

Top of the Week

FROGGIE WENT A'COURTIN'

WB woos and wins Sinclair

\$64 million-plus deal switches five affiliates from UPN

By Steve McClellan
NEW YORK

On Tuesday, June 10, hours before outgoing UPN President Lucie Salhany donned her now-famous brooch with an impaled Michigan J. Frog and rallied UPN affiliates at a meeting with talk of WB's poor distribution, Barry Baker, CEO-designate of Sinclair Communications, met with WB President Jamie Kellner. He told Kellner that Sinclair would defect from UPN if the WB leader wanted a deal badly enough.

Kellner did, and within four weeks, WB and Sinclair crafted an affiliate deal that largely reduces the primary broadcast distribution advantage UPN has over WB.

WB has won the biggest battle of the year in its ongoing affiliate war with UPN, convincing Sinclair to switch affiliations next January in five markets where UPN will find it extremely difficult to fill the holes because of a lack of TV stations. The price for WB: a guaranteed \$64 million to Sinclair over eight years, plus another \$20 million for two more years if WB is still operational.

As part of the deal, a sixth Sinclair station, currently an independent, will switch to WB in 1999, and three other current Sinclair WB affiliates will re-up for 10 years. The Sinclair stations switching to WB in January are: WPTT-TV Pittsburgh; WNUV-TV Baltimore; WSTR-TV Cincinnati; KRRT(TV) San Antonio, Tex., and KOQB(TV) Oklahoma City. Sinclair extended existing WB affiliate agreements for WTV(TV) Milwaukee, WTO(TV) Birmingham, Ala., and WDBB(TV) Tuscaloosa, Ala., through 2008. The company's LMA in Greenville, S.C., WFBC-TV, will become a WB affiliate on Nov. 1, 1999.

It's the first time WB has compensated any affiliate. UPN doesn't pay com-



Dubba dubba dealmakers in Los Angeles last week (l-r): David Smith, Sinclair president; Eddie Edwards, Glencairn president; Barry Baker, River City Broadcasting president (and CEO-designate of Sinclair); Jamie Kellner, WB CEO, and Barry Meyer, Warner Bros. executive VP/COO.

penetration as a rule (although it's believed some money changed hands when Clear Channel Communications signed on). Neither does Fox, for that matter (New World being the big exception).

But station executives said last week that WB's decision to pay a huge fee to Sinclair may motivate other affiliates at all three of those networks to seek compensation.

"I think they've just opened the gates," says one station manager with ties to WB. "I don't think there's a group in the country that's not assessing its own network relationships right now and saying 'wow, wait until the next [affiliate contract negotiating] go-round.'"

Others see more limited ramifications. "At this point I really don't see an impact beyond the WB-UPN competition," says Meredith Broadcasting President Phil Jones. Even within the affiliate ranks of those networks, many stations are weak and have little leverage to demand compensation, he says. And at the Big Four, says Jones, "the relationships are generally pretty good right now and most of the affiliate agreements have another five to eight years to run."

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OF WB AND UPN AFFILIATES,
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But Harry Pappas, a major WB affiliate station owner, was all smiles last week. Pappas has one of the biggest WB affiliate groups, with seven stations and plans to build an eighth. Reached in Lake Tahoe, Calif., last week, Pappas first heard the financial details of the Sinclair switch when asked to comment on them. "That's impressive," he said, noting his WB affiliate deals have a "most-favored-nation clause." When told of the terms, Pappas said,

"My face dropped at least an inch. But I'm wearing a big smile right now."

Viacom, through Pappas, scored a minor victory in the affiliate battle last week by striking a deal to acquire Pappas-owned KPWB-TV Sacramento, Calif., the WB affiliate. (The Sacramento deal is a multiple-party station swap expected to be disclosed at the FCC this week). That station is sure to flip to UPN, leaving WB to strike a deal with current UPN affiliate KQCA(TV), which is operated under an LMA with KCRA-TV, the Kelly-owned NBC outlet.

At a press conference last week, Kellner called the Sinclair deal a "cataclysmic blow to UPN." As to the compensation issue, Kellner says it was a "one-time strategic investment that would deliver more eyeballs to our network."

Jon Mandel, senior vice president at Grey Advertising, says WB could reap \$300 million-\$500 million in additional revenue for the network over the life of the Sinclair deal. Others say that number isn't unrealistic, assuming WB expands to seven nights as planned.

David Smith, chairman of Sinclair, said: "This deal isn't about UPN, it was about our long-term belief in The WB.... Its programs have enormous potential." Clearly, the money was a big factor: "The WB management team

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