the heels of Avid's completion of the \$285 million SoftImage acquisition from Microsoft. That deal, which closed Aug. 3, has enabled Avid to strengthen its position in the television post-production market and to enhance its Media Composer and MCXpress product lines.

—Karen Anderson

# DTV tower hits snag in San Francisco

*Broadcasters' plan faces local opposition; zoning hearing set for this week*

By Glen Dickson

**B**roadcasters' plan to use a community tower to launch digital TV broadcasts in San Francisco is running into strong opposition from homeowners.

Residents who live around the Mount Sutro community tower are questioning the ability of the existing NTSC tower to withstand an earthquake after the addition of a 10-ton digital antenna. The homeowners have appealed the city's zoning ruling on the tower and also have filed a lawsuit against the city. They seek to overturn the city's approval of the environmental impact report on the project.

A hearing on the zoning appeal will be held this week by the San Francisco board of permit appeals. Attorneys for the city, Sutro Tower Corp. and the homeowners also are scheduled to meet for a settlement hearing on the lawsuit this week.

"It's had no impact on the project, but we sort of have this hanging over our heads," says Gene Zastrow, Sutro Tower Corp. GM. "At any moment the

**Residents who live around the Mount Sutro community tower are questioning the ability of the existing NTSC tower to withstand an earthquake after the addition of a 10-ton digital antenna.**

boom could fall."

Nonetheless, Zastrow says he is confident that both the zoning appeal and the lawsuit eventually will be decided in favor of the DTV project. In the meantime, Sutro Tower Corp. and the city have agreed to do a so-called dynamic analysis of Sutro Tower's seismic safety, even though the structural integrity of the tower has already been checked by tower integrator Kline.

But the latest seismic study won't be completed until after the scheduled

launch of digital service on Nov. 1, which irks seismologist Lloyd Cluff, a Mount Sutro resident and a member of the California Seismic Safety Commission.

"They're going ahead hoisting a new antenna, and they've agreed to do a dynamic analysis after they've done it," Cluff says. "That's unprecedented. Usually, everything on a project is stopped until you're sure of the safety."

Zastrow says that Sutro Tower has agreed to follow any dynamic-analysis report recommendations for further strengthening of the tower. But he doesn't want to wait six to nine months for the analysis to be completed before resuming work on the tower, because that would mean missing the Nov. 1 deadline that KGO-TV, KRON-TV, KPXTV and KTVU(TV) are shooting for. Zastrow says the deadline already is getting tight on the Mount Sutro DTV project, which will use a channel combiner to broadcast multiple DTV signals off a four-antenna stack.

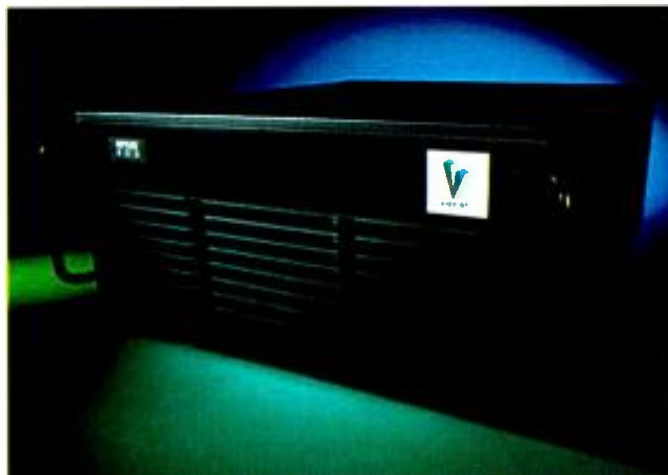
"Everything will have to go really well to get all installed and tested for Nov. 1," he says. ■

## Vyvx taps Vibrint server

Williams Vyvx Services has purchased Vibrint MPression 4:2:2 production video servers to provide automated encoding for its advertising distribution services. MPression's encoder system allows Vyvx to convert advertisements from source videotapes to digital files for distribution via Vyvx fiber to buffer devices at TV stations.

Vyvx currently distributes most of the 2.5 million ads it handles every year in 4:2:0 format. But the company hopes eventually to upgrade to 4:2:2 transport. The MPression will facilitate an easy migration, according to Wes Hanemeyer, Vyvx vice president of operations and engineering.

The new system also allows Vyvx to distribute ads as video files rather than as video streams, so that the



*Vyvx will be using Vibrint's MPression 4:2:2 server to encode commercials for digital distribution.*

company can attach metadata for search and retrieval.

"I believe in the next five to 10 years we will see broadcast stations being interconnected nodes on a broadband network moving files around instead of just managing streams of video," says Bunker Sessions, executive director/GM for Vyvx advertising distribution services.

Sessions also predicts that as stations begin to migrate to a video-server environment, Vyvx will be

able to use MPression to deliver files directly into the server for automated on-air broadcast.

Vyvx is working to expand its fiber network of 11,000 miles to about 20,000 miles by the end of this year and to 32,000 by the end of 2000.

—Glen Dickson



# New bird for DirecTV

*Hughes satellite targeted for mid-1999 launch*

By Price Colman

**D**irecTV plans to launch a new Hughes-made satellite to replace its ailing DBS-1 bird in mid-1999.

The new satellite, a Hughes-built HS-601HP Ku-band bird, will have capacity for at least 20 additional channels beyond what's available on DBS-1.

DirecTV officials declined to disclose capacity on DBS-1, but as a 32-transponder bird with digital compression ratios ranging from 4:1 to 6:1, it's capable of delivering about 160 channels of video programming.

DBS-1, launched in 1993, is DirecTV's primary satellite. It was supposed to have a life span of about 12.5 years, but a malfunction in the primary satellite-control processor (SCP) leaves DirecTV with little choice but to launch another bird as soon as possible.

DirecTV has contingency plans for moving services to other satellites in the event DBS-1's backup SCP fails—but it would mean having to shut down some services, a move that would be particularly damaging in the midst of hot competition over video services.

The situation is particularly troublesome because two other Hughes HS-601 satellites have suffered similar problems. Galaxy VII and DBS-1 are operating on backup SCPs—on-board computers that control key satellite functions, including propulsion for attitude control, solar-wing positioning and antenna pointing. A fourth satellite, Galaxy IV, lost both SCPs, completely shutting down certain paging and video services. PanAmSat owns both Galaxy birds. The failures all occurred during a two-month period from May 19 to July 4 on satellites

launched between June 1992 and December 1993.

Hughes, after an intensive investigation, determined that in three of the failures, the most likely cause was an SCP fuse that blew when tiny crystals growing in tin-plated relay switches caused a short. Hughes is still trying to determine the cause of the fourth failure, which occurred on Galaxy IV. Hughes, which has 35 HS-601s in orbit and 30 more under construction and awaiting launch, began using improved relay switches several years ago.

"As a client, we're completely satisfied with the investigation results to date," says DirecTV spokesman Bob Marsocci.

Antonette Gorocho, vice president for research and consulting at the Carmel Group, says DirecTV probably won't get a price break from Hughes on the new bird despite the problem on DBS-1. "I doubt that the financial arrangements would be much different," she says, noting that DirecTV—a division of Hughes—has insurance on the bird. ■



## Buford on block

**T** Tyler, Tex.-based cable MSO Buford Television has retained Donaldson, Lufkin & Jenrette to handle the sale of the 175,000-subscriber company and hopes to have a deal before year-end. Buford President Ben Hooks cites personal reasons on the part of Buford founders, brothers Robert and Geoffrey Buford, as the reason for the sale. Hooks says Robert Buford wants to devote his time to a charitable institution he founded. Along with Robert and Geoffrey Buford, chairman and co-chairman of the MSO, the company is closely held by Hooks, CFO Mark Seale, COO Ron Martin and chief administrative officer Kay Monigold. There is speculation that Buford's sale

could establish a new private-market valuation for small cable systems, although Hooks says recent deals boosting values of cable properties were not the motivation to sell.

## Regulators sue Marcovsky

**T**hree regulatory groups have moved against promoters behind proposed cable channels My Pet TV and Children's Cable Network. The Federal Trade Commission, the Securities and Exchange Commission and the North American Securities Administrator Association filed a civil complaint against Michael Marcovsky, former chairman of Nostalgia Network and president of My Pet TV, and Sheldon Altfeld, VP of My Pet TV. The

complaint alleges the networks raised \$16.5 million by selling \$10,000 general partnership interests to 1,200 investors via a telemarketing operation. Each \$500,000 partnership was allocated a specific territory through which they could buy programming from Children's Cable and air it by leasing time on cable systems. The local franchisee supposedly would make money by selling ads to local businesses. But the regulators contend that \$10.7 million went for sales commissions to the outfits raising the money. Another \$3.3 million went to Children's Cable. That left the partnerships \$2.5 million as working capital. The complaint alleges that Marcovsky then diverted \$650,000 of the leftover cash to start My Pet TV.

## DirecTV's DBS trio

**D**irecTV is allying with three smaller cable operators to offer DBS ser-

vice to some 470,000 cable subscribers. By signing sales and distribution agreements with Anderson Eliason Cable Group, Galaxy Telecom and Classic Cable, DirecTV gets a foot in the door of a substantial number of cable homes while the cable operators get an alternative to costly upgrades required for delivering digital cable. The three MSOs allying with DirecTV plan to begin offering a DBS "overlay" service in October to their markets, which are primarily in the Midwest and Southeast. The MSOs will provide free hardware installation for customers who sign up for the DBS service. Customers will have the option to rent or buy a settop box and will be able to choose from among DirecTV's various programming packages, which start at \$19.95 a month. A DirecTV spokesperson says the DBS provider is in talks with other cable operators.

*“Every cable operator should get up and say, ‘Look what we’re doing with C-SPAN.’ It’s something good they can shout about.”*



**James N.  
Whitson**

Retired Executive  
Vice President  
Sammons Enterprises

Member  
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of Directors

“If you think C-SPAN’s important, you’ve got to have carriage so people can see it. If you don’t think it’s important, then don’t carry it. But I don’t believe that. It is important. That’s the reason we had 100 percent carriage, because that meant every customer we had could see it.”

“Even today, there are people who don’t know that cable television created and paid for C-SPAN. I think that’s just terrible. It may be one of the best things the industry ever did from a public affairs standpoint. And yet the industry not only didn’t get credit for it, they often didn’t want credit for it. Every cable operator should get up and say, ‘Hey, look what we’re doing with C-SPAN.’ That wouldn’t cure all the PR problems the industry has had, but at least it is something good they can shout about.”

“I went to a lot of schools growing up—some seven or eight—so I was not at any place for very long. My father managed a chain of stores called White’s Auto Stores in Texas and Oklahoma. They transferred him to manage different stores, mostly around Texas. Then, he was in the Navy during WWII, so we moved back to Oklahoma for two or three years.”

“I started out in pre-dental and discovered early on that chemistry and I didn’t get along too well. I took an accounting course and liked it, so I decided to major in accounting. Although I was in various accounting positions over the years, I never wanted to pursue it as a profession.”

“I came to Sammons because of a friend, Kent Mutzel, who had been at Coopers & Lybrand and had gone to Sammons Enterprises, the holding company—he was the chief financial officer and later became president. One day, he and Charlie Sammons asked if I’d consider going to the cable operation as president. I didn’t know anything about it, but I was given the opportunity. The cable operation was fairly small. Over the years we built it into a significant part of the business. It was sold in 1996.”

“I miss the cable business some; miss a lot of the people that I used to have contact with. Part of the reason I miss it, I think, is because I was younger then. As my father once said, ‘The reason the good ol’ days were the good ol’ days is because you were young, not because they were so good.’”

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# Stewart gets 'Daily' post

Comedy Central signs veteran talk host to four-year deal

By Donna Petrozello

**R**ather than watch another homebred host use the network as a stepping stone, Comedy Central has named established talker Jon Stewart as new host of *The Daily Show* beginning in January 1999.

Stewart replaces Craig Kilborn, whose role as *Daily's* anchor landed him a contract with CBS TV to replace Tom Snyder on *The Late, Late Show*. Comedy's two-year contract with Kilborn was set to expire in August 1999; the new contract with Stewart is for four years.



"I wanted to work out a four-year deal to have longevity with a host," says Comedy Central President Doug Herzog. Kilborn will be released from his contract early, "with no bad feelings" from the network's side, Herzog says.

With Stewart, Herzog says, he'll consider expanding the late-night social satire show from four to five nights a week "at some point." Herzog also suggests that Comedy may work toward developing an original talk show to follow *Daily* at 11:30 p.m. ET.

Stewart, who most recently subbed as a fictitious host on HBO's *The Larry Sanders Show*, will be reunited with Eileen Katz, who produced *The Jon Stewart Show* for two years at MTV. Katz is now senior vice president of programming for Comedy Central. Madeleine Smithberg will continue as executive producer of *Daily*.

Before Stewart accepted the Comedy Central slot, cable onlookers speculated he might succeed Garry Shandling on *The Larry Sanders Show* or be tapped by CBS for a late, late-night show. Ultimately, Stewart says, CBS "wasn't ready to do it, and neither was I."

"I always wanted to go to a show where I'm not pushing the host out," Stewart says. "I like going to a job that's available."

Stewart is poised to join *Daily* on a ratings upswing. According to Comedy and the latest Nielsen data, *Daily* averaged a .7 rating for the first two weeks of August, 1998, compared with an average .4 rating for the same period last year. Stewart's previous commitments this fall—he'll star in two feature films to be released this December and will release a book of short stories next month—prevented him from joining Comedy sooner, the network says.

**Errata:** In last week's top 25 basic cable show chart, ESPN should have been credited with coverage of the New York vs. Seattle MLB game and the Green Bay vs. Kansas City NFL game. In addition, ESPN was mistakenly credited with *The Brady Bunch*, a Nickelodeon show.



## CABLE'S TOP 25

### PEOPLE'S CHOICE

USA Network's 'Pacific Blue' became the network's most-watched hour original-series episode in prime time when it earned a 4.0 rating/2,959,000 homes on Sunday, Aug. 9, p.m. ET/PT.

Following are the top 25 basic cable programs for the week of Aug. 3-9, ranked by rating. Cable rating is coverage area rating within each basic cable network's universe; U.S. rating is of 39 million TV households. Sources: Nielsen Media Research, Turner Entertainment.

Rank	Program	Network	Day	Time	Duration	Rating Cable	Rating U.S.	#Hs (C00)	Cable Share
1	WWF War Zone	USA	Mon	10:00P	65	5.1	3.8	3 746	8.6
2	WWF Raw	USA	Mon	9:00P	60	4.5	3.4	3 295	7.1
3	NASCAR Bud at the Glen	ESPN	Sun	1:00P	180	4.4	3.4	3 292	12.2
4	WCW Monday Nitrc	TNT	Mon	10:05P	60	4.3	3.2	3 178	7.3
4	WCW Monday Nitrc	TNT	Mon	8:00P	60	4.3	3.2	3 131	7.4
6	WWF Sunday Night Heat	USA	Sun	7:00P	60	4.2	3.2	3 136	8.3
7	Pacific Blue	USA	Sun	8:00P	60	4.0	3.0	2 959	7.1
7	WCW Monday Nitrc	TNT	Mon	9:00P	65	4.0	3.0	2 959	6.4
9	South Park	COM	Wed	10:00P	30	3.9	2.1	2 045	6.5
10	WCW Thunder	TBS	Wed	8:58P	72	3.6	2.7	2 686	6.2
11	Movie: 'Patriot Games'	USA	Wed	9:00P	150	3.2	2.4	2 360	5.5
12	MLB: Atlanta vs. San Francisco	ESPN	Sun	8:00P	201	3.1	2.3	2 269	5.4
13	Rugrats	NICK	Fri	9:30P	30	3.0	2.2	2 161	5.5
14	WCW Thunder	TBS	Wed	8:05P	53	2.9	2.2	2 174	5.7
14	Rugrats	NICK	Fri	10:00P	30	2.9	2.2	2 139	5.5
14	Maurice Sendak's Little Bear	NICK	Tue	9:00A	30	2.9	2.2	2 135	12.5
14	Rugrats	NICK	Sat	10:00A	30	2.9	2.2	2 110	11.0
18	Movie: 'Hook'	TBS	Sun	8:00P	180	2.8	2.1	2 100	4.9
18	Movie: 'The Naked Gun'	USA	Sun	5:00P	120	2.8	2.1	2 071	6.3
18	Blues Clues	NICK	Mon	9:30A	30	2.8	2.1	2 049	11.5
18	Diagnosis Murder	FAM	Wed	9:00P	60	2.8	2.1	2 034	4.6
18	Maurice Sendak's Little Bear	NICK	Wed	9:00A	30	2.8	2.1	2 031	11.7
18	Diagnosis Murder	FAM	Tue	9:00P	60	2.8	2.0	1 994	4.5
18	Real World VII	MTV	Tue	10:00P	30	2.8	2.0	1 920	4.5
20	Blues Clues	NICK	Tue	9:30A	30	2.7	2.0	1 999	11.5
20	The Brady Bunch	NICK	Tue	10:30P	30	2.7	2.0	1 990	4.8
20	The Brady Bunch	NICK	Tue	10:00P	30	2.7	2.0	1 979	4.5
20	Maurice Sendak's Little Bear	NICK	Wed	12:00N	30	2.7	2.0	1 966	9.0
20	Maurice Sendak's Little Bear	NICK	Mon	9:00A	30	2.7	2.0	1 945	11.2
20	Rugrats	NICK	Thu	7:30P	30	2.7	2.0	1 938	5.3

nership with Time Warner.

The most entertaining scenario, of course, calls for former Continental Cablevision Inc. Chairman Amos Hostetter to mount an assault on MediaOne to take revenge on Lillis.

Hostetter sold his company in 1996 for \$10.4 billion to what was US West Media Group Inc., giving him about 8.5% of the cable company's stock, a share now worth some \$2.4 billion. Hostetter, who was extremely close to his management team, was assured by Lillis that he wanted Continental's management team to remain in place and in Boston, that it was considered one of the best parts of the deal. Hostetter, in turn, gave personal assurances to many of his executives to encourage them to stay.

After a year, Lillis decided instead to move Continental's operation to MediaOne's suburban Denver base. Hostetter—whose relationship with Lillis already had grown frosty—took the decision personally and quit. A number of executives followed him out the door.

A noncompete clause in his exit agreement that blocks Hostetter from contemplating any cable investment expires this month.

Would Hostetter mount an attack? He refuses to talk about MediaOne, but executives close to him say they see no signs that he is mounting a takeover—particularly since MediaOne and other cable stocks have more than doubled since Continental sold.

"Sell low, buy high isn't Amos's style," says one Hostetter associate. But with large blocks of stock in his hands and the hands of former Continental investors, Hostetter is more likely to back a MediaOne suitor. The

## Besch out at USA

In the latest round of executive departures from USA Networks, Andrew Besch is resigning as senior vice president of marketing for USA Networks after working for the company for almost two decades.

Besch is one of numerous top USA Networks executives to depart since Barry Diller arrived in mid-February to take over USA. Those departures include former USA Networks founder, chairman and chief executive Kay Koplovitz; Barry Schulman, vice president of programming for Sci-Fi Channel; Harry Mosher, vice president of marketing for Sci-Fi; Ian Valentine, vice president of long-form programming for USA Networks, and Rod Perth, president of entertainment for USA Networks.

Besch had overseen national marketing, advertising and promotional activity for both USA and the Sci-Fi Channel. Besch also helped to create USA Network's "Sunday Night Heat" slogan and marketing platform.

Meanwhile, USA Networks announced the promotion of Dick Ross to senior vice president of network operations for both USA Network and Sci-Fi Channel.

—Donna Petrozzello

executive, however, contends that an agreement Hostetter signed as part of the Continental sale includes a standstill agreement that constrains him from mounting a takeover or even advising an independent buyer.

The big question is whether Lillis wants to sell: whether he wants to run a big company or cash in his \$25 million gross value in stock and options.

Industry executives say he may show his hand fairly clearly. If he wants to sell, look for Lillis to restructure MediaOne's overseas holdings, selling some pieces and consolidating others into packages that are more salable in a second stage. Look for more "monetization" of other assets, particularly the company's \$2.7 billion stake in cellular operator AirTouch, acquired as part of the sale of its own wireless operations. MediaOne already has made clever use of securities to extract cash from half of that stake that won't be immediately taxable.

That's what TCI did, using tracking stocks and spin-offs over two years to make its core cable company more bite-sized to a suitor.

If Lillis wants to stay? Look for him on the acquisition trail, snapping up other companies—particularly overseas—to make MediaOne less attractive. "[It would be] conceivable to me if Chuck swallowed somebody to make himself unswallowable," says one money manager with a large MediaOne stake. "But frankly, I don't expect this company to be there in 18 months." ■

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# MediaOne deal: Easier said...

*Recently separated from US West, MSO is attracting would-be suitors*

By John M. Higgins

**P**aul Allen wants to buy it. Mike Armstrong does, too. Bill Gates already is negotiating to buy it. That is, if they're all not beaten out by Amos Hostetter or a consortium of cable operators that want to break up its alluring system portfolio.

In any case, that's what the cable and Wall Street rumor mill is grinding out about MediaOne Group Inc., whose recent separation from telco US West Inc. has left it the hottest takeover candidate in the cable business.

No longer encumbered by its former telco parent, the MSO is free to deal with any cable comers that want to achieve relatively large scale with a stroke of the pen.

The company has recently loaded up on takeover defenses to prevent a hostile attack. But even assuming that Chairman Chuck Lillis wants to sell, there are a host of obstacles that make MediaOne tough to swallow.

The company is far from a pure play. Owned-and-operated cable systems make up less than half the company's estimated \$34 billion asset value. MediaOne is crammed with \$20 billion worth of assets that might not be particularly attractive to a suitor, such as a big stake in rocky British cable operator TeleWest and a \$5.6 billion stake in cellular operator AirTouch.

Even a buyer willing to take the risk that those assets could be readily sold faces a nasty tax hit. There are further complications, because MediaOne started off as a "tracking" stock that got special IRS treatment. Simply selling the company could create tax snags for MediaOne's shareholders.

The company's capital structure doesn't leave much room to borrow billions and billions against cash flow. Debt and preferred stock obligations total about six times cash flow.

Then there's the Time Warner problem. For years Lillis used MediaOne's 26% ownership of Time Warner Entertainment to hamstring Time Warner Chairman Gerald Levin's efforts to restructure his company. Now, howev-



*Amos Hostetter (l) and Paul Allen are among the suitors for Media One.*



er, Levin is asserting that he has "blocking rights" over any change of ownership of that \$7 billion TWE stake, and hence, pretty much over any sale of MediaOne.

Lillis disputed Levin's assertion during a recent conference call with securities analysts.

No one says a deal won't happen. Indeed, every industry and Wall Street executive interviewed said they expect MediaOne to be sold. Bear, Stearns & Co. media analyst Ray Katz predicted as much in a recent report to clients. The analysts just note that a deal would be much more difficult than recent lightning-quick MSO sales.

One MSO executive who has studied the mechanics behind a MediaOne takeover says that MediaOne is a far more difficult takeover prospect than other companies. "This isn't like Marcus, where you get it done in six weeks," the executive says, referring to Microsoft co-founder Paul Allen's \$2.8 billion takeover of Marcus Cable Corp. in May. "You have to bridge billions worth of stuff you don't really want."

Smith Barney Salomon media bond analyst Steve Schutzman agrees, saying "it's harder than everybody gives them credit for."

MediaOne is silent about its plans. "We don't talk about stuff like that," says spokesman Steve Lang. But MediaOne's attractiveness is pretty easy to see. With systems serving 5 million subscribers, MediaOne is the third-largest MSO.

Since Tele-Communications Inc. has

been snagged by AT&T Corp. Chairman Armstrong and Levin is expressing renewed love for Time Warner Cable, anyone who wants to get a lot bigger a lot faster immediately eyeballs MediaOne. Another appealing element is strong clustering, with big chunks of the market in Atlanta, Fort Lauderdale, Minneapolis and the highly fragmented Los Angeles region.

MediaOne's systems are considered to be of fairly high quality, with steady—if unremarkable—system cash-flow growth in the 7%-9% range—although even bullish analyst Jessica Reif Cohen expects growth for the whole company to be just 4% for 1998.

But copper is copper, and what the latest cable takeover players want is a fat wire into the home—fatter than the telcos have.

Armstrong wants to pump telephone traffic into consumers' homes to fight local Baby Bells that are attacking AT&T in long distance. Allen envisions cable as part of his wired world, with smart set-top converters and high-speed data access enabling all sorts of new interactive computer and TV products and services. That view has prompted the Microsoft co-founder to commit to \$7.3 billion in cable takeovers; he is buying Marcus Cable and preparing to acquire Charter Communications. Sources close to his operation say he wants to get much larger. Allen's top dealmaker, Bill Savoy, wouldn't comment on MediaOne.

Microsoft Corp. Chairman Bill Gates, Allen's former partner, has much the same vision of cable and was the first to invest directly in cable (with a 10% stake in Comcast Corp. last year). Is Microsoft a buyer of an entire operation? Gates hasn't shown his hand.

An executive close to MediaOne, however, says that a number of recent reports about merger talks are "simply wrong." The executive notes that Lillis "talks to everybody" about different projects all the time—AT&T about local phone, Microsoft about their Road Runner high-speed Internet part-

## Chancellor rocks Cleveland

Chancellor Media Corp. will enter Cleveland with control of several of the top radio stations after three companies agreed to sell their six stations for \$275 million.

Pending FCC and Justice Department approval, Chancellor will buy WRMR(AM)-WDOK(FM) from Independent Group LP; WZAK(FM) and WJMO(AM)-WZJM(FM) from Zapis Communications and a related company, and WQAL(FM) from I. Martin Pompadur's ML Media Partners. A breakdown of how much money each will get was not available.

"You've got to keep an eye on the world [which is] changing, and right now prices [for radio stations] are very high," says Thomas J. Embreschia, chairman of WRMR(AM)-WDOK(FM). Although he is proud of being a hometown owner, "we can maximize our profits and redeploy them to other things."

Knowing that Pompadur's fund was looking to sell, Embreschia says he and Zapis at first tried to buy WQAL(FM). Both claim sentimental attachment to the market: WZAK(FM) has been in the Zapis family since 1963 and Embreschia has been an owner of WRMR(AM)-WDOK(FM) since 1987. When the joint venture fell apart, Embreschia and Zapis united with Pompadur as sellers.

With Jacor Communications Inc. already dominant in the market and other companies possibly winning WQAL(FM), "we did not feel we would be comfortable

being left alone. ... Our values would go down," Embreschia says.

"Deciding to sell these stations has been the most difficult business decision our family has made," WZAK(FM) and WJMO(AM)-WZJM(FM) President Lee Zapis said in a news release.

Chancellor didn't quite meet the price the three were hoping for, "but we liked them, and we liked their style," Embreschia says. "We think our listeners will be well-served."

Embreschia doesn't expect Chancellor to tinker much with station formats, although the self-proclaimed "second-largest radio broadcasting company" in the U.S. undoubtedly can provide sales, programming and marketing expertise that the stations couldn't afford before. Among the stations that Chancellor is getting in the nation's 23rd-largest radio revenue market are the leading adult contemporary, the number-one AM and the only urban outlet.

"In addition to providing Chancellor with an excellent foundation from which to grow in Cleveland, [the deal] is priced fairly based upon the quality of the assets, the market's size and the opportunity we see for growth and improvement," Chancellor President Jeffrey A. Marcus said in a news release. The purchase price boils down to 13.3 times projected 1999 broadcast cash flow, Chancellor says.

—Elizabeth A. Rathbun

## Television looks to radio for fall campaigns

*TV is among national radio's largest spenders, but it's declining*

By John Merli

The new fall-season TV promos already have begun in earnest on the broadcast and cable networks, but increased competition for viewers in a clearly fragmenting marketplace may increasingly have programmers sending their messages via media other than television. That's good news for radio, which could see as much as \$100 million in TV business in the next three months.

Interop Research reports that broadcasters and cable spent nearly \$160 million on national radio last year, with 57% of the annual total coming in September, October and November. That figure places television at the top of the list of national radio spenders, surpassed only by telcos and telco services. In fact, television spending on radio has increased in each of the past four years, the radio marketing and sales company reports. Overall, TV spent more than \$970 million in media advertising last year, with 16% earmarked for national radio.

Nevertheless, the recent trend in television spending on national radio, compared with other media, is not good news

for radio. While the networks increased their radio budgets more than 59% in 1993-94, compared with 35% for total media, by last year TV spent slightly more on total media (25.3%) than on radio alone (24.9%). The top TV network advertisers on national radio vary greatly in spending outlays, with Fox clearly in first place last year (\$24.6 million), followed at a distance by NBC (\$17.7 million), Paramount (\$7.5 million), ABC/Disney (\$7.4 million), HBO (\$7.3 million) and CBS (\$5.1 million).

This summer, for the first time, com-

bined cable prime time ratings were higher than the combined numbers of NBC, CBS, ABC and Fox. Although the broadcast networks are running reruns (except, notably, for the most popular news magazine programs), Interop suggests that there will be added pressure this fall season for broadcasters to reestablish their traditional viewerships. Stewart Yaguda, the head of Interop's Radio 2000 project, says that network radio should "seize this opportunity to sell its marketing strengths, especially its ability to target people [ages] 18-49, which is TV's key demo." ■

### What turns listeners off?

Repetition and lack of program variety are two pet peeves of listeners of most music-formatted radio stations, according to a new survey by Paragon Research of Denver. However, the national survey of 400 listeners 25-54 lists the top complaint among respondents as "too many commercials" (33%), followed by the runner-up criticism, "too much talk."

Older listeners (45-54) seem to have a higher tolerance for commercials than slightly younger listeners, 35-44. Of the 45-54 group, 28% listed "too many commercials" as negative, compared with 39% of those 35-44. On the repetition issue, older listeners also are relatively more open to smaller playlists, although 79% of older listeners still don't like them. The intolerance level jumps to 90% among the 25-34 demo.—John Merli



# Jacor to sell eight stations to close Nationwide deal

*Agrees to Justice-required spin-offs in Ohio, San Diego*

By Elizabeth A. Rathbun

Jacor Communications Inc. immediately closed on its October 1997 purchase of Nationwide Communications Inc. last Monday (Aug. 10) after agreeing to sell six Ohio and two San Diego stations to win Justice Department approval of the deal.

Jacor, while going along with Justice, is displeased by the outcome and by the time the negotiations took. The process "just could've been done a lot better. [Justice] had a lot of control ... and the rules kept changing," Jacor Radio Division President David Croll says.

Justice would not allow Jacor to command 58% of the radio advertising revenue in Columbus, 43% of the radio revenue in Cleveland and 42% in San Diego. Including the Nationwide acquisitions, Jacor would have owned nine, six and 12 stations, respectively, in those cities.

With the required divestitures, Jacor's radio revenue will be reduced to 38% in Columbus, 39% in Cleve-

land and 36% in San Diego, Justice says.

Croll calls revenue control of 42% and 43% "in line" and adds, "I don't believe 58% was totally unjustified either." In other cases, Justice has allowed revenue control of more than 45%, he says.

Also, "This went probably one [financial] quarter longer than it should have. It caused a lot of strain on operations, on people at Nationwide," Croll says.

Justice's investigation of the \$620 million, 17-station deal was conducted jointly with the Ohio attorney general's office. Nationwide is based in Columbus.

"The divestitures will preserve the choices available to advertisers in the San Diego, Cleveland and Columbus markets," Joel I. Klein, assistant attorney general for the Justice Department's antitrust division, said in a statement.

Under the agreement, which was reached before either side went to court, Jacor will sell KKLQ-FM and KJQY(FM) San Diego to Hefel Broad-

casting Corp. for \$65.15 million. Jacor already knew it had to sell stations there, as in Columbus, to comply with the FCC's eight-station limit.

In Cleveland, Jacor will swap WKNR(AM) for Capstar Broadcasting Partners' WTAE(AM) Pittsburgh, bringing it into that market for the first time. The value of that swap was not available.

As for Columbus, where Jacor has to get rid of five stations, it is selling its right to acquire WKJ(FM) to Secret Communications LLC. Jacor already had planned to sell WZAZ-FM Columbus to Blue Chip Broadcasting for \$10.1 million. It also will swap WHOK(FM), WLWQ(FM) and WAZU-FM Columbus, along with KSGS(AM)-WMJZ-FM Minneapolis-St. Paul, to CBS Corp. in exchange for KOME(FM) and KUFX(FM) San Jose, Calif.; WCAO(AM)-WOCT(FM) Baltimore, and KSD(FM) and KLOU(FM) St. Louis. The CBS deal, announced in May, hastened CBS's \$2.6 billion acquisition of American Radio Systems Corp. ■



By Elizabeth A. Rathbun and John Meril

## Loss up for Salem

Religious broadcaster Salem Communications Corp. reported that its net loss grew from \$686 million in second quarter 1997 to \$785 million in second quarter of this year, on broadcast cash flow that went up 20.8%, to \$8.6 million, and broadcast revenue that grew 10.4%, to \$18.7 million. Salem, which owns or operates 44 radio stations and several radio networks, offered no

explanation for the results but noted that it is buying four radio stations for a total of \$36.6 million.

## Missing Youngman tapes reappear

An apparently long-forgotten carton of about a dozen tapes recently found in an old storage room in Beverly Hills contains radio material featuring late comedian Henny Youngman, according to syndicator Charles Michel-

son Inc. Michelson says that the "long-missing tapes" from Youngman's *Comedy Radio Tape Library*, entitled "Take my Wife. Please!", will be added to the entertainer's inventory of 130 one-minute radio features containing about 650 Youngman one-liners.

## Imus makes up for lost time

Talk-show host Don Imus and his brother,

Fred, have to reimburse the state of New Mexico \$6,696 for razing some 19th century buildings on state land, the Associated Press reports. The brothers intend to use the state land and their adjacent property to build a ranch for children with cancer and blood disorders. They were supposed to get permission to make changes on the state land, but they did not. In fact, they had not been approved to lease the land when a house, barns and corrals were demolished July 1. The Imuses will pay for a survey of the remaining historical and cultural sites on the state land that will be part of the 3,000-acre ranch.

**AUGUST 3-9**

Broadcast network prime-time ratings according to Nielsen



**PEOPLE'S CHOICE**

Drew proved a double draw, as 'The Drew Carey Show' and the premiere of 'Whose Line Is It Anyway?' helped ABC win Wednesday.

Week 46	abc	CBS	NBC	FOX	U/PIN	WB
	6.6/12	6.4/11	7.1/13	5.7/10	1.7/3	2.4/4
MONDAY	8:00 51. America's Funniest Home Videos 5.5/10	27. Cosby 6.5/13	51. NBC Movie of the Week—Pandora's Clock, Pt. 2 5.5/10	50. Melrose Place 5.6/10	110. In the House 1.6/3	93. 7th Heaven 2.4/4
	8:30 9. 20/20 8.4/14	23. Ev Loves Raymd 7.1/13		107. Malcolm & Eddie 1.7/3		
	9:00 21. Ev Loves Raymd 7.2/12	51. Murphy Brown 5.5/9	46. Ally McBeal 5.8/10	107. Good News 1.7/3	91. Buffy the Vampire Slayer 2.5/4	
	9:30 42. The Practice 5.9/10	35. 48 Hours 6.1/11	3. Dateline NBC 10.2/18	105. Sparks 1.8/3		
TUESDAY	7.0/12	6.0/11	7.7/14	6.5/12	1.8/3	2.7/5
	8:00 23. Home Imprvmt 7.1/14	29. JAG 6.4/12	46. Mad About You 5.8/11	73. King of the Hill 4.5/9	102. Moesha 2.0/4	93. Buffy the Vampire Slayer 2.4/5
	8:30 35. Soul Man 6.1/11	42. CBS Tuesday Movie—Buffalo Girls, Pt. 2 5.9/10	61. NewsRadio 5.2/10	56. King of the Hill 5.4/10	102. Clueless 2.0/4	
	9:00 40. Spin City 6.0/10		17. Frasier 7.6/13	15. Guinness World Records 8.0/14	110. In the House 1.6/3	85. Dawson's Creek 2.9/5
9:30 29. Dharma & Greg 6.4/11	25. 3rd Rock fr/Sun 6.7/11	2. Dateline NBC 10.4/19	107. Clueless 1.7/3			
WEDNESDAY	7.4/14	6.1/11	5.6/10	3.3/6	1.9/4	2.3/4
	8:00 29. Dharma & Greg 6.4/13	64. The Nanny 4.9/10	76. The Pretender 4.3/9	83. Fox Summer Movie Special—Blankman 3.3/6	110. The Sentinel 1.6/3	102. Wayans Bros 2.0/4
	8:30 42. Two Guys, a Girl 5.9/11	64. Style & Substnc 4.9/10	56. 3rd Rock fr/Sun 5.4/9		99. Star Trek: Voyager 2.2/4	99. Jamie Foxx 2.2/4
	9:00 16. Drew Carey 7.8/14	25. Countryfest '98 6.7/12	21. Law & Order 7.2/13	99. Star Trek: Voyager 2.2/4	95. The Wayans Bros. 2.3/4	87. Steve Harvey 2.6/4
9:30 17. Whose Line Is It* 7.6/13	12. PrimeTime Live 8.2/15					
THURSDAY	4.6/9	7.2/13	9.5/18	5.0/9		
	8:00 86. Push 2.8/5	35. Promised Land 6.1/12	8. Friends 8.6/17	46. World's Wildest Police Videos 5.8/11		
	8:30 64. ABC News Summer Thursday 4.9/9	20. Diagnosis Murder 7.3/13	11. Suddenly Susan 8.3/16	77. Fox Files 4.2/8		
	9:00 35. Nightline in Primetime 6.1/11	13. 48 Hours 8.1/15	1. Seinfeld 10.8/20			
FRIDAY	5.8/12	6.0/12	5.8/12	2.4/5		
	8:00 56. Sabrina/Witch 5.4/13	42. Kids/Darndest 5.9/14	51. NBC Friday Night Movies—Into the Arms of Danger 5.5/12	95. Getting Personal 2.3/5	KEY: RANKING/SHOW [PROGRAM RATING/SHARE] • TOP TEN SHOWS OF THE WEEK ARE NUMBERED IN RED • TELEVISION UNIVERSE ESTIMATED AT 98.0 MILLION HOUSEHOLDS: ONE RATINGS POINT IS EQUAL TO 980,000 TV HOMES • YELLOW TINT IS WINNER OF TIME SLOT • (NR)=NOT RANKED; RATING/SHARE ESTIMATED FOR PERIOD SHOWN • *PREMIERE • SOURCES: NIELSEN MEDIA RESEARCH. CBS RESEARCH • GRAPHIC BY KENNETH RAY	
	8:30 67. You Wish 4.8/11	40. Candid Camera 6.0/13		99. Getting Personal 2.2/5		
	9:00 67. Boy Meets World 4.8/10	46. Unsolved Mysteries 5.8/12	87. Millennium 2.6/5			
9:30 71. Teen Angel 4.6/9	35. Nash Bridges 6.1/12	27. Dateline NBC 6.5/13				
SATURDAY	4.0/8	4.0/8	4.1/9	4.5/10		
	8:00 82. America's Funniest Home Videos 3.4/8	83. Early Edition 3.3/7	80. TV Censored Bloopers 3.5/8	78. Cops 3.7/9		
	8:30 74. ABC Saturday Night Movie—Betrayed: A Story of Three Women 4.4/9	80. Magnificent Seven 3.5/7	74. NBC Saturday Night Movie—The Shadow 4.4/9	71. Cops 4.6/10		
	9:00 60. Walker, Texas Ranger 5.3/11	67. AMW: America Fights Back 4.8/10				
SUNDAY	5.1/9	9.4/17	5.9/11	4.8/9		2.4/4
	7:00 70. Wonderful World of Disney—Far from Home 4.7/9	6. 60 Minutes 9.9/21	56. Dateline NBC 5.4/11	78. World's Funniest! 3.7/8	105. The Parent 'Hood 1.9/4	95. The Parent 'Hood 2.3/5
	7:30 9. Touched by an Angel 8.4/16	32. The Simpsons 6.2/11		51. The Simpsons 5.5/11		
	8:30 62. The Practice 5.0/8	5. CBS Sunday Movie—Philadelphia 10.0/18	32. NBC Sunday Night Movie—The River Wild 6.2/11	62. The X-Files 5.0/8		
9:00 32. The Practice 6.2/11				87. The Smart Guy 2.6/5		
10:00					87. Unhap Ever After 2.6/5	
10:30					95. Steve Harvey 2.3/4	
WEEK AVG	5.8/11	6.6/12	6.5/12	4.6/9	1.8/3	2.4/4
STD AVG	7.7/13	8.9/15	9.5/16	6.5/11	2.6/4	2.9/5





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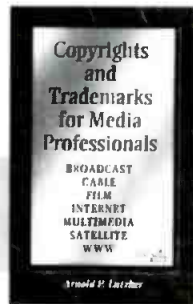


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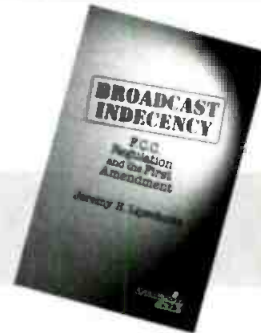


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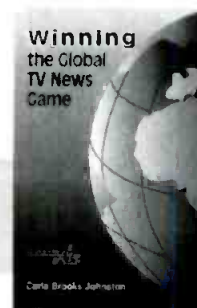


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# WeB readies for September launch

*Syndicators will benefit from vehicle into small markets*

By Joe Schlosser

The WB Television Network's WeB project for markets 100-plus is ready for its Sept. 21 launch.

WeB executives have finalized the schedule for the round-the-clock network that will bring The WB, Warner Bros. television product and a variety of syndicated shows to the smaller U.S. markets. The WeB, which will be carried by cable systems into markets 100-plus, is launching with over 72 percent coverage in those areas. MSOs signed on for The WeB include TCI, Time Warner, Century and TCA.

Each weekday, The WeB will offer a full slate of children's programming, including the regular Kids' WB! lineup and some top children's syndicated programs, such as *Beast Wars*. The afternoons will be filled with a smattering of talk shows, such as Warner Bros. Domestic Television's *The Jenny Jones Show*, and off-network programs *Knight Rider* and *Major Dad*. The WB's prime time lineup will include off-network episodes of *Friends* and *The Rosie O'Donnell Show*.

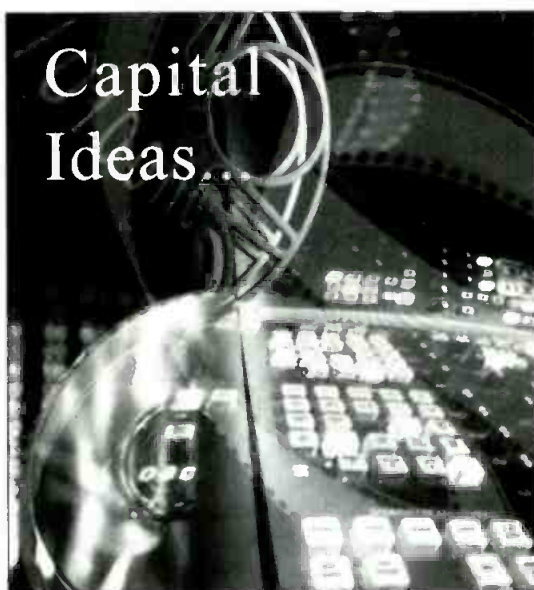
The weekend schedule for The WeB

will be highlighted by two hours of off-network runs of the NBC series *ER* in early-fringe time periods. The weekend mornings will be devoted to children's programming, with the early afternoon hours filled with action hours and movies.

Syndicators participating in the new venture include Western International,

DIC, Sachs Entertainment, Studios USA, MGM and Beau and Arrow Productions.

"The WeB obviously has its great aspects all around, not the least of which is the advantage to the syndicators. It's really one-stop shopping for them to get more clearances than they probably would have gotten in markets 100-



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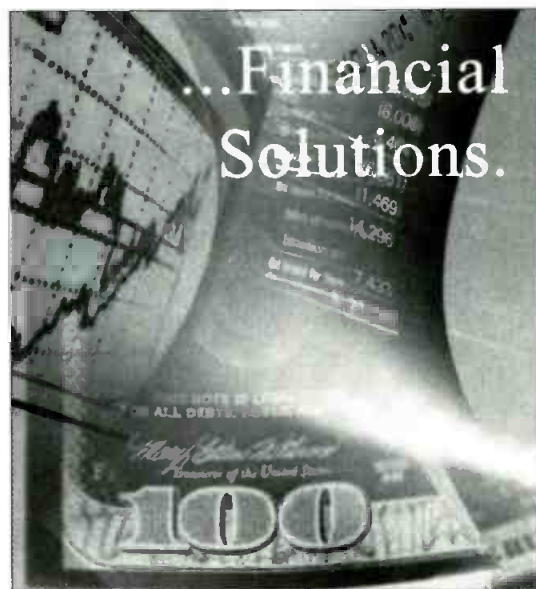


## Fox commits to anti-drug messages

Fox Family Worldwide says it will incorporate anti-drug messages into its programming. That pledge was made at a meeting in Los Angeles attended by Fox executive producers that do business with the Fox Kids Network (FKN) and Fox Family Channel and executives from the White House Office of National Drug Control Policy (ONDCP), the National Institute on Drug Abuse and Partnership for a Drug-Free America. Shown above are Fox Family Channel and FKN President Rich Cronin, ONDCP Director Gen. Barry McCaffrey and Fox Family Worldwide Chairman Haim Saban.

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By Dan Trigoboff

## Tobacco Roadblock

**W**FIE-TV pulled a series of ads for a convenience store chain called Tobacco Road after the station's lawyers found the ads dangerously close to violating a 1971 federal ban on tobacco commercials. "These were very clever ads," says Steve Langford, general manager of the Evansville, Indiana NBC affiliate. "But we've got to be careful."

The ads in question tell viewers that "we can't talk about some of the things we sell at Tobacco Road," and end with "Tobacco Road, gas and cheap prices on things we can't mention here."

Langford says that the station first thought the ads had circumvented the ban in a creative way, but complaints from an anti-smoking group prompted Langford to run the ads by the station's attorneys—who decided that the ads could be close to a violation. Smokefree Indiana, a federally funded advocacy group, says it has filed a complaint with the Department of Justice and is considering complaints at the FCC and Federal Trade Commission.

Jim Garry, who supervised the Tobacco Road account for Louisville ad agency Red7e, says that the ads were reviewed by many stations' lawyers before they ran and that they continue to run in both original and revised versions on radio, cable and broadcast TV in the Kentucky and Indiana areas that the convenience

stores serve. The revised ads omit even the vaguest reference to tobacco, he says, and are "clearly not as provocative as before." Nonetheless, he says, "these stations have a business decision to make, and when you consider the cost of defending [the ads], it doesn't make sense."

## WFOR-TV, Heftel form Weather network

**C**BS's WFOR-TV Miami and Heftel Broadcasting's four South Florida radio stations will share weather resources for Spanish-language storm advisories. The brainchild of WFOR-TV weathercaster Bryan Norcross, the plan includes Spanish updates on WFOR-TV's Hurricane Hotline, recorded by WQBA-AM commentator Agustin Acosta. The TV station will also provide space in its newsroom so that Heftel staffers can relay information during severe weather conditions.

## In case of an emergency...

**T**he Federal Emergency Management Agency has tapped NBC affiliate WRC-TV Washington to serve as a test bed for the broadcast component of Project Impact. The project is a wide-ranging public service effort spearheaded by FEMA to help local communities prepare for and protect themselves from natural disasters. According to WRC-TV chief meteorologist Bob Ryan, FEMA's interest in team-

ing with the station was prompted by WRC-TV's WeatherNet4 Web site (<http://wxnet4.nbc4.com>), which itself began as a cooperative agreement between the station and NASA to get more earth and space science data to the public.

The results of the six-month pilot Project Impact program at the sta-



*WRC-TV is teaming with the Federal Emergency Management Agency to help viewers prepare for the worst.*

tion, which will include PSAs and community meetings, will be shared first with NBC O&Os and then with other stations around the country.

## He reports to Athos, Porthos and Aramis

**D**'Artagnan Bebel, credited with boosting revenue in Indianapolis during three and a half years as general sales manager for NBC affiliate WTHR (TV), has been named vice president and general manager of Fox-owned WHBQ-TV Memphis. In addition to the now-filled GM vacancy, the station has been without a news director. Bebel, a 39-year-old New York native, says filling that slot will be his first priority.

## News at breakfast, lunch, dinner and teatime

**W**LIW(TV) New York, a noncommercial station serving Long Island, has signed a three-year deal with the BBC to dis-

tribute daily half-hour newscasts, titled *BBC World News*, to PBS outlets across the U.S. WLIW will itself air three live *BBC World News* bulletins daily beginning Nov. 1, at 6 a.m., 7 p.m. and in late evening. Other PBS stations agreeing to pick up the *BBC World News* feeds include KOCE-TV Los Angeles, KTEH-TV San Francisco, KDTN(TV) Dallas, WPBT(TV) Miami and WPBA(TV) Atlanta.

## That's Doctor Klotzman

**P**hoenix ABC affiliate KNXV-TV News Director Jeff Klotzman says he plans to leave the station to pursue a doctoral degree so that he can teach journalism at the college level. Klotzman, KNXV-TV news director since early 1997, previously was a news director in other cities for more than a decade. Klotzman says he'll be attending Texas Tech for a master's degree in communications, followed by a doctorate in education. He'll be replaced by Bob Morford, most recently news director at WPXI(TV) Pittsburgh.

## Buenos dias Los Angeles

**L**os Angeles's KTTV(TV) has begun simulcasting weekday shows *Fox 11 Morning News* at 6 a.m. and *Good Day LA* at 7 a.m. in Spanish, via the Secondary Audio Program. The station says they will be the only morning news programs in Los Angeles offered with a Spanish simulcast.

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

executive producer Don Hewitt.

In a summer with only scattered original programming, networks' news magazines have accounted for many of the summer's top-ranked shows, with CBS's own *48 Hours* and NBC's ubiquitous *Dateline* scoring well.

But CBS was scoring with repeats as well. At press time, the network had also won three consecutive Friday nights, its

best performance since 1988, as repeats of *Kids Say the Darndest Things* and *Candid Camera* won their time slots.

While CBS is pleased with its performance, the summer viewing numbers show further decline for broadcast networks from last year, as viewers surf cable, the Internet or the beach. CBS's viewership last week showed a 4% decline from the same week last

year; NBC and ABC were down 12% and 9%, respectively. Even Fox, which has managed for much of the summer to hold steady on the strength of some original programs, fell 15%.

Being number one in household is nice, a CBS executive pointed out, but the ratings drop from last year is "not something we're jumping up and down about." ■



## GET WITH THE PROGRAM

By Michael Stroud and Joe Schlosser

### Judge for yourself

**R**ysher Entertainment's new syndicated series, *Judge Mills Lane* debuts this week on more than 127 stations representing 81% of the country. The court series adds another 31 stations and another 9% of the country on Sept. 14. *Judge Mills Lane* will be double-run on 65 stations this year, including in 30 of the top 35 markets.

### ABC's 'Top Gun'

**M**ovie producer Jerry Bruckheimer ("Top Gun," "The Rock") is getting a day job at ABC. He began production in Vancouver this week for his first telefilm, *Max Q*, about a fictional space shuttle accident. The adventure film will star Bill Campbell ("The Rocketeer") and Paget Brewster ("Friends"). The movie will air on Thursday, Nov. 19.

### Pax Pact

**C**able operator Charter Communications has agreed to deliver the fledgling Pax TV network to Charter's cable systems in St. Louis and in other markets where Pax TV doesn't have a broadcast TV affiliate, Paxson Communications said last week. Paxson will broadcast over 88 television stations repre-

senting 74 million households when it launches Aug. 31. Cable agreements like the Charter deal will fill in the gaps, giving it a presence in all top-25 TV markets.

### More Pax

**P**ax TV has announced two more programs for its fall season. *It's a Miracle*, about miraculous stories from everyday life, will begin airing Sunday, Sept. 6, at 9 p.m. The show, featuring country music singer Billy Dean as host, will be produced by Questar Entertainment. PAX TV also will debut a half-hour magazine show, *Woman's Day*, on Monday, Aug. 31, the launch date of the new network. The show, slated for 2 p.m., is hosted by former Miss America and veteran TV personality Phyllis George and former Manhattan Assistant District Attorney Sloan Lindemann. It will not be George's first shot at a half-hour magazine show based on a popular magazine. Twenty years ago next month she hosted the short-lived *People* for CBS. Her credits also include a brief stint as co-host of *CBS Morning News*, as well as *The New Candid Camera* and *The Challenge of the Sexes*.

### Twentieth picks a 'Queen'

**T**wentieth Television has acquired the rights to the former 1950s talk/game show *Queen for a Day*, and the studio is looking into bringing out a contemporary version in syndication. Twentieth executives say they will be shooting a pilot this fall and that any possible syndication rollout would not be until 1999. The show was originally on NBC from 1956 to 1960 and on ABC from 1960 to 1964. The Emmy award-winning production team of Les Alexander and Don Enright have been attached to the project as executive producers, as has Chuck Braverman (*Melrose Place*). Twentieth executives say they have yet to sign a host.



The 1950's 'Queen for a Day' will get a 90's remake.

Entertainment USA's long-form roster includes *A Safe Place* for ABC, *Road to Kensington* for Lifetime and *Dash and Lilly* for A&E. In addition, the company has a 13-tele-

film co-production deal with Showtime, including *The Comfort Zone* and Ernest Hemingway's *After the Storm*. The effort will be headed by Granada's long-form development chiefs Rob Rovner and Jon Cowan.

### Merry men and women

**D**avid Soul, Alison Armitage and Jill Whelan will appear in guest starring roles on Warner Bros. International Television Distribution's *The New Adventures of Robin Hood*. Christie Woods has been given a recurring role on the new syndicated hour, set to debut this fall.

### TV tips

**G**ood Housekeeping magazine is getting into the television business, producing vignettes for local stations. Twelve vignettes, called "Good Housekeeping Reports," will be available each month in 90-second formats and will be distributed via satellite twice a month. Each vignette will feature information and tips from the editorial pages of *Good Housekeeping*, with experts from a variety of fields.



# CBS tops as everyone drops

*Network is on a household winning streak, although it lags in 18-49; viewership for all nets continues to take summer plunge*

By Michael Stroud

**F**or six weeks this summer, CBS has been able to say it was the number-one network in TV households. Now it has to convince advertisers to sit up and take notice.

A five-week winning streak for *60 Minutes*, coupled with strong Friday and Sunday night performances, helped the network to its fourth consecutive household win (for the week ended Aug. 9), in a summer season of reruns and slipping ratings.

CBS attracted 9.23 million viewers on average for the week, ahead of NBC's 8.98 million. ABC was third and Fox was fourth in total viewers. In households, CBS was 2% ahead of NBC, according to Nielsen Media Research.

Still, some advertisers continue to focus on CBS's fourth-place showing among the coveted 18-49-year-olds.

"There's a certain cachet and goodwill that comes from being the number-one-ranked network," says Audrey Steele, manager of strategic media resources at Zenith Media. "But house-

hold leadership is less and less important in this business. We don't buy households. We buy specific groups."

CBS Television President Leslie Moonves will attempt to remedy that problem with a 1998-99 strategy designed to pull in more male and young viewers with a mix of younger-skewing shows and NFL games.

The trick will be to pull them in without alienating CBS's existing, older-skewing audience, which helped CBS to its strong household figures. *60 Minutes* and strong Sunday night movies have helped CBS dominate Sunday over the summer. On Sunday, Aug. 9, Tom Hanks' *Philadelphia*



Mike Wallace and company have powered CBS's household strength.

attracted 14 million viewers and was the fifth-highest-rated show of the week. The airing on the network fortuitously came as Hanks' latest movie, *Saving Private Ryan*, plays to critical raves at the box office.

After five weeks as the top-ranked show, *60 Minutes* fell to number six for the week.

The *60 Minutes* performance, fueled by repeats of Emmy award-nominated pieces and other strong material, underlines the thinking behind plans to add a second night of the

show next season. While CBS aired repeats of *60 Minutes*, NBC and Fox continued to air original episodes of their news magazines.

"I think it's a tribute to [the *60 Minutes*] team that people would rather see repeats of their old stories than other people's new stories," says *60 Minutes*

## War and Pax

Paxson's Pax TV (the name has been quietly changed from Pax Net) claims that a CBS suit over the fledgling network's plan to air a *Dr. Quinn* special was motivated by CBS's desire to deflect criticism about the series' cancellation.

"CBS is attempting to deflect attention from viewer complaints [after] they elected to drop *Dr. Quinn*," says Paxson spokeswoman Nancy David Udell. "We're mystified, since we view our efforts as only enhancing CBS's ownership position." CBS spokesman Chris Ender dismissed the claim as "ludicrous."

The dispute centers on whether Paxson's two-hour special violates an agreement that CBS says restricts Pax TV from airing more than two minutes of *Dr. Quinn*

at a time in any promotion. The special includes behind-the-scenes shots, story material related to the making of the series and clips from the original. "Exercising your



CBS is suing Paxson over a 'Dr. Quinn' special

promotional right involves running 15- and 30-second spots, not a two-hour program based on someone else's material," Ender says.

CBS has two reasons for picking a fight. One is control over its own copyrights: Paxson has the right to air reruns, not repurpose CBS material, CBS argues. Second, CBS has plans for its own special. The network is in final negotiations with *Dr. Quinn* star Jane Seymour about starring in her own made-for-TV movie for CBS. David Udell declines comment on those issues, insisting that Paxson is exercising its promotional rights to air its own special.

The larger question is whether the dispute will hurt Paxson's position as a major buyer of CBS reruns. Besides *Dr. Quinn*, Pax TV is set to run reruns of *Touched by an Angel* and *Diagnosis Murder* when it launches on Aug. 31.

—Michael Stroud

Schreiber expresses no anxiety that MSO stocks are trading at all-time highs of 14-15 times cash flow, up from 7-8 times in early 1997. "There has been a fair amount of resistance on Wall Street to break ahead of the traditional cash-flow multiple," that is, valuing companies as a multiple of their operating cash without paying as much attention to capital spending. "We believe we're getting to the point where stock will be priced as a multiple of free cash flow, and that changes the picture."

Time Warner is one of Schreiber's favorite stocks: "They have survived a seven-year building phase, culminating with the Turner Broadcasting deal. They are now putting it all together very effectively and generating dramatically improving returns on capital for the first time in history and generating free cash flow for the first time in history."

That desire for fundamental performance has kept Janus from having anything but a smaller position in companies like USA Networks Inc. While Schreiber respects Barry Diller, he considers his ideas of using Home Shopping Network, USA Network and Sci-Fi Channel to fuel the launch of a new broadcast network too speculative. "He has one set of ideas that is going to provide a lot of cash flow, he has another set of ideas that is going to soak up a lot of cash for the foreseeable future," Schreiber says, adding that Diller "tends to be a little further out in front than most investors want to wait around for. That's not to say we're impatient, we see better uses of our cash."

That's also why Janus steers away from broadcast TV—other than CBS—largely eschewing station owners like Sinclair Communications Inc. Instead, the firm has sizable positions in radio station groups Chancellor and Clear Channel Communications Inc.

"We prefer radio," Schreiber says. "History would show that radio is a less cyclical business than television is, less capital intensive [and] programming costs are much less." "I see much more room for ad pricing to increase than in television."

Now that radio groups have half a dozen stations in each major market, Schreiber believes they can push their earnings, not through cost reductions but by squeezing higher rates out of advertisers. "If you look at ad rates on a CPM basis, radio remains a very, very low priced medium compared to newspapers and television." ■

## COMMUNICATIONS AND MEDIA FINANCE GROUP

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fund shrunk in half from redemptions shortly after the conversion: "Lots of arbitrage people were buying the fund."

Stansky has built the fund back up, partly through a 30% gain in Media and Telecom's holdings during the past 12 months, but mostly from new investors drawn by that performance.

Stansky faces a tough performance standard. Not compared to other T. Rowe managers, but to his brother, Bob, who runs the famed \$51 billion Fidelity Magellan fund. Bob's been lagging the S&P 500 as well.

Stansky joined T. Rowe in 1989, after getting his MBA at Massachusetts Institute of Technology's Sloan School of Management and working as a financial analyst at Honeywell Information Systems.

Stansky's biggest media holdings are Outdoor Systems Corp., Liberty Media Corp. and Universal Outdoor Corp. He also has slices in Jacor Communications Inc. and Cox Communications Inc.

"I believe broadcasting and outdoor will continue to consolidate," Stansky says. "I think cable does have a promising future, so I'm still there." He's high on MSO Cox because of what he believes is strong management and

high-quality cable systems. But what he really loves is the outdoor advertising business—plain old billboards.

He believes outdoor companies will be particularly resilient when recession hits. He feels much the same about radio stations, partly because

they still have room to exploit the operating leverage created by increased limits on the number of stations that can be owned in a single market.

He does not, however, believe that Congress will offer similar relief to TV broadcasters, who want to lift restrictions limiting them to one station in a market. "Stocks would rocket because everybody would think everybody is for sale," Stansky says. "But TV influences elections. I think they're going to be real careful before allowing duopolies." ■

# Janus Capital's John Schreiber

*"We like companies with good fundamentals."*

By John M. Higgins

**D**on't look for Janus Capital Corp. analyst John Schreiber to be spending a lot of time chasing the latest Internet retail or search engine stock.

"We like companies with good fundamentals, generating increasing amounts of free cash flow, showing improving returns on capital," Schreiber says. "That tends to lead us away from more speculative new media stories and into the bread and butter cable and broadcast areas."

Originally from Idaho, Schreiber started out as a mechanical engineer, following his father's footsteps. He worked for a Seattle gas utility after graduating from the University of Washington and quickly realized that following his father's footsteps was a bad idea: "I actually figured out in college I didn't want to do this." The paychecks that flowed in, however, awakened an interest in the stock market. So he went east to Harvard for an MBA and landed a job as an analyst for Fidelity Management in Boston, trained in the mutual fund giant's rigid focusing on specific sectors, in his case, retail stocks.

Last October he moved to Janus, a Denver-based mutual fund manager with \$90 billion in its portfolio. But he had to quickly adjust to the company's unspecialized approach of assigning analysts stocks from several different sectors, including media, retail, banking and PC manufacturers.

"I came from an environment where everyone is a specialist," Schreiber says. "It does become clear, after you get used to it, the benefits of covering a multitude of industries at once. It lends itself to a broader perspective." His media assignments include CBS, Liberty Media Corp. and Time Warner.

That's good training to move up to become a portfolio manager. However, it also results in oddities such as Schreiber covering Tele-Communications Inc. subsidiary Liberty Media Corp., which trades separately as a "tracking stock," while another analyst covers TCI itself. The good news is that because he's not obliged to cover



David L. Cornwell

an entire sector, "I don't have to spend a lot of time on stocks I don't like."

The company's major media holdings include positions of \$1 billion or more in Comcast Corp., CBS Corp., TCI and Time Warner Inc. "We have been big participants in the cable movement," Schreiber says. "We have a pretty heavy weighting in the cable stocks." However, the company has been investing in cable during its rocky periods when the fundamentals weren't all that attractive.

But they seem to be now. Schreiber believes cable operators' assertion that the huge cost of upgrading systems is largely behind them and that the optical fiber-rich plant now in place will prove versatile enough to offer new, profitable data, digital video and telephone services.

Even after the recent tripling of MSO stock prices, Schreiber sees the companies as cheap: "Either the market doesn't yet believe that this upgrade cycle is the last one, or the market does not believe in the future of additional services that will be offered over broadband. "We're believers."

He contends that even with the equipment expenses needed to launch so many new services, operators will have to plow less and less of their operating cash flow back into hardware, leaving them with significant "free" cash flow for the first time.

## SPECIAL REPORT MEDIA FINANCE



## THE MONEY MANAGERS

was unfamiliar with economics and took a course, out of curiosity.

"I kind of liked it," she recalls. "And I realized it was a lot harder for other people than it was for me."

That interest led to post-Brown work doing economic modeling and eventually propelled her into graduate business studies at the Wharton School. In one of her initial courses there, a professor assigned her to build an economic model that would predict stock market ups and downs.

The professor didn't expect her to succeed. She did, paving the way to Miller Anderson Sherrerd, where she's been for the past 12 years.

On the telecom front, Armstrong likes GlobalStar, a satellite phone service firm that's launching a constellation of low-Earth-orbit satellites to deliver the service. InterMedia Communications, a competitive local exchange carrier also is in the portfolio.

MAS's decision to launch a small-cap fund at a time when small-cap funds have been performing poorly seems curious. But there was a well-conceived rationale behind the decision, Armstrong says. "The main reason we did it is because there's a lot of demand from clients. A lot of good small-cap managers are closed. We thought the way we manage stocks in the mid-cap fund would work just as well in small-cap."

The fund was down in its first month, hardly surprising considering the overall poor performance of small-cap company stocks. But it did better than the Russell 2000 Index, the benchmark that Armstrong and co-manager David Chu are using to measure the fund's performance. Meanwhile, they're prepared to be patient. "When small-caps outperform, they do it very sharply and very quickly," Armstrong says.

Which gets back to Armstrong's willingness to make tactical shifts. She'll stick with a stock if she's convinced the fundamentals are strong and the market eventually will value shares appropriately. At the same time, she's not afraid to get out.

"If a stock is not working, what a lot of people do is buy more of it," she says. "You have to be able to move on.... The important thing is to look in the portfolio and identify where the risks are. You have to take risks to make money, but you don't have to take unnecessary or stupid risks." ■

## T. Rowe Price's Brian Stansky

*"I want to find good spaces, where there's multiple expansion plus earnings and cash-flow growth."*

By John M. Higgins

**W**hen Brian Stansky took control of the T. Rowe Price Health Sciences Fund last February he started to clear out casino-like biotechnology stocks from the \$320 million fund. The previous manager had



weighted the portfolio toward the mega-hit or mega-miss drug stocks like Bone Care International—a self-described "emerging pharmaceutical" company developing kidney and bone drugs that generated \$37,000 in revenue during fiscal 1998. In their place he put more dependable major pharmaceutical and medical device stocks.

Even though the fund runs just \$299 million Stansky is blamed for roiling the biotech market because some of the issues he sold were very thinly traded.

Stansky shrugs, saying that he likes solid companies with strong fundamentals: "My approach is that I want to find good spaces, where there's multiple expansion plus earnings and cash flow growth. I don't try to take undue risk."

That's why when you look at the other fund Stansky manages—T. Rowe's Media and Telecommunications Fund—you won't find it loaded with Internet portal and retailing

stocks. What you will find are billboard, cable and paging stocks.

"AOL's been a good sized holding in the fund for a while; we've stuck with it," Stansky says. "I like to count something other than page views. I like to count cash."

The fund has had a tough life. Media and Telecom started out as the New Age Media Fund, T. Rowe's first stab at a closed-end fund and an infrequent attempt at a sector fund. The fund was born in 1993, two days after Bell Atlantic Corp. announced a plan to take over Tele-Communications Inc., with information superhighway fever in full effect. Hoping to raise \$75 million, T. Rowe raised \$225 million.

Unfortunately, as that takeover and the fever faltered, so did the fund, which lagged the S&P 500 for three out of its first four years.

Even worse, as a closed-end fund it had additional trading problems, trading at an unusually high discount to the value of the stocks it held, up to 18%.

So the fund converted, Stansky was installed as portfolio manager and it dumped the somewhat flaky "new age" name to rechristen it Media and Telecom.

The bad news is that investors expecting the conversion had loaded up on shares, anticipating that after buying at a discount they could then redeem them for full NAV after the conversion.

Nothing is more disruptive to a money manager than having to suddenly cash out a lot of investors, selling stocks to raise the money. Stansky says the

**SPECIAL REPORT**  
**MEDIA FINANCE**



**THE MONEY MANAGERS**



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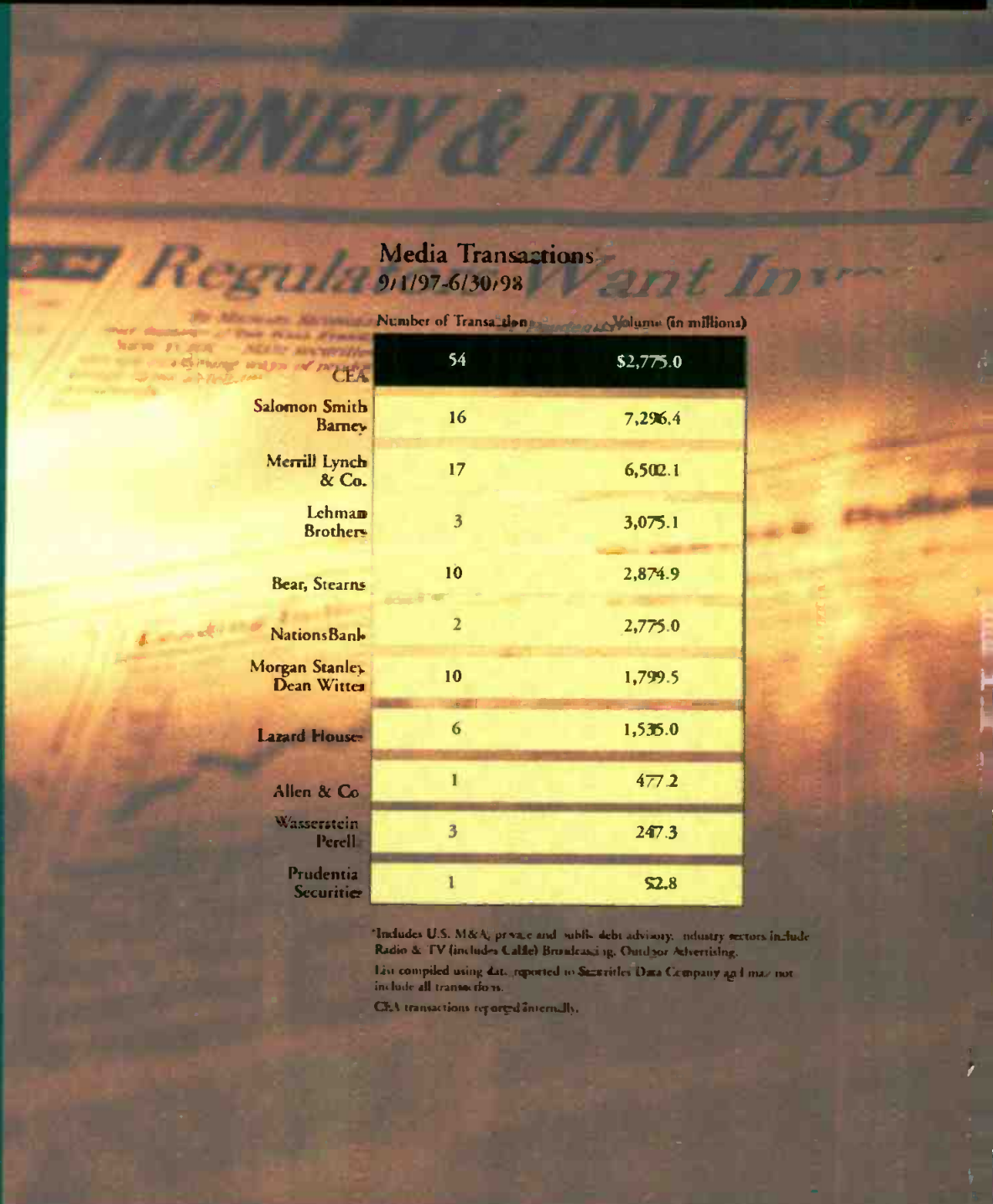
OUR ADDRESS

MAY NOT BE ON

WALL STREET,

BUT OUR

NUMBERS ARE.



## Media Transactions

9/1/97-6/30/98

Number of Transaction Volume (in millions)

	Number of Transaction	Volume (in millions)
CEA	54	\$2,775.0
Salomon Smith Barney	16	7,296.4
Merrill Lynch & Co.	17	6,502.1
Lehman Brothers	3	3,075.1
Bear, Stearns	10	2,874.9
NationsBank	2	2,775.0
Morgan Stanley Dean Witter	10	1,799.5
Lazard House	6	1,535.0
Allen & Co	1	477.2
Wasserstein Perell	3	247.3
Prudential Securities	1	\$2.8

\*Includes U.S. M&A, private and public debt advisory. Industry sectors include Radio & TV (includes Cable) Broadcast, Outdoor Advertising.

†List compiled using data reported to Securities Data Company and may not include all transactions.

CEA transactions reported internally.



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July 1998



\$100,000,000

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11% Senior Notes Due 2008

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**Prudential Securities Incorporated**

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May 1998



has been acquired by

**Supercanal Holding S.A.**

The undersigned acted as financial advisor to Tescorp, Inc.

**Prudential Securities Incorporated**

February 1998



**SunMedia Corp.**

has sold its subsidiary

**Community Newspapers, Inc.**

to

**Journal Communications, Inc.**

and has been acquired by

**Advance Publications, Inc.**

The undersigned acted as financial advisor to SunMedia Corp.

**Prudential Securities Incorporated**

May 1998





market values. But Fiszel sees considerably more upside potential and contends recent broadcast deals translate into a private-market value for Young in the \$70-\$80 range. The company recently announced it had hired an investment banker to explore strategic alternatives, and Omega recently increased its stake in Young to 5.2%.

"Young is very smart," says Fiszel. "He used his excess cash flow to repurchase stock at \$35 a share, which made him and those investors who held on larger owners in his company. He knew he was buying a great TV operator at 10 times cash flow. And he was able to buy his own shares cheaper than he could buy anyone else's. ... We love to see companies that want to increase shareholder value."

Another factor in Fiszel's value investing approach is debt. Under the right economic conditions—primarily declining interest rates—a highly leveraged company can be attractive. "Today's current interest-rate environment is responsible for the rising private-market values as an acquirer's cost of capital has declined, allowing for significant multiple expansion on these highly leveraged equities," he says. "In general the value of an enterprise will

grow over time commensurate with the underlying growth in cash flow, which, in the case of Liberty and USA Networks, is compounding at 15% - 20% annually. Naturally, the equity returns will be equal to or greater than this growth, depending on the amount of

leverage used in the capital structure."

Like any disciplined investor, Fiszel is constantly guarding against letting emotions and personal biases influence his decisions. He's also alert for factors that could affect the sector. "The key to the media and broadcasting sectors is advertising, and advertising is one of most discretionary expenses businesses have," he says. "If advertisers trim ad budgets and use price discounting to grow revenue, media and broadcasting will be negatively impacted. That's what I'm concerned about." ■

# Miller Anderson & Sherrerd's Arden Armstrong

*"We make a lot of tactical shifts."*

By Price Colman

**T**he portfolios that Arden Armstrong manages for Morgan Stanley Dean Witter's Miller Anderson & Sherrerd unit encompass an eclectic mix of holdings—media/entertainment and telecom to construction rental firms—even garbage companies.

The \$1 billion MAS Mid-Cap Growth Equity Fund and \$3 million Small-Cap Fund, opened in July, tend to be over-weighted in media/entertainment, technology, telecom, health care and retailers, with about 70% of holdings being Nasdaq-traded issues, Armstrong says.

With that kind of mix of stocks, it's crucial to be fast on your feet.

"We make a lot of tactical shifts," says Armstrong. "Our philosophy allows us to buy different kinds of stocks. If we're really bullish, we'll shift into more aggressive growth. If we're kind of cautious, we'll shift into more stable stocks."

Right now, Armstrong is feeling cautious. "We're worried about the market since the Asian crisis hit last October," she says. "We're not worried enough about it to be bearish, but we're trying to pick stocks whose earnings are not as much at risk. We believe Asia is going to cause the economy to slow, so we're trying to find stocks with less Asia exposure. That's why we have more media stocks."

Among her current cable picks are Cablevision Systems, Comcast, Cox, and cable-related United Video Satellite Group. Until recently, TCI was in the mid-cap fund, but with the AT&T merger, Armstrong sold it into MAS's large-cap fund. Leading cable hardware vendor General Instrument is another mid-cap holding.

Armstrong's basic approach: Buy stock in companies with good growth rates, stable business models, rising margins and rising earnings estimates.

Cable fits into that group—which is why, over the past year, Armstrong has pumped up those holdings while easing



out of stocks in computer hardware companies whose earnings have showed weakness for the past couple of quarters.

Radio is another current Armstrong favorite. She prefers it to broadcast TV stocks because the ad market for radio is stronger, and because she considers consolidation in the radio sector to be advancing more effectively than in TV. Among her radio holdings are Jacor, Spanish-language Hefitel, Clear Channel, Chancellor and Citadel. Despite the emphasis on radio, the mid-cap portfolio has what Armstrong calls "a very strong position" in Univision, which dominates the Spanish-language TV broadcast niche. She also has her eye on the impending Fox Broadcasting initial public offering, although she's awaiting information on the pricing before she makes a final decision.

On the entertainment side, Armstrong likes Liberty Media-TCI Ventures Group, Cinar Films, theme-park operator Premier Parks, IMAX, SFX Entertainment and ski-property owner IntraWest.

Unlike many of her money-manager peers, Armstrong came to investing somewhat by chance. As a freshman at Brown University in the early '80s, she

**SPECIAL REPORT  
MEDIA FINANCE**




**THE MONEY  
MANAGERS**

June 1998

MICHAEL S. OVITZ  
ROY L. FURMAN  
have invested

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in



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May 1998



**SUPERCANAL**  
HOLDING

**\$300,000,000**

11.50% Senior Notes  
due 2005

Lead Manager

ING  BARINGS

April 1998



**SBG**  
SINCLAIR BROADCAST GROUP

**\$467,800,000**

Public Offering of  
Common Stock

Co-Manager

ING  BARINGS

January 1998

The feature film library of  
CONSORTIUM DE REALISATION SAS  
has been purchased by  
Polygram Filmed Entertainment,  
a unit of POLYGRAM NV

**\$225,000,000**

Served as Financial Advisor to  
CONSORTIUM DE REALISATION SAS

ING  BARINGS

November 1997



METRO GOLDWYN MAYER

**\$180,000,000**

Initial Public Offering  
of Common Stock

Co-Manager


ING  BARINGS

October 1997

A.H. BELO  
CORPORATION  
has acquired

KENS-TV San Antonio  
from  
The E.W. Scripps Company  
in exchange for the  
Television Food Network

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ING  BARINGS

September 1997



Salem Communications  
CORPORATION

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9 1/2% Senior Subordinated  
Notes due 2007

Lead Manager

ING  BARINGS


February 1997

A.H. BELO  
CORPORATION  
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**Topical Promotions Producer.** ABC-7, WJLA-TV in Washington, DC has immediate opening for a top notch addition to its promotions team. We need a conceptually strong, creative talent who has imagination, energy and a contemporary style to make its mark in the #7 market. Promotion and advertising for all on-air news products, local program specials and news topicals. A minimum of 2 years as a news promotion/writer producer at a television station, cable operation or broadcast network. Experience in a Top 50 market preferred. Send resume and non-returnable reel to: Human Resources, WJLA-TV, 3007 Tilden Street, NW, Washington, DC 20008. EOE.

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**TV Promotion Producer.** Make your mark and work for a top-rated small market NBC affiliate. WVIR-TV seeks a creative self-starter to work with existing staff. Individual hired will write and produce promotion for daily news topicals, series, special programming, public service and contests. Must be a strong writer with TV promotion experience. AVID editing a plus. Send letter, resume and non-returnable VHS tape to: Promotions Manager, WVIR-TV, 503 E. Market, Charlottesville, VA 22902. EOE. No calls please.

**Promotion Writer/Producer.** We're looking for a self-motivated marketer with strong writing and editing skills to produce our daily news topicals and some series and image promos. A related degree from a four year college is required, and AVID or other non-linear experience is a plus. If you can tease, we need to talk. Send your resume and non-returnable 1/2" tape to: Dan Steele, Operations and Program Manager, WPSD-TV, PO Box 1197, Paducah, Kentucky 42002-1197. No phone calls, please. M/F, EOE, ADA.

**Promotion Manager.** Midwest CBS affiliate has an immediate opening for an experienced and creative Promotion Manager. The person will need to be well-organized with strong management and team skills. Must be able to implement and schedule News and station program promotions to bring viewers to the station. Knowledge of digital editing is essential. The station has been recognized nationally for its hard-hitting and creative Promotion and News campaigns. If you think you fit the bill and want to be part of an aggressive and professional local affiliate, send videotape, resume, references and cover letter stating your professional experience to: Human Resources, WANE-TV, 2915 W. State Boulevard, Fort Wayne, IN 46808. Please, no phone calls. EOE

**HELP WANTED PRODUCTION**

**Producer.** KTRK-TV has an immediate opening for a supervising producer for our new local one-hour talk show, *Debra Duncan*. Qualified applicant must be a creative genius who can consistently recognize and generate compelling and promotable show segments. Must be well read and possess the following: Excellent people skills, exceptional control room demeanor, superb writing and production skills plus the ability to work under pressure and tight deadlines. Three years of producing experience preferred. Qualified candidates should send tapes and resumes to: Karen Melamed, Executive Producer, KTRK-TV, 3310 Bissonnet, Houston, TX 77005. No phone calls please. Equal Opportunity Employer. M/F/D/V.

**TV Production Specialist.** \$20-22k, benefits, overtime. Kansas State University, Manhattan, KS. Call 785-532-7041 for full details. Review begins 9/4/98, open until filled. KSU is an affirmative action, equal opportunity employer.

**Production.** KOTV, a member of the 17 station A.H. Belo group, is seeking a full-time, Post Production Editor with 1 to 2 years experience to post promos and spots. We're well equipped w/ GVG 141, GVG 250, GVG Kaleidoscope, Quantel Paintbox and Picturebox, Digital Betacam, Chyron MAX, and an Avid arriving this fall. We're looking for great technical strength, positive attitude, and the creativity to match. Rush letter of application, resume, and non-returnable demo reel to: Personnel Dept. KOTV P.O. Box 6, Tulsa, OK 74101. EOE M/F; an A.H. Belo Broadcasting Company.

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**PGMS Installer/Trainer.** Peter Storer & Associates is looking for a qualified person to add to our Client Services Dept. The position includes on-site installation/training, data entry, and telephone support for The Program Manager System, the leading television programming software system. Travel is required. Send your resume to Director of Client Services, Peter Storer & Associates, 1361 W. Towne Square Rd., Mequon, WI 53092. Fax 414-241-9036. E-mail karen@storertv.com. No phone calls please.

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245 W. 17th Street  
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Fax: 212-727-2425

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- **Baltimore, WBFF/WNUV-TV-FOX/WB Associate Producer**  
Candidates should be strong writers and ready to take on a line producing position. At least 1 year newsroom experience required and some line producing ability preferred. Send resume and tape. BC#155
- **Cincinnati,WSTR-TV/WB Promotion Manager**  
Will oversee all aspects of station promotion including supervision of all promotion personnel, budgeting, and media buying. Includes approving all promotion scripts for air and radio and approving all print ads. Responsible for the entire "on-air" look of the station. Send resume. BC#156
- **Columbus, WSYX/WITE-TV-ABC/FOX General Assignment Reporter**  
Candidates should have a solid background in news gathering, including a minimum of two years on-air experience. Must be a good writer and be able to perform well live. Please send resume and non-returnable VHS tape. BC#157
- **Nashville, WZTV/WUXP-TV-FOX/UPN Local Sales Manager**  
Strong Local Sales Manager needed to take charge of an experienced sales staff. Candidate must be able to motivate and manage while creating new business. Skills and experience necessary include TVScan, computer skills, hiring and training, proven negotiation track record, proven new business leader, communication and goal setting abilities. 3-5 years television and management experience required. Selling experience in a metered market preferred. Send resume. BC#158
- **Syracuse, WSYT/WNYS-TV-FOX/UPN Local Sales Manager**  
Seeking a dynamic, proactive individual to lead local sales staff. Five years broadcast experience preferred. Send resume. BC#159
- **Winston-Salem, WXLV-TV/ABC Assignment Manager**  
Generate daily story ideas. Collaborate w/reporters, photographers and producers assign and manage crews; track ongoing stories. Three years experience as assignment editor or producer preferred. Application deadline 8/31/98. BC#160
- **Winston-Salem, WXLV-TV/ABC Associate Producers**  
Write viewer-friendly, engaging news stories, edit linear videotape and participate in the story development process. Six months experience in news writing and linear editing preferred. Application deadline 8/31/98. BC#161
- **Winston-Salem, WXLV-TV/ABC Morning News Anchor/Co-Host**  
Seeking News Anchor/Co-host for new one-hour morning show. Will help write the show, make public appearances as designated by management and will also report for other newscasts two days per week. One-year experience required. Application deadline 8/31/98. BC#162
- **Winston-Salem, WXLV-TV/ABC Weekend News Anchor/Reporter**  
Candidate will help write the show, make public appearances as designated by management, and will also report for other newscasts 3 days a week. One-year experience required. Three years experience as television news anchor/reporter preferred. Needed for September 1 opening. Application deadline 8/31/98. BC#163

Mail your resume in confidence immediately to:  
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The Ad Sales Research group at Discovery Networks seeks an Analyst with the ability to think strategically and creatively. Responsibilities include closely monitoring ratings and demographic performance of Animal Planet, utilizing Nielsen data to develop sales support material and positioning pieces that highlight network performance versus the competition. Analyst will have opportunities to present various reports and findings to Ad Sales.

Applicant must be detailed oriented while having strong oral and written communication skills. Must have 2+ years in cable network sales research or similar national television experience. Knowledge of media databases (PNF, CNAD, MRI, SMRB, Ad\*Views, etc.) strongly recommended. PC experience Excel, Power Point and Word necessary. Please send resume with cover letter and salary history (a must to be considered) to:

Elizabeth Manjarrez  
Discovery Communications, Inc.  
641 Lexington Avenue  
NY, NY 10022  
No phone calls please.

**CABLE**

**HELP WANTED MANAGEMENT**



**MANAGER, SALES & MARKETING**

Encore Media Group, the nation's largest provider of premium movie networks has an immediate opening at our El Segundo, California office. You'll be responsible for developing, implementing, and managing marketing plans for affiliates and emerging distributors. This includes designing and implementing marketing campaigns, managing client relationship, and encouraging proper positioning and pricing of Encore's services. Qualified candidates will have three years experience in sales and marketing, demonstrated ability to manage multiple projects, excellent verbal, written and math skills, an eye for detail and ability to travel. We prefer a Bachelor's degree, experience with contracts, and an understanding of direct to home distribution. Send resume and salary history to:

Encore Media Group  
2250 E. Imperial Highway  
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Successful candidate will be subject to a drug test. EOE.

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**FOX SPORTS NET** is seeking a Trainer for Fox Sports Net and FX Sales groups. Responsibilities include training staff on sales orders and processes including revisions, make-goods and preemptions; writing training manuals; and developing training schedules. **Position is located in our New York office.**

Excellent computer skills required; knowledge of cable ad sales or sales assistant experience preferred. Salary range: \$35-\$40K.

Send resume with salary history to: **Fox Sports Net, Attn: Human Resources, Code: TR/BC, 5251 Gulfon St., Houston, TX 77081; or fax to: (713) 432-7836.** Equal Opportunity Employer.



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MULTICHANNEL NEWS, a leading trade publication of the cable industry, has an immediate opening for a Senior Editor. Ideal candidate should have 5+ years experience covering television business. Knowledge of cable industry and programming. Ability to thrive in the fast paced environment of a daily or weekly publication. Strong reporting skills. Send resume w/salary requirements and 2 writing samples to:

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EOE/M/F/D/V.

We appreciate your responses but will only be contacting candidates selected to interview.

**Senior Graphic Designer** opening at 24-hour cable newschannel in the Washington, DC area. Position requires demonstrated experience working with the following equipment in a news environment: Adobe After Effects, Adobe Photoshop 4.0, Adobe Premier. Illustrator, Avista Tips, Mac, Dekko, basic design equipment and linear and non-linear beta edit systems. Must enjoy a team environment and a collaborative working style as well as the ever changing, fast-paced world of news. Great opportunity for the right person with broadcast design experience. Fax resume to (703)912-5436 and mail tapes to Director, Human Resources, NEWSCHANNEL 8, 7600 D Boston Blvd., Springfield, VA 22153. No telephone calls please. EOE.

**Meteorologist (Job #400F):** Ohio's 24 hour statewide cable news channel, the Ohio News Network, is looking for a Chief Meteorologist. Are you creative, imaginative and solid in weather knowledge and on-air weather presentation? Do you have AMS/NWA certification? Do you have at least 2-3 years experience in on-air TV weather? If so then send us your tape and resume! Quick! We're the fastest growing most progressive cable news channel in the country. Weather is key to our daily newscast. You must possess the technical, creative and leadership skills to develop a weather department into the premiere weather source in Ohio. Qualified candidates should send resume to ONN, Human Resources, Job #400F, 770 Twin Rivers Drive, Columbus, Ohio 43215. Qualified Minorities and Women are encouraged to apply. EEO. We are a Smoke and Drug Free Workplace.

**Experienced Producer Needed.** Comcast Sportsnet, 24 hour regional sports channel based in Philadelphia is looking for an experienced line producer to handle weekend sports news. 3 years line producing experience is a must. Should have strong writing skills and leadership ability. Starting date is September 1st. Please send resume to Peyton Scanlon, Office Manager, Comcast Sportsnet, 1 Corestates Complex, Philadelphia, PA 19148-5290.

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**ALLIED FIELDS**

**HELP WANTED NEWS**

**Reporter.** The Humane Society of the United States Video Productions is seeking a P/T reporter and freelance producers, writers and reporters. Candidates must have a minimum two years television experience and a knowledge of animal/environmental issues. Some travel is required. Send resume, tape and rate information to: The Humane Society of the US, Chad Sissneros, Video Productions, 2100 L St., NW, Washington, DC 20037.

**HELP WANTED FACULTY**

**Faculty Opening, School of Journalism and Mass Communication, University of Colorado at Boulder.** The University of Colorado's School of Journalism and Mass Communication seeks applicants for a tenure track position in television news. Qualifications: Significant industry experience, Ph.D., MFA or MA, demonstrated capacity for research or creative work, a commitment to excellence in teaching. The successful candidate will teach in a live, cable news lab setting and may also be assigned to courses in broadcast news writing, reporting, documentary video or video production. Secondary interest in radio news/programming, digital editing, multi-media, sports, drama, children's, corporate/industrial video, or production management desirable. Appointment intended as assistant professor rank, but other ranks and contract terms may be considered. Salary competitive. Appointment begins August 1999. The University of Colorado at Boulder strongly supports the principle of diversity. We are particularly interested in receiving applications from women, ethnic minorities, disabled persons, veterans and veterans of the Vietnam era. Review begins December 1st and continues until suitable candidate is found. Send letter of application, curriculum vita or resume and the names of three references to: Prof. Stewart M. Hoover, Chair, TV News Search Committee, School of Journalism and Mass Communication, Campus Box 287, University of Colorado, Boulder, Colorado 80309-0287. Phone: 303-492-4833. Fax: 303-492-0969 E-mail: hoover@colorado.edu.

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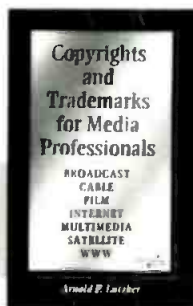
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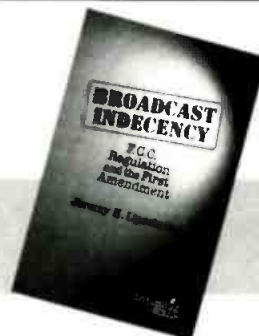


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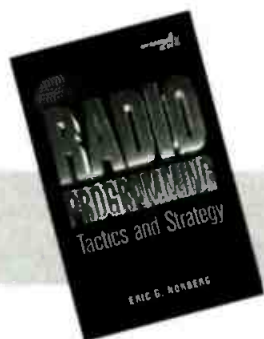


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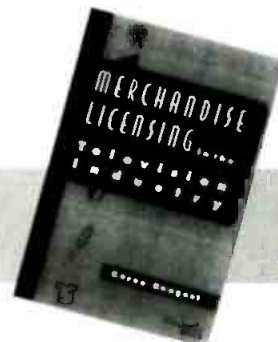


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# DATEBOOK

## MAJOR MEETINGS

**Sept. 17**—**BROADCASTING & CABLE** Interface XII conference. New York Grand Hyatt, New York City. Contact: Cahners Business Information, (212) 337-7158.

**Sept. 23-26**—**Radio-Television News Directors Association** international conference and exhibition. San Antonio Convention Center, San Antonio. Contact: Rick Osanski, (202) 467-5200.

**Oct. 14-17**—**National Association of Broadcasters** Radio Show. Washington State Convention and Trade Center, Seattle. Contact: (800) 342-2460.

**Oct. 26-28**—**Southern Cable Telecommunications Association** Eastern Show. Orange County Convention Center, Orlando, Fla. Contact: Patti Hall, (404) 255-1608.

**Oct. 27-29**—**Society of Broadcast Engineers** national meeting and electronic media expo. Meydenbauer Center, Bellevue (Seattle), Wash.. Contact: John Poray, (317) 253-1640.

**Oct. 28-31**—**Society of Motion Picture and Television Engineers** 140th technical conference and exhibition. Pasadena

Convention Center, Pasadena, Calif. Contact: (914) 761-1100.

**Nov. 9**—**BROADCASTING & CABLE** 1998 Hall of Fame Dinner. Marriott Marquis Hotel, New York City. Contact: Cahners Business Information, (212) 337-7158.

**Dec. 1-4**—The Western Show, conference and exhibition presented by the **California Cable Television Association**. Anaheim Convention Center, Anaheim, Calif. Contact: (510) 429-5300.

**Jan. 25-28, 1999**—35th annual **National Association of Television Programming Executives** program conference and exhibition. Ernest Morial Convention Center, New Orleans. Contact: (310) 453-4440.

**April 19-22, 1999**—**National Association of Broadcasters** annual convention. Las Vegas Convention Center, Las Vegas. Contact: (202) 429-5300.

**June 13-16, 1999**—48th annual **National Cable Television Association** convention and exposition. McCormick Place, Chicago. Contact: Bobbie Boyd, (202) 775-3669.

## THIS WEEK

**Aug. 19**—**Hollywood Radio & TV Society** "kids day" newsmaker luncheon. Regent Beverly Wilshire Hotel, Los Angeles. Contact: (818) 789-1182.

**Aug. 20-22**—**West Virginia Broadcasters Association** 52nd annual meeting. The Greenbriar, White Sulphur Springs, W.Va. Contact: Amy Henderson, (304) 744-2143.

## AUGUST

**Aug. 24-28**—"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.

**Aug. 28-29**—CRS Great Lakes, regional seminar presented by **Country Radio Broadcasters**. Cleveland Marriott Downtown at Key Center, Cleveland. Contact: (615) 327-4487.

**Aug. 31-Sept. 4**—"Harris/PBS DTV Express," DTV dual seminar series featuring technical and business operations seminars presented by **Harris Corp.** and **PBS**. Louisville, Ky. Contact: (888) 733-3883.

## SEPTEMBER

**Sept. 2-4**—**Texas Association of Broadcasters** and **Society of Broadcast Engineers** 45th annual convention and trade show. Hotel InterContinental, Dallas. Contact: (512) 322-9944.

**Sept. 3-4**—World Summit on Financing for Satellite Communications and Broadcasting, presented by **Euroconsult** and **Donaldson, Lufkin & Jenrette**. Le Grand Hôtel Inter-Continental, Paris. Contact: (212) 892-3000.

**Sept. 9-11**—**Women in Cable & Telecommunications** executive development seminar. Sylvan Dale Ranch, Loveland, Colo. Contact: Christine

Bollettino, (312) 634-2335.

**Sept. 9-12**—**American Women in Radio and Television** annual convention. Wyndham Washington Hotel, Washington. Contact: (703) 506-3290.

**Sept. 11**—1998 **MIBTP—Broadcasting Training Program** Striving for Excellence Awards. Museum of Television and Radio, Beverly Hills, Calif. Contact: Patrice Williams, (818) 240-3362.

**Sept. 11-13**—"Covering the '98 Elections," workshop sponsored by the **Radio-Television News Directors Foundation**. Sheraton Austin Hotel, Austin, Tex. Contact: Kathleen Graham, (202) 467-5216.

**Sept. 11-15**—1998 **International Broadcasting Convention**. Amsterdam, Holland. Contact: 011 44 171 240 3839.

**Sept. 12-14**—**National Association of Broadcasters** Hundred Plus Exchange. Wigwam Resort, Phoenix. Contact: (202) 429-5366.

**Sept. 12-15**—**NIMA International** annual meeting and exposition. MGM Grand Hotel, Las Vegas. Contact: (202) 289-6462.

**Sept. 13-15**—"Internet Services Over Cable Systems," technical workshop presented by the **Society of Cable Telecommunications Engineers**. Don CeSar Beach Resort, St. Pete Beach, Fla. Contact: Anna Riker, (610) 363-6888.

**Sept. 13-15**—**National Association of Minorities in Communication** 12th Urban Markets Conference. New York Hilton and Towers, New York City. Contact: Vera Vathi, (212) 370-5483.

**Sept. 14**—SkyFORUM X, 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.

**Sept. 15**—**International Radio & Television Society Foundation** newsmaker luncheon featuring FCC

Chairman William Kennard. Waldorf-Astoria, New York City. Contact: Marilyn Ellis, (212) 867-6650.

**Sept. 15**—16th annual Everett C. Parker Ethics in Telecommunications Lecture and Luncheon, presented by the **United Church of Christ Office of Communication** and the **National Council of Churches Communication Commission**. Interchurch Center, New York City. Contact: (212) 870-2137.

**Sept. 15-16**—**Kagan Seminars Inc.** Cable TV Values and Finance Conference. The Park Lane Hotel, New York City. Contact: Tim Akin, (408) 624-1536.

**Sept. 15-18**—22nd annual **National Association of Black Owned Broadcasters** fall broadcast management conference. Marriott Wardman Park Hotel, Washington. Contact: (202) 463-8970.

**Sept. 16**—**National Association of Broadcasters** Service to Children television symposium. NAB headquarters, Washington. Contact: (202) 429-5347.

**Sept. 17**—"The Challenge of Change in the New Millennium," seminar presented by **Women in Cable & Telecommunications**. TCI Site, San Jose, Calif. Contact: Laurie Empen, (312) 634-2353.

**Sept. 22**—**Hollywood Radio & TV Society** newsmaker luncheon featuring the presidents of the six broadcast networks. Century Plaza Hotel, Los Angeles, Calif. Contact: (818) 789-1182.

**Sept. 22-23**—"High-Speed Data to the TV and PC: The Ultimate Medium," seminar presented by **Kagan Seminars Inc.** The Park Lane Hotel, New York City. Contact: Tim Akin, (408) 624-1536.

**Sept. 22-24**—**Great Lakes Cable Expo** annual convention and trade show. Navy Pier, Chicago. Contact: 317-845-8100.

**Major Meeting dates in red**

—Compiled by Kenneth Ray  
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# Pet food or cable, competition is key

It may seem like a long way from the dog-eat-dog world of pet food marketing to cable television, but not for Julie Dexter Berg.

Competition is the common thread for Berg, a self-professed Type A. "I loved pet foods," says Berg, executive vice president and chief marketing officer for MediaOne, the nation's third-largest cable MSO (see story, page 66). "It was a growing business—competitive, heavily advertised, heavily promoted. It was intensely competitive, so it was fun. It was a battle for share position every single day of the week."

Shift forward a couple of frames to the cellular phone business, where Berg spent several years before joining MediaOne in September 1997. If pet foods were a low-tech but competitive sector, then cellular was a high-tech, even more competitive cauldron in which Berg could test her marketing skills.

Cable is clearly a different animal from pet food or cellular. On the other hand, there are some similarities, particularly for cellular and cable, Berg says.

Both are "products people love, subscription businesses with a high degree of importance and emphasis on the total customer relationship. ... Customers are highly opinionated about the service they receive."

Meanwhile, cable is in transition from a video-only provider to a full-service telecommunications industry facing competition at its core while seeking to leverage its network to offer new products and services. In Berg's book, cable is ideally poised to capitalize on the change: "I think we have a remarkable opportunity with this network infrastructure and a base of 5 million-and-growing subscribers. It is a marketer's dream. Cable is also moving into a state of hypercompetition, which makes everyone's life more challenging but more fun. I love competitive markets."

That bring-it-on bent comes through frequently when Berg talks. A competitive figure skater through high school, Berg gave it up in college to concentrate on academics. After earning an MBA at the University of Oregon, career took top billing. Nowadays, there's precious little time left between work and family. Still, Berg carves out time to run—her method of relaxing—and has tested her training in a half-marathon and in various 10K races. The downtime, what there is of it, comes watching Disney's *PB&J* with her daugh-



*"I try to be the conscience of the customer we serve."*

## Julie Dexter Berg

**Executive VP/Chief marketing officer, MediaOne, Denver; b. March 3, 1957, Seattle; BA, business administration/hotel and restaurant administration, Washington State University, Pullman, Wash., 1979; MBA, University of Oregon, Eugene, 1980; product line manager, Nalley's Fine Foods, Tacoma, Wash., 1980-82; brand mgr., Ogden Food Products, Stockton, Calif., and Los Angeles, 1982-83; Carration, Wash. State: asst. product mgr., 1983-84; product mgr., 1984-87; director of dog food products, Nestle, Wash. State, 1987-89; executive director of marketing, US West NewVector, Seattle, 1989-92; VP, marketing, US West Marketing Resources and US West Direct, Denver, 1992-95; executive VP/GM, AirTouch Cellular, Seattle, 1995-97; current position since 1997; m. Richard Berg, Dec. 31, 1982; children: Kendall, 4; Alexa Kate, 2**

ters or hanging out with them at parks near the family's suburban Denver home.

Chuck Lillis, chairman/CEO of MediaOne parent MediaOne Group, took heat from others in the cable industry when he tapped Berg to be the number-two executive at MediaOne, behind Jan Peters. The rap was that neither Peters nor Berg had a background in cable, and thus they didn't understand the dynamics of the business. Lillis's counterpoint: With the advent of new products and services and a growing competitive presence from DBS and alternative video providers, cable needed to shift focus from distribution to marketing.

Now, nearly a year into her tenure at MediaOne, Berg is in a position to understand the critics' perspective without compromising her own: "The industry pioneers who started the business, they love the business, know the business inside and out. You have to respect those pioneers for the fabulous business they built. Cable valuations today are testament to the fact that they had a great idea." At the same time, she adds, "In the next few years, we'll see a shift. We have to leverage the wisdom that built this business and at the same time look forward to new applications, new businesses."

Guidance from people like Lillis, MediaOne programming boss Jedd Palmer and Ron Cooper, who left MediaOne earlier this year, have helped her learn the dynamics of a new business, Berg says. She spends a good deal of time getting a handle on the technical aspects of cable—not her strong suit, she concedes. At the same time, coming to cable technology with fresh eyes has its advantages.

"What I love about the technology business is trying to bring value to an organization by taking what a technology enables and turning it into something the average person can understand," she says. "I try to be the conscience of the customer we serve."

As bullish as she is about cable's potential, Berg also sees risks on the horizon. "I think we have to skip quickly around quite a few dark clouds. Among them: the possibility of rate reregulation, programming costs, the introduction of HDTV and the possibility of digital must carry.

"There's a myriad of issues [that] we as an industry need to figure out if we're going to meet the needs of customers," she says. "The game is ours to lose." —Price Colman

## BROADCAST TV

Appointments at NBC in New York: **Larry Hoffner**, president of sales, NBC Television Network, named chairman, NBC Sales Group; **Keith Turner**, senior VP, Olympics & Sports Sales, succeeds Hoffner as president of sales. **Kassie Canter**, VP, NBC corporate communications and affairs, named senior VP, NBC corporate communications and media relations; **Dennis Bianchi**, VP and chief quality officer, named senior VP and chief quality officer.

Appointments at broadcast division of A.H. Belo Corp.: **Flory Bramnick**, director of financial analysis and administration, named VP/interactive media; **Sherri Brennen**, manager, community marketing department, WVEC-TV Hampton-Norfolk, Va., named VP/management development.

Appointments at KPSG(TV) Oklahoma City: **Steve Ridgway**, program administrator, WKBD(TV) Detroit, joins as program manager; **Ken Hansen**, assistant chief engineer, KOCO-TV, joins as chief engineer; **Brian Hill**, promotion manager, KOCB(TV) Oklahoma City, joins in same capacity; **Angela Graham**, assistant traffic manager, KFOR-TV, joins as traffic manager.

**Dotsy Klei**, account executive, WKRC-TV Cincinnati, named local sales manager.

**Mark Overstreet**, sales manager, WASV-TV Asheville, N.C., joins WSPA-TV Spartanburg, S.C., as national sales manager.

Appointments at Katz Media Group: **Ted Gurley**, sales manager, named VP/sales manager, Katz American Television (KAT), Dallas; **Stephanie Levine**, sales manager, named VP/sales manager, KAT's National team, Chicago; **Darlene Weinstein**, sales executive, named sales manager, KAT's Gold team, Los Angeles; **Denise Castrello**, sales assistant, named research analyst, KAT, New York; **Michelle Roche**, sales assistant, named research analyst, KAT, New York; **Richard Kintinar**, marketing associate, Television Bureau of Advertising, joins KAT, New York, as research analyst; **Michael Fanning**, VP, sales and marketing, iKP, Atlanta, joins KAT, Atlanta, as sales manager; **Ray Mendelsohn Jr.**, manager, Katz Television Group (KTG), Cleveland, named VP/sales manager; **Julie Samuelson**, account executive, KTG, San Francisco, named sales manager; **Donald Robert**,

associate director, research and marketing, KAT, New York, named VP/director, marketing; **Gregory Goldman**, manager, Katz Continental Television, Atlanta, named VP.

**Jeana Knighton**, VP, finance and administration, Media Marketing, joins WKYC-TV Cleveland as business manager.

**Trey Fabacher**, local sales manager, WDWB(TV) Detroit, joins KSTP-TV St. Paul as general sales manager.

Appointments at WFXL(TV) Albany, Ga.: **Bill Parks**, GM, WTVW(TV) Evansville, Ind., joins in same capacity; **Sandy Jones**, promotions manager, WUPA(TV) Atlanta, joins as operations manager.

## PROGRAMMING

**J. Baxter Urist**, senior VP, product licensing and international television group, Children's Television Workshop, has been named group president, products and international television.



Urist



Link

**Nina B. Link**, senior VP, publishing and new media, CTW, named group president, publishing and new media.

Appointments at Showtime Networks Inc.: **Steve Smith**, area general manager, Northeast region, named VP, general manager, Rocky Mountain region; **Suzanne Burkholder**, area general manager, Rocky Mountain Region, named account VP; **Hal Rosenberg**, account VP, Southeast region, joins Rocky Mountain region in same capacity; **Hanny Patel**, area manager, San Francisco office, named director, DBS.

**Kelly Kulchak**, VP, productions, Gracie Films, Los Angeles, named VP, comedy development, Fox Broadcasting Co. there.

**Andrea Greenberg**, senior VP, business and regulatory affairs, Rainbow Media Holdings, Woodbury, N.Y., named executive VP, Rainbow Sports.

**Rob Kaplan**, director, drama development, CBS Entertainment, Los Ange-

les, joins NBC Studios there as VP, prime time series.



Castro

**Diane Castro**, formerly director of publicity at Studios USA, joins NBC, Burbank, Calif., as senior press manager, NBC Entertainment Press and Publicity.

Appointments at Lifetime in New

York: **Mary Pat Ryan**, executive VP, marketing and programming, USSB, named senior VP, marketing and creative services; **Sue Rynn** named VP, research; **Donna Lalley**, director, financial planning and reporting, named VP.

Appointments at Saban International, Los Angeles: **Kevin Kowta**, contracts administrator, Orion Pictures, joins as assistant contracts manager; **Martina Bison Huckaby** named senior contracts manager; **Suzanne Money McLeod** named contracts manager; **Kristin Zimmerman** named assistant contracts manager.

**Diane Arcand**, associate head of production, Telescene Film Group Inc., Montreal, named head of production.

**Stephen Kabler**, associate, Hogan & Hartson LLP, Denver, joins National Geographic Channels Worldwide, Washington, as director, business and legal affairs.

**Marc Saputo**, VP, TNT Research, joins Fox Family Channel, Los Angeles, as VP, ad sales research.

**Jack D. Samuels**, media attorney in private practice, joins Fox Family Worldwide, Los Angeles, in the newly created position of senior VP and general counsel. He will oversee all business and legal affairs for Fox Family Channel, Fox Kids Network and Saban Entertainment.

**Jamie L. Euster** and **Mary McIlrath**, supervisors, media research, Warner Bros. Media Research, Burbank, Calif., named managers, media research, including responsibility for research on all first-run and off-net programs.



Saputo



## JOURNALISM

**Robert Reynolds**, Moscow correspondent, NBC, joins CNBC as Washington correspondent.

Appointments at Conus Communications: **Terry O'Reilly**, senior VP, programming and productions, The Weather Channel, joins Conus Communications as senior VP and general manager, Minneapolis-St. Paul.

Promotions at Conus: **Tim Rudell**, to senior vice president, Conus Washington Direct, Washington; **Michael J. Fox**, to director of operations, Conus Communications, Minneapolis-St. Paul.

**Mark Casey**, news director, WTVD-TV Raleigh-Durham, N.C., joins WBRC-TV Birmingham, Ala., as vice president/news director.

**Will Manso**, sports anchor, KPAX(TV) Missoula, Mont., joins WOTV(TV) Battle Creek-Kalamazoo, Mich., as weekend sports anchor.

**Bruce Capers**, chief meteorologist, WMDT (TV) Salisbury, Md., joins WAGT(TV) Augusta, Ga., in same capacity.

**Rod Gramer**, executive news director, KTVB(TV) Boise, Idaho, joins KGW(TV) Portland, Ore., in same capacity.

**Diane Dimond**, special correspondent, *Extra*, joins CNBC's *Upfront Tonight*, Fort Lee, N.J., as co-anchor.

Appointments at WTNH-TV New Haven, Conn.: **Alla Lora**, executive producer, WMAR-TV Baltimore, joins as assistant news director; **Theresa Varga**, on-air meteorologist, WBT(TV) Charlotte, N.C., joins as weekend meteorologist; **Darren Kramer**, anchor/reporter, KDNL-TV St. Louis, joins as co-anchor, *Good Morning Connecticut* and *News Channel 8 at Noon*.

## RADIO

**Bill Wise**, director of programming for Jacor's WGST(AM)-WPCH(FM) and WKLS(FM), all Atlanta, joins WLOQ(FM) Winter Park, Fla., as program director.

**Gabe Hobbs**, director, programming, Jacor stations in Tampa and Sarasota, Fla., and Atlanta, and director, Tampa Bay Devil Rays Radio Network, named director, news/talk, WGST(AM) Atlanta.

**Ken Herrera**, morning drive anchor, Associated Press Radio Network, Washington, joins WBBM(AM) Chicago as morning drive co-anchor.

## CABLE

Appointments at Cablevision Systems Corp., Woodbury, N.Y.: **Henry Hack**, corporate director of security, named vice president, security; **Wayne Richardson**, director for interconnect infrastructure, named VP, telecommunications network management; **Andy Heeren**, VP and general manager, Woodbury cable system, named area VP, consumer services.

**Frances Manfredi**, director, domestic cable sales and special markets, Eye-mark Entertainment, New York, named VP, cable sales and special markets.



Domier

**Steve Domier**, producer, creative development, The Disney Channel, Los Angeles, joins The WeB there as VP, marketing.

**Doug Moss**, plant manager, Bresnan Communications' Escanaba, Mich., cable systems,

named regional engineer for Upper Peninsula (Mich.) systems serving Sault Ste. Marie, Ironwood, Iron Mountain, Marquette and Escanaba.

**Thomas Belcher**, regional manager, Century Communications, Santa Monica, Calif., joins Marcus Cable as regional manager, Southern California district.

**Vernon Chamberlin**, senior VP, telecommunications, J-COM (Jupiter Telecommunications Co., Ltd.), Tokyo, named executive VP.

Appointments at Viewer's Choice, New York: **Sean Murray**, staff accountant, Bear Stearns & Co., joins as audit manager; **Susan Dale**, VP, client ser-

VICES, Group W Network Services, joins as executive director, broadcast operations, Denver office; **Alisa Foreman**, supervisor, operations, Request Television, joins as manager, broadcast operations, Denver; **Caroline Molchan**, area manager, Showtime Networks, joins as senior regional marketing manager, Southeast, Atlanta office.

**Lisa Gussack**, director, subscriber marketing, Home Box Office, New York, named VP, Direct to Home business operations and finance.

**Peter Griffith**, senior account executive, Greater Washington Interconnect, joins Home Team Sports, Bethesda, Md., as national sales manager.

**Yolanda Ramirez Foster**, director, programming and research, WFOR-TV Miami, joins GEMS Television, Miami, as VP, programming and promotions.

**Constance Barkley-Lewis**, VP, entertainment marketing, TBS Superstation, named senior VP, marketing, Atlanta.

## ADVERTISING/MARKETING/ PUBLIC RELATIONS

**Andrew Oleszczuk**, VP, development, Tribune Co., Chicago, named president, Tribune Ventures.

## ALLIED FIELDS

**Hank Goldstein**, executive director, Asia Link Holdings Ltd., joins Daniels & Associates, Denver, as managing director, international.

**Don Wershba**, Eastern regional sales manager, Solid State Logic, New York, named VP, music, Eastern region.

**Richard Pels**, senior VP/creative director, BBDO, joins Saatchi & Saatchi, New York, as senior VP/executive creative director.

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## TECHNOLOGY

**Tony Mancari**, engineering manager, Turner Broadcasting System Inc., Atlanta, joins WVPT(TV) Harrisonburg, Va., as director of engineering.

**Chip Ray**, director, development engineering, MountainGate, Reno, named VP, operations.

Appointments at Dielectric Communications, Raymond, Me.: **Oded Bendov** named senior VP, advanced technologies, and chief scientist; **Andrew Skalina** and **Ernie Mayberry** named senior directors, antenna engineering and antenna RF Systems, respectively; **Ken Cameron**, VP, dry air products, assumes additional responsibilities of international business development; **Cole Plummer**, VP, engineering, named VP, productivity programs; **Doug Whittle**, named VP, sourcing.

**Terry Ostlund**, chief engineer, KTNV(TV) Las Vegas, joins Harris Corp., Las Vegas, as television district sales manager.

## ASSOCIATIONS/LAW FIRMS

**Ruth Milkman**, deputy chief, FCC's Com-

mon Carrier Bureau, joins The Lawler Group LLC, Bethesda, Md. Milkman will specialize in telecommunications law for the law and lobbying firm.

**Jeff Joseph**, senior VP, Ogilvy Public Relations Worldwide, joins The Consumer Electronics Manufacturers Assn., Arlington, Va., as VP, communications and strategic relationships.

## INTERNET

**Carol Servé**, regional manager, Northcoast Internet, Eureka, Calif., named director, operations accounting, Internet Ventures Inc. (parent company of Northcoast Internet).

**Jim Menning**, executive consultant to Alan Setlin, founder and acting president, FutureNet Online Inc., Valencia, Calif., named acting president.

**Laura Durkin**, senior producer, Fox News Channel, joins News America Digital Publishing, New York, as news director, Fox News Online; **Seth Kaufman**, deputy editor, TV Guide Entertainment Network, New York, named editorial director.

**Chris Deyo**, general manager, Berkeley Systems Inc., joins Reel.com Inc., Emeryville, Calif., as president.

**Jeffrey Kahn** has been named contributing health columnist, CNN.com/HEALTH, Atlanta.

## DEATHS

**Keith W. Horton**, 71, broadcast station broker, died July 21 in Vero Beach, Fla. from cancer. After selling radio stations in New York and Pennsylvania, Horton began his career as a broker with Chapman Associates in 1963. In 1971, he left that firm to form his own, the Keith W. Horton Co. In 1985, he sold the company to associate Richard Kozacko and became chairman of the newly christened Kozacko-Horton Co. (now Kozacko Media Services). Horton retired from the business in 1993 and moved to Vero Beach. Until the move, Horton lived and worked in his native Elmira, N.Y. He is survived by two sons, a daughter, a stepson, a stepdaughter and grandchildren.

# OPEN MIKE

## DTV database in development

EDITOR: Glen Dickson's story, "Good DTV news from Chicago," in your Aug. 3 issue correctly points out that the Chicago field test results reported by Tribune "contrast sharply" with the Association for Maximum Service Television's (MSTV's) test results from the Model HDTV Station in Washington. However, this characterization ignores some important aspects of the Washington tests, compared to those conducted recently in Chicago and previously in Charlotte and Raleigh.

The Model Station tests in Washington have explored DTV propagation under conditions of variable terrain, high vegetation and complex static and dynamic multipath, which were made even more difficult by the lower antenna height. The challenging reception environment here—one of the reasons this city was chosen for the Model HDTV Station—is being effectively utilized by manufacturers to design DTV sets that work well even under the worst multipath conditions.

Moreover, the results of the Model Station tests are being used by MSTV to amass a large propagation database from which more statistically accurate coverage prediction models can be developed. To date, more than 1,000 outdoor and indoor measurements have been made here. MSTV supports a coordinated industry effort to conduct nationwide DTV field tests using a common test methodology, as developed by the Model HDTV Station Project Technical Committee, to further enhance this database.

The Tribune field tests in Chicago, conducted under more favorable conditions than the Washington tests, provide cause for optimism about DTV reception and coverage. We appreciate their contribution—and those of WRAL-HD, Zenith and other MSTV and Model Station members—to our understanding of DTV propagation in different areas and under varying conditions. The combined effort will only help to enhance the quality of DTV service made available to the public.—*Thomas M. Gurley, vice president, technology, Association for Maximum Service Television, Washington*

## Thanks for all the help

EDITOR: On behalf of the Model HDTV Station Project members and its sponsors, the Consumer Electronics Manufacturers Association and the Association for Maximum Service Television, I want to thank you for highlighting WHD-TV in your July 20 article, "Entering its final year." Peter Brown accurately captured the technical aspects of the project.

What may not have come through is that the station is entering its final year because the project was established in 1996 as a three-year effort to help manufacturers and broadcasters launch the DTV transition.

I want to take this opportunity to express our appreciation to the 30 equipment manufacturers and more than 270 television station members for their funding support and hands-on guidance and involvement in this important industry undertaking.—*Bruce Miller, president/COO, Model HDTV Station Project Inc., Washington*



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The screenshot shows the website's layout. At the top left is a search bar with the word "SEARCH" inside. Below it are links for "Subscribers log in here" and "TODAY'S UPDATE". A vertical menu on the left lists categories: "Online Daily", "Today's Job Bank", "Station Sales", "People", "Policy Briefing", and "Industry Calendar". Below this is a "SUBSCRIBE" button and a section for "THIS WEEK'S MAGAZINE" featuring a photo of Chuck Lillis with the text "OTHER STORY: Chuck Lillis Remakes".

The main content area is titled "Broadcasting ONLINE & Cable". Below the title is a "SEARCH" bar. The "TODAY'S TOP STORIES" section features the headline "Powell: Spectrum not scarce" with a sub-headline "Broadcast spectrum is no longer scarce says FCC Commissioner Michael Powell." The text continues: "The assumption that it is, Powell added, should not continue to be the basis for broadcast content regulation by those in government who have 'subvert[ed] the Constitution to impose their speech preferences on the public.' That was Powell's message to a Media Institute luncheon crowd in Washington Wednesday. Saying that new services and new technology have changed the equation since the Supreme Court provided the scarcity rationale in its 1969 Red Lion decision, Powell argued that basing government-mandated public service obligations on the assumption that spectrum is scarce is tantamount to a 'willful denial of reality.'"

On the right side of the screenshot, there is a "BREAKING NEWS" section with a "Click Here for all headlines" link. Below that is a "TODAY'S JOB BANK" section with a "Select a Job" dropdown menu and a "Submit" button. At the bottom right is a "Stock Watch" section with the text "Get the latest stock information".

At the top right of the screenshot, there is a logo for "Entertainment Marketplace" with the text "A member of the" above it and "Click for Today's HEADLINES" below it.

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**Price is the biggest sticking point in negotiations by News Corp. and United Video Satellite Group to buy out the MSOs controlling Primestar Inc.,** executives involved in the negotiations say. The buyers are offering \$8 per share, but half would be in notes. The MSOs, including Time Warner Inc. and Comcast Corp., want all cash. It's still not clear whether a deal will appease antitrust regulators blocking Primestar's acquisition of News Corp. DBS service American Sky Broadcasting. Primestar wouldn't comment on the talks.

**FCC Chairman Bill Kennard last week called on cable companies and set makers to have cable-compatible digital TV sets available to consumers by Nov. 1, 1999.**

In a letter to NCTA President Decker Anstrom and CEMA President Gary Shapiro, Kennard urged the industries to complete, by Nov. 1, 1998, their efforts to set standards for a device that will allow DTV sets to receive a high-definition picture even if the cable set-top box cannot deliver all of the possible HDTV picture formats. Kennard also urged the industries to explore alternate ways of delivering high definition to cable subscribers during the first year of the service's introduction. FCC officials since last month have been meeting with industry representatives working on the so-called firewire standards.

**CBS Corp. last Thursday said it will sell five Boston-area radio stations** to Entercom Communications Inc. for \$140 million to meet Justice Department requirements for its purchase of American Radio Systems Corp.

CBS sold WEEI(AM), WRKO(AM), WWTM(AM), WAAF(FM) and WEGQ(FM), but still owns a TV station, four FMs and one AM in Boston. The deal gives Entercom a 19.4% share of the market. As part of the deal, CBS will buy WYUU(FM) and WLLD(FM) Tampa/St. Petersburg, Fla., from Entercom for \$75 million. CBS already owns WQYK-AM-FM there, "and we look forward to building a stronger presence," CBS Radio President Dan Mason said in a news release. **The next day, Entercom filed for an initial public offering** estimated at \$241.5 million. Entercom, which owns 25 FMs and 16 AMs, said it will use the proceeds to repay credit-line debt. Credit Suisse First Boston will underwrite the sale.

**Joanna Bistany was promoted to senior VP of ABC News** by David Westin, ABC News president. She had been VP and executive-in-charge of *Nightline* and *This Week*, responsible for overseeing editorial, operations and budgets and supervising all of the news division's advertising and promotions.

**ZDTV plans to announce today (Monday) affiliation agreements that will help it toward its goal of 8 million homes by the end of the third quarter.** The largest of recent agreements is with InterMedia Partners systems in Louisville, Ky., and Nashville. Other agreements are with small-market systems run by Buford Television, Charter Communications, Daniels Cablevision, Falcon Cable and FrontierVision Partners. Most of ZDTV's new and existing agreements are for carriage on digital tiers. The network's largest

## **CitySearch just the ticket for USA**

USA Networks will merge its Ticketmaster Online operation with CitySearch, creating an online city guide with local event listings tied to ticket purchasing. The combination is potent, according to Lisa Allen, senior analyst with Forrester Research. She says the merger gives CitySearch, an online guide to events in major cities, an edge on its competitors—Microsoft Sidewalk and AOL's Digital Cities. "This ability to develop transactive content is the way of the future," Allen says. "Just putting text online isn't going to cut it." USA, which already owns 13% of CitySearch through Ticketmaster, will hold a 62.5% stake in the new company. USA CEO Barry Diller seems poised to make a play for dominance in the online city-guide category and to create an online counterpart to his TV empire. "It's something Barry takes very seriously," says Alan Citron, president of USA Networks Interactive, chairman of the Ticketmaster/CitySearch combo. "There's a real commitment at USA to growing this particular business and to grow the Internet division in general." USA plans to roll out at least one new e-commerce site early next year, according to Citron, through its Internet Shopping Network unit, which currently maintains the First Auction service online. USA also intends to create new online content in-house and through acquisitions, Citron says. —Richard Tedesco

analog affiliate is Prime Cable in Las Vegas, which launched in mid-May. Michael Mason, ZDTV's head of affiliate sales and marketing, says the channel has not paid launch fees to operators, but has helped MSOs market their high-speed cable modems by providing lists of subscribers to Ziff-Davis computer magazines in the carriage area.

**TCI Music's The Box music network has signed a 10-year carriage agreement with Time Warner Cable,** although Time Warner has no plans at present to carry the music channel in New York City. The Box expects to land up to million Time Warner subscribers within the first year. The Box also recently signed carriage deals with Tele-Communications Inc., Intermedia and Comcast Communications, which, combined, represent about 4 million subs,

according to The Box President Alan McGlade.

**Microsoft Corp. plans to appeal Judge Thomas Penfield Jackson's decision to permit media access to Bill Gates' imminent deposition in the Justice Department's antitrust suit.**

Resolving that issue is just one of the things that could delay the start of the landmark antitrust case, slated to begin on Sept. 8. Earlier last week, Microsoft filed a summary motion for dismissal of the antitrust actions.

**BET Action's pay-per-view division will begin carrying college football double-headers produced by ESPN GamePlan beginning Saturdays this fall.** BET estimates it can deliver an additional 9 million cable households to ESPN GamePlan's program package of up to 100 games for the 1998 season.

**Triathlon Broadcasting**



**Co.'s net loss fell** from \$1.2 million to \$541,000 for the second quarter, but remains \$1.4 million for the year so far. The company, which owns 32 radio stations in six markets, nevertheless reports record revenue for the second quarter of \$9.6 million, up 20%, and record broadcast cash flow of \$2.9 million, up 33%. "In most of our markets, we experienced very healthy double-digit revenue growth ... and broadcast cash flow grew in all of our markets," Triathlon President Norm Feuer said last Friday. Triathlon is merging with Capstar Broadcasting next year.

**New technology that provides local radio programming over a digital network boosted ratings an average of 19% among listeners ages 25-54 at 39 stations, according to Capstar Broadcasting Corp., quoting Arbitron spring numbers.** The technology, called StarSystem, was used at 39 radio stations in the Southwest operated by Capstar subsidiary Gulfstar Communications Inc. The biggest gain—2,680%—came at classic rocker KJEM(FM) Fayetteville, Ark., where the audience share for that age group rose from .5 to 13.9. KIOC(FM) Beaumont, Tex., went from 13th to first in its target demographic of men 25-54 and grew 219%, to a 10.2 share, among all persons that age. "The ratings results...far exceeded our expectations," Capstar President R. Steven Hicks said last week. "StarSystem

## Cable earnings roundup

■ Wireless communications provider Wireless One reported that EBITDA for the quarter ended June 30 improved 64.3%, to a negative \$1.5 million, while its net loss increased 2.9%, to \$21.3 million. Results came on revenue of \$9.9 million, up 19.3%. At the same time, Jackson, Miss.-based Wireless One said that the amount of unrestricted cash on hand fell 62.3%, to \$5.8 million, from Dec. 31, 1997, and cautioned that it will need roughly \$15.7 million for the rest of the year to finance launch and buildout of additional video and Internet systems, fund operating losses and meet certain 1998 debt obligations. The company also said it needs to raise about \$11.6 million in financing for first quarter 1999 cash requirements. On top of that, the company needs to raise more capital or increase cash flow to make semiannual interest payments of \$9.8 million beginning in April of 1999.

■ Cablevision Systems reports that it cut its second quarter net loss 4.5% to about \$123 million, or \$1.64 per share. Pro-forma operating cash flow rose 13.4%, to \$191.6 million, including a 12.3% increase, to \$134.7 million, in regulated cable operations. Results came on revenue of \$805.2 million, up 14.7% on a pro-forma basis. Pro-forma results were given to account for various transactions, including giving a 25% equity stake in Rainbow Media in exchange for NBC's interests in certain Rainbow subsidiaries; acquisition of additional interest in Madison Square Garden; acquisi-

tion of Radio City Productions, and acquisition of 10 TCI cable systems in New York and New Jersey. Pro-forma results also reflect Cablevision's sales of certain cable systems.

■ Princeton, N.J.-based RCN Corp. reports it had negative EBITDA of \$10.4 million for the quarter ended June 30, a 7.8% increase over the quarter ended March 31. At the same time, the company's quarter-to-quarter net loss declined 27.5%, to \$49.1 million, or 84 cents per share. Results came on revenue of \$59.5 million, up 38% from the first quarter.

■ Pegasus Communications reports a 135% increase in free cash flow from operations, to \$4.2 million, for the second quarter ended June 30, while its net loss jumped 264%, to \$22.8 million. Results came on total revenue of \$46.7 million, up 136%. The biggest factor in revenue growth was a 327% increase in DBS revenue, to \$33.5 million. The company attributed the larger net loss to an \$8.7 million increase in premarketing cash flow, a \$6.1 million increase in expensed subscriber acquisition costs, a \$10.7 million increase in depreciation and amortization and a \$7.5 million increase in interest expense. Pegasus also reports it added a net of 11,785 subscribers during the quarter, a 470% increase over the comparable quarter last year, and now has about 373,000 DirecTV subscribers. Pegasus operates in three areas—DBS, broadcast TV and cable—and is the largest independent provider of DirecTV in the U.S.

allows great talent to provide quality localized programming on a wider platform ... with reduced cost." The system links stations in five states so that one announcer in Austin, Tex., can personalize programming for up to a dozen stations in as many markets.

**USCS International subsidiary CableData**

**says MediaOne has extended its customer management and billing contract covering 3.1 million MediaOne subscribers with CableData.** Financial terms and the length of the contract extension weren't disclosed. Under typical terms for such contracts, the contract with MediaOne Group would gener-

ate roughly \$74.4 million in annual revenue for CableData.

**Clarification:** Aug. 10 cover story on PBS cited criticism of 30-second corporate underwriting messages. Although some public stations air 30-second messages, PBS guidelines limit underwriting spots to 15 seconds.

Printed in the U.S.A. Founded in 1931 as *Broadcasting*, the News Magazine of the Fifth Estate. *Broadcasting-Teletesting* introduced in 1945. *Television* acquired in 1961. *Cablecasting* introduced in 1972. *Broadcasting/Cable* introduced in 1989. *Broadcasting & Cable* introduced in 1993. *Broadcasting & Cable* is a registered trademark of Reed Publishing (Nederland) B.V., used under license. *Telemedia Week* is a registered trademark of Reed Elsevier Inc. Reg. U.S. Patent Office.



Incorporating The Fifth Estate TELEVISION Broadcasting

*Broadcasting & Cable* (ISSN 0007-2028) (GST #123397457) is published weekly, except at year's end when two issues are combined, by Cahners Business Information, 245 West 17th St., New York, NY 10011. Cahners Business Information is a division of Reed Elsevier Inc., 275 Washington St., Newton, MA 02158 1630; Bruce A. Barnet, President and Chief Executive Officer; Jackie A. Daya, Vice President and Chief Financial Officer; Mark Lieberman, Executive Vice President. *Broadcasting & Cable* copyright 1998 by Reed Elsevier Inc. All rights reserved. *Broadcasting & Cable* is a registered trademark of Reed Elsevier Properties Inc., used under license. Periodicals postage paid at New York, NY, and additional mailing offices. Canada Post International Publications Mail Product (Canada Distribution) Sales Agreement No. 0607533. Postmaster, please send address changes to: *Broadcasting & Cable*, PO Box 6399, Torrance, CA 90504-0399. Rates for non-qualified subscriptions, including all issues: USA, \$129; Canada, \$169 (includes GST); Foreign Air, \$350; Foreign Surface, \$199. A reasonable fee shall be assessed to cover handling costs in cancellation of a subscription. Back issues: except for special issues where price changes are indicated, single copies are \$7.95 U.S., \$10 foreign. Please address all subscription mail to: *Broadcasting & Cable*, PO Box 6399, Torrance, CA 90504-0399. *Microfilm of Broadcasting & Cable* is available from University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106 (1-800-521-0600). Cahners Business Information does not assume and hereby disclaims any liability to any person for any loss or damage caused by errors or omissions in the material contained herein, regardless of whether such errors result from negligence, accident or any other cause whatsoever.

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## Ratings on a roll

One equation is simple: Commercials plus programming equals commercial TV, the type that is delivered free by broadcasters to their audience. Take away the commercials and the model breaks down, at least as far as the free part is concerned. The other equation—news plus content ratings—just doesn't add up.

Thomson Consumer Electronics, the largest supplier of TV sets in the U.S. (with between a fifth and a quarter of the market), says it will manufacture sets that will include the V-chip option of blocking news, sports and advertisements. Other set makers are less vocal on the subject, but suggest they may include the feature as well.

News, sports and commercials were excluded from the ratings system (and broadcasters had hoped they would be put beyond the reach of V-chip blocking technology) for what would seem obvious reasons: the impossibility of predicting what will happen in a live newscast or sporting event and the obvious difficulty of sustaining an ad-supported medium if there is an easy way for consumers to bypass the ads that support it.

If Thomson goes ahead with its plan and others follow, broadcasters will be forced to rate everything to ensure that there are no blank screens. At the outset, broadcasters may get away with minimal ratings. But you can bet the antenna farm that the usual lineup of external noisemakers will agitate for tougher ratings on news, football games, promos, commercials, what have you. Not only will stations' free speech rights be threatened, so will their pocketbooks.

And so it goes. The content ratings become content chillers become content blockers. What from a distance looked to some like a pebble is bearing down like the boulder in "Raiders of the Lost Ark." Broadcasters are justifiably outraged. For political reasons, they grudgingly

accepted the ratings system for entertainment programming—nothing more. If digital broadcast TV is to take flight, broadcasting and the consumer electronics industry will need to work closely together. Thomson's scheme forces them apart. Thomson should abandon this idea, and other manufacturers should ignore it. When it comes to ratings and V-chips, it's time to leave bad enough alone.

## Getting down to business

Eyeballs are eyeballs. That's the simple message that syndicated programmers are sending Madison Avenue. To make sure it gets delivered, the programmers have revamped and renamed their New York trade group, doubled its budget and hired a veteran agency executive to run it. She is Allison Bodenmann, late of Jordan, McGrath, Case and Partners.

As head of the Syndicated Network Television Association, Bodenmann's mission is clear: She must bring more advertisers to syndication and convince them to pay the same (or at least close to the same) rate they pay for network spots. Warner Bros.' Dick Robertson puts the mandate bluntly: "Pound away at the [cost-per-thousand] differential between syndication and network television."

To succeed, Bodenmann and the SNTA will have to overcome Madison Avenue's prejudices toward syndication and the very real advantages of network TV. It helps that Paramount and Columbia TriStar have agreed to join the club and will now be contributing their expertise and money.

The only major syndicator still on the outside is King World. It's not easy for this group of hard-nosed competitors to cooperate. But if Warner Bros., Columbia, Paramount and the others can sit at the same table, so can King World. If King World is going to reap the benefits, it's only fair it should also pay its dues.

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