



Friendly Persuasion

NBC shells out \$10M per episode for a 10th year of its hit sitcom

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BROADCASTING & CABLE'S 2003 Calendar Inside



Good Riddance!

Let old acquaintances be forgot
By P.J. BEDNARSKI

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BROADCASTING & CABLE

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December 30, 2002

TV Investors See Little To Cheer in New Year

By JOHN M. HIGGINS

Few television and radio executives and investors are shedding tears over seeing a nasty 2002 come to a close. But neither are they celebrating the coming of the new year.

"The big guys got slammed," said one weary Wall Street executive, who says he's run out of ideas other than noting that stocks have to rebound sooner or later. "I can't see any reason why anything gets better next year."

No one's expecting much growth in advertising spending. "TV ad growth isn't nearly as strong as everybody thinks," said Morgan Stanley media analyst Richard Bilotti, saying that estimates of 10%-plus growth this year were artificially inflated by panic spending from car companies. "Pull out autos and po-

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Media Chutes & Ladders

Here's a snapshot at how stocks of some major media companies performed in 2002

WINNERS

COMPANY	YEAR END PRICE	YEAR CHANGE
Washington Post	\$737.43	39.1%
Westwood One	\$38.55	28.3%
Media General	\$60.28	22.8%
Granite	\$2.50	21.4%
Tribune	\$45.11	20.5%

LOSERS

COMPANY	YEAR END PRICE	YEAR CHANGE
Sirius	\$0.52	-95.5%
Charter	\$1.17	-92.9%
Gemstar	\$3.20	-88.4%
Pegasus	\$1.30	-87.5%
Sonicblue	\$0.51	-87.4%

SOURCE: BROADCASTING & CABLE and CNET Investor

NAB To Grab Lab Tab

Job One for planned broadcast R&D center: Improve 8-VSB DTV reception

By HARRY A. JESSELL

The National Association of Broadcasters, at its winter board meeting next month, is expected to approve funding for a non-profit research-and-development center, a move that would all but assure its establishment sometime next year.

The so-called broadcast lab, which would operate independently with its own board and staff, would strive to identify and develop technologies that improve over-the-air TV (and possibly radio) service, cut costs or support new businesses, proponents of the lab say.

Even so, the broadcast lab would come many years and tens of millions of dollars after the cable industry funded its own CableLabs near Denver. That organization has nurtured many technological innovations.

If the broadcast lab happens, it would likely spend its infancy trying to fix the 8-VSB digital-transmission standard, whose poor performance has contributed to the slow roll out of broadcasters' digital TV service.

Plans for the lab took shape

at the Association for Maximum Service Television, a long-standing group of major broadcasters focused on technology and spectrum management. The MSTV board approved the plan last fall but lacks sufficient funds to get the lab off the ground.

That's where the cash-rich NAB comes in. Over the years, the NAB has amassed an \$80 million rainy-day fund, the accumulated profits of its technology convention in Las Vegas each spring.

Proponents of the lab are looking for \$5 million in start-up funds. They hope that the NAB will kick in \$2 million and that the consumer

Continued on page 22



NAB's Gary Chapman led charge for the lab.

Paramount Develops Mystery, Money

By PAIGE ALBINIAK AND STEVE MCCLELLAN

With Paramount's reality strip *Life Moments* on life support after 10 NBC owned-and-operated stations decided to cancel or downgrade it to late night next week, the syndicator is looking ahead with weekend hour *Unexplained Mysteries* in development for fall 2003.

The Viacom-owned company also is considering several other ideas for upcoming seasons, including a court/relationship show tentatively titled *For Love or Money*.

For Love or Money is in the early stages of its development. Far more certain is Paramount's spin-off of *Entertainment Tonight's* Insider segment for fall 2004.

For Love or Money is one of at

least two court shows in the works. Another is Tribune's *Mobile Court*, where a California judge would travel to the scene of a dispute. No word yet on whether that show will go forward.

they called *Trial by Fire* with Nancy Grace, a sort of court-talk hybrid, which appears to be on hold for now.

Unexplained Mysteries is similar to a show Paramount produced several years ago called *Sightings* and will look at paranormal phenomena, such as mysterious symbols that appear in fields, Bigfoot and UFOs.

"It's a whole *X-Files* look at reality," says John Nogawski, executive vice president of Paramount Domestic Television.

The show will shoot new footage but also draw from the *Sightings* library, Nogawski says. The show does not yet have a host.

Unexplained Mysteries will be available on a straight barter basis, with seven minutes of advertising available for stations and seven for the syndicators.

Continued on page 22



Loss of key NBC stations spells trouble for Asha Blake and her *Life Moments*.

Earlier, NBC Enterprises and Court TV had considered bringing out a show for next season

MADISON AVE.

ARENA FOOTBALL



\$25K

Advertisers will pay only an average of \$25,000 per spot for NBC's Arena Football telecasts. **TV BUYER: PAGE 10**

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Gannett Floats TV News Net

Viewers as well as MSOs could balk at entry into crowded arena

BY ALLISON ROMANO AND
DAN TRIGIBOFF

Already in the television business with 22 local stations, Gannett is angling to become the newest player in cable news. But its designs to launch the proposed cable network, dubbed America Today, using retransmission consent, may draw the ire of cable operators.

America Today would be built around local newscasts from Gannett's large station group, but also contain some national content.

With broadcast and cable news services already abounding on cable, Gannett is leaning on a powerful weapon to gain carriage: retransmission consent. Cable and satellite operators typically give payment or another service in exchange for the right to transmit a local broadcast signal.

Mention retransmission and MSOs get very edgy. They grumble about having to pay to carry free over-the-air broadcast signals.

But other media companies have used this tactic to grow their cable networks. News Corp. leaned on retransmission consent to grow FX. Walt Disney Co. can threaten retransmission of its ABC stations to wrangle subscriber-fee increases for ESPN, already the most expensive cable service.

Roger Ogden, senior VP and GM

of Gannett's KUSA-TV Denver and a top Gannett TV exec, says Gannett is negotiating retransmission with major cable operators like Time Warner, Cox Communications, Comcast, Adelphia and Charter, along with DBS suppliers EchoStar and DirecTV. In exchange for its signal, Gannett would secure channel space for its news network.

Insight Communications chief Michael Wilner says he'll look at the service when approached by Gannett. "If they can develop something fresh and different, that's great," said Wilner, pointing to Fox News Channel as an example. But, Wilner cautioned, "If it's the same [as other news channels], it will be a challenge to get widespread distribution."

America Today would go beyond local newscasts with some national reporting and programming from Gannett's TV operations in Washington, D.C., Ogden said. It would target viewers who want to watch local newscasts from other cities. Most likely, the viewers would be transplants from cities where Gannett owns stations, like a Denver resident transferred to Chicago. (Gannett's *USA Today* has a section of local sto-

ries from every state in each edition.)

He cautioned that Gannett is still "a long way from saying we're ready to launch this thing. Some time during the first quarter of next year we should know whether this is a viable proposition or not."

Like other cable services, America Today would draw dual revenue from national advertising and subscriber fees from MSOs.

The network may have limited regional and demographic appeal, though. Snowbirds in Florida or Arizona might tune in for hometown newscasts, as might travelers. But cable news is already a crowded market. Fox News is the only news network that posted audience gains last year.

Says Chris Mage, director of national TV for OMD USA: "I understand it, given who they are and what they own. But I question the logic when other national suppliers are hav-

ing trouble."

Some operators are skeptical, too. Jerry McKenna, VP of strategic marketing for Cable One, which hasn't been approached by Gannett yet, says that though the plan is "certainly a different format, I just don't know what customer demand for it would be." ■



'If they can develop something fresh and different, that's great.'

MICHAEL WILNER,
Insight
Communications

BREAKING...

All Is Calm in Stations' DTV Tiff

NORFOLK, VA.—In a display of holiday spirit, two Chesapeake Bay TV stations on Christmas Eve set aside their differences and settled an interference dispute. A Norfolk DTV station has agreed to cut power levels temporarily in order to eliminate interference caused to a Maryland analog station operating on the same channel.

Hampton Roads Educational Telecommunications Association, Inc., permittee of ch. 16 WHRO-DT in Hampton-Norfolk, Va., will operate at one-quarter of authorized power during the DTV transition. In return, WBOC-TV Salisbury, Md., will withdraw its objection to WHRO-DT's license. Under the deal, WHRO will be able to operate at full power on ch. 16 when WBOC-TV's analog signal goes dark and the Maryland station switches to digital-only broadcasts on a separate signal.

The agreement requires the FCC's approval as well as assurances that both stations will be able to fully utilize their DTV channels post-transition. The dispute was the most rancorous of several interference problems reported by analog stations when nearby digital stations began service.

So far, all of the identified conflicts are in areas with large bodies of water. A well-known phenomenon called "ducting" boosts the range of broadcast signals when transmissions carry over water.

Yule Log Post 26% Ratings Jump

NEW YORK.—Even before his Christmas Eve conversion, Scrooge would likely have been pleased with the performance of the WPIX(TV) Yule Log in New York. Station owner Tribune certainly was.

Viewing of the burning log, which aired from 9 to 11 on Christmas morning, was up 26% from last year, with a 3.9/9. It burned as brightly as a 4.8 and delivered a 4.6/11 during its second hour for a close second behind *People's Court*, third in the market for its full two hours. The Yule Log had a 20-plus year run as a Christmas tradition in New York and was brought back last year to strong ratings.

Tribune also aired the Yule Log in Washington, where real fireplaces abound. WBDC-TV's broadcast of the log delivered a 2.1/5 over two hours, ranking it fourth in the market.

Yule logs also could be seen over the Internet and on Bay News 9 in Tampa-St. Petersburg, Fla. WPIX's Yule Log can also be seen on the Web, at www.wb11.com.

Call It David Smith Motors

BALTIMORE.—Sinclair Broadcast Group, Inc., said Tuesday it will make a \$20 million cash investment in Summa Holdings, a mid Atlantic states holding company, controlled by Sinclair President and CEO David Smith. Summa owns automobile dealerships, retail tire franchises and a car-leasing company. The investment will represent a 17.5% equity interest and will give Sinclair another board seat on Summa, in addition to Smith's.

Sinclair said Summa will use the proceeds solely to acquire automobile dealerships and will commit to advertising with Sinclair's Baltimore stations, WBFF(TV) and WNUV(TV).

"Because the automobile industry represents the largest category of advertisers for television stations, and because Summa is a profitable and well-run company, we believe that the Summa investment is an attractive one for Sinclair," said Martin R. Leader, a member of Sinclair's Board and chairman of the Special Committee.

BROADCASTING & CABLE

December 30, 2002

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Battle Brews Over Latin Emmys

East Coast NATAS announces it; West Coast ATAS resists it

BY ALLISON ROMANO

The bicoastal turf war between the National Academy of Television Arts and Sciences and its sister organization the Academy of Television Arts and Sciences is heating up again over a planned Spanish-language Emmy Awards show.

New York-based NATAS is gunning to stage a Latin Emmy awards by mid 2003 and is ready to battle Hollywood-based ATAS over it. But ATAS, wary of diluting existing Emmy awards and offending the Hispanic community, wants more time to study options.

NATAS, under its new president Peter Price, will press an arbitrator to stop ATAS from delaying its plans and recruited legal ace David Boies to handle the dispute.

Under their 1977 partnership agreement, NATAS and ATAS have to both greenlight any new awards event. Price presented his Latin Emmy plans to the Los Angeles academy about six months ago and says that ATAS has had adequate time to mull over the idea. "Our request should not be unreasonably withheld," Price said. "We want to stage an awards show next year."



Telemundo, which broadcast the Billboard Latin Music Awards (above), would air NATAS's Latin Emmys.

Countered Todd Leavitt, the new president of ATAS, "Six months doesn't mean we're dragging our heels."

New York-based NATAS puts on the daytime, news, local TV and sports Emmys; ATAS awards prime time Emmys from Hollywood.

NATAS was seeking to jointly stage a Latin Emmy event and received approval from its board in June. Price now says his organization would proceed alone, but he needs ATAS's backing or an arbitrator to

rule in his favor. "We just haven't heard from [ATAS] on exactly what they want," Price said.

ATAS has been distracted by negotiating an increased network licensing fee for its own Primetime Emmy show. When the four major broadcasters agreed to plunk down \$52 million in November for a new eight-year deal—and to keep the show away from HBO, NATAS, seemingly in a display of solidarity, issued a congratula-

Continued on page 17

A Lott of Clout Is Gone

BY BILL MCCONNELL

Thanks to Trent Lott's abdication as Senate majority leader, the media industry's clout in the 2003 Congress is tougher to predict than it was three weeks ago.

The Senate majority leader's post last week was filled by Tennesseean Bill Frist, who has almost no background in media and telecommunications issues.

By contrast, "Lott was a fairly staunch defender of broadcasters," says Shaun Sheehan, Tribune Co.'s Washington lobbyist.

Frist, on the other hand, is "an unknown quantity" on telecommunications issues, says Richard Wiley, head of Washington law firm Wiley, Rein & Fielding, and a former FCC chairman.

In the middle of his second Senate term, Frist, 50, is a deeply conservative lawmaker who is well regarded by Democrats for his willingness to strike bipartisan deals. A heart surgeon and son of the founder of a for-profit hospital chain, Frist is an expert in health policy.

Aside from his opposition to last year's McCain-Feingold campaign-reform law, which broadcasters also opposed, Frist has not taken an aggressive stand on industry-related legislation.

Whit Adamson, president of the Tennessee Association of Broadcasters, says he's grateful for Frist's opposition, considering fellow Tennesseean Sen. Fred Thompson was a co-sponsor of the legislation. The law was signed into law by President Bush in March.

"Thanks to Sen. Frist, we split Tennessee's Senate vote," Adamson says. "We've been able to find an understanding ear in Bill Frist."

Andrew Schwartzman of the Media Access Project, which typically fights broadcasters on many issues, says Lott's demotion may actually work in broadcasters' favor if the Mississippi lawmaker takes a seat on the Commerce Committee, from which most legislation relevant to the industry originates. Lott didn't serve on any committees as GOP leader.

"Potentially he's an important ally for industry, particularly broadcasters," Schwartzman says.

Lott has had especially close ties to the National Association of Broadcasters, which is led by his friend and fellow Mississippian Eddie Fritts. (They attended the University of Mississippi at the same time in the early 1960s.) Lott backed broadcasters' stands on a number of critical issues including his calls to retain the 35% cap on the networks' and other TV station groups' national TV household reach and to require cable companies to carry TV stations' entire digital multicast lineup.

Among other industry stands, Lott has criticized FCC Chairman Michael Powell for considering broadband deregulation while a similar legislation was still pending in Congress and endorsed calls to revive a tax credit for companies that sell media properties to minorities and small business owners.

After Lott quit, some broadcasters were downplaying their relationship with him. They pointed out, for instance, that he voted against the Cable Act of 1992, in which NAB won must-carry and retransmission consent rights for TV stations.

Lott relinquished the majority leader post on Dec. 20 after drawing fire for suggesting that the U.S. would have been better off had Senator Strom Thurmond (R-S.C.) won the presidency in 1948. Thurmond ran as a segregationist. ■



Frist: An 'unknown quantity' on telecom.

Chris Kleponis

WEEK OF DEC. 20-26

B&C INDICES

THE B&C 10



BROADCAST TV GROUPS



CABLE TV MSO'S



RADIO



	CLOSE	WEEK	YTD
Dow Jones	8432.61	0.8%	-16.3%
Nasdaq	1367.89	1.0%	-30.9%

The B&C 10

	CLOSE	WEEK	YTD
AOL Time Warner	\$12.97	-2.6%	-59.6%
Clear Channel	\$38.30	1.5%	-24.8%
Comcast Corp.	\$23.09	1.2%	-35.9%
Cox	\$29.67	3.2%	-29.2%
Disney	\$16.56	2.2%	-20.1%
EchoStar	\$22.52	-0.9%	-18.0%
Fox Ent.	\$26.00	0.7%	-2.0%
Hearst-Argyle	\$23.60	1.0%	9.5%
Tribune	\$45.11	0.8%	20.5%
Viacom Cl. A	\$41.79	0.2%	-5.6%

GOOD WEEK

Granite	\$2.50	28.2%	21.4%
TiVo	\$5.56	19.1%	-15.1%
Cablevision	\$17.19	6.4%	-63.8%
Acme	\$7.56	4.7%	12.2%
Spanish Brct.	\$7.46	4.3%	-24.6%

BAD WEEK

Mediacom	\$9.11	-8.6%	-50.1%
New Frontier	\$0.80	-10.1%	-73.3%
Sirius	\$0.52	-10.3%	-95.5%
Crown Media	\$3.71	-11.9%	-67.1%
SeaChange	\$5.15	15.3%	84.9%

BIG CITY'S BIG DAY

750%

That's how much Big City Radio shares jumped in a single day after the troubled company disclosed a deal to sell three Los Angeles radio stations to Entravision for \$139 million. Now, the jump is so large because Big City's shares were just pennies: 30 of them to be precise. With the deal, Big City may dodge Chapter 11.

Source: CNET Investor (investor.cnet.com). This information is based on sources believed to be reliable, and while extensive efforts are made to assure its accuracy, no guarantees can be made. CNET Investor assumes no liability for any inaccuracies. For information regarding CNET Investor's customized financial research services, please call 415-344-2936.

FAST TRACK

Valentine Pulls Strings for Muppets

Former UPN president **DEAN VALENTINE** and **EUROPLAY CAPITAL ADVISORS** plan to purchase a 49.9% stake in the **JIM HENSON CO.**, creator of the Muppets, from German media company **EM.TV**. Valentine, who left UPN earlier this year, is expected to be in charge of the company's Los Angeles-based operations. EM.TV bought the Jim Henson Co. and rights to the Muppets in February 2000 for \$680 million in cash and stock.

Vivendi, EchoStar Make a Deal

VIVENDI UNIVERSAL sold its stake in **ECHOSTAR COMMUNICATIONS** to EchoStar for \$1.066 billion in cash. That's about \$500 million less than what Vivendi paid for the 10% stake when it bought in 2001, but it needs the cash.

Charter Axes Execs

DAVID G. BARFORD, **CHARTER COMMUNICATIONS'** former executive vice president and chief operating officer, who had been on paid leave since October, and **KENT D. KALKWARF**, former executive VP and chief financial officer, are both gone, in the wake of a grand-jury investigation into a budding accounting scandal. Replacing Barford as COO is **MARGARET A. BELLVILLE**, who joined Charter earlier this month. Assuming Kalkwarf's position is **STEVEN A. SCHUMM**, most recently Charter's executive VP and chief administrative officer. Schumm will serve as interim CFO until a permanent replacement is found.



While We Were Out

DR. PHILLIP MCGRAW—Dr. Phil to you—has extended his contract through 2005-06. ...

Starting Over, the syndicated reality show from **NBC ENTERPRISES**, has been cleared in almost half the country and seven of the top 10 markets for fall, thanks to a deal with all the co-owned NBC stations. **Starting Over** is the first reality-style program being produced for daytime syndication. ...

GRB ENTERTAINMENT will pitch the format of NBC's summer 2003 reality show, **The Next Action Star**, to international buyers at **NATPE** in New Orleans next month. The two winners of the NBC version—a man and woman—will get a chance to appear in a **JOEL SILVER** (*Die Hard*)-produced action film. ...

Former FCC Chairman **DENNIS PATRICK** has been named to head **NATIONAL GEOGRAPHIC**'s cable channels, TV and film production and more as president of **NATIONAL GEOGRAPHIC VENTURES**, effective Jan. 6. ...

HBO's 26 nods dominated the **GOLDEN GLOBE** nominations, announced Dec. 19. Among the major broadcast networks, **NBC** was tops with 13 nominations; **FOX** got seven, and **CBS** and **ABC** each got two. ...

PAX TV ordered 13 episodes of game show **Dirty Rotten Cheater** from **JONATHAN GOODSON PRODUCTIONS**. The hour show, which will air Monday at 8 and be repeated Sunday at 7, launches Jan. 6. **Cheater** features six players, one of whom is a mole of sorts, having been fed all the answers. ...

At **PAX**, **JEFF SAGANSKY** stepped down as president and CEO of **PAXSON COMMUNICATIONS**; he will become vice chairman of the board of directors and serve as a company consultant. Company Chairman **BUD PAXSON**, recovering from medical problems, re-assumes the CEO role; **DEAN GOODMAN**, head of **PAX TV** and COO the past year, now gets the title of president as well.

Just days earlier a filing with the SEC had **PAXSON** and **NBC** amending the terms of their strategic alliance. The amendment extends to next spring a window that lets NBC demand that Paxson buy NBC's stake in the company at cost plus 8% interest. The window was to have expired in November. Now it expires April 4, but NBC has promised not to execute it prior to March 28 and then only with five days notice.

Corrections

In the Dec. 16 Syndication Ratings, page 17, **That '70s Show** tied with **Will & Grace** and should have been listed among the Top Off-Net Sitcoms.

A technology article on page 34 in the same edition should have said that **ESPN**'s coverage of **MAJOR LEAGUE BASEBALL** will begin in April 2003.



Each of the *Friends* stars will continue to receive \$1 million per episode through the 2003-04 season.

NBC Still Has *Friends*

Network books a 10th season of the sitcom at record \$10M per episode

By STEVE MCCLELLAN

NBBC got into the holiday gift-giving spirit just in time for Christmas. It bought itself the most expensive entertainment series on network TV—a 10th season of *Friends*, at \$10 million an episode.

NBC and *Friends* distributor Warner Bros. Television reached an agreement over the week-end before Christmas that renews the show on the network for the 2003-04 season.

With *Friends* on board for another season, NBC has the two linchpins of its Thursday-night "must see" schedule locked in for the 2003-04 season. The network earlier secured a two-year renewal for *ER* through next season as well.

The last time NBC hung onto a Thursday hit for 11 seasons was with *Cheers*, the network's Thursday anchor show through most of the 1980s and early '90s. *Frasier* will be next. Once part of the Thursday lineup but now airing on Tuesdays, the *Cheers* spin-off sees its 10th season, but already renewed for 2003-04. *Seinfeld*, which succeeded *Cheers* as the Thursday anchor comedy, lasted eight years on NBC from 1990 to 1998.

The *Friends* renewal agreement gives NBC another year to try to figure out how to maintain its strength on Thursday nights post *Friends* and *ER*. Industry watchers say the network has its work cut out for it. "Let's put it this way: It's not *Scrubs* and it's not *Good Morning Miami*" that will sustain current viewing levels when *Friends* departs, says one industry analyst.

For NBC, the wallet has to stay open still. It also needs to deal with Warner Bros. for a renewal of *The West Wing*, the hit series that is at the end of its contract year, too, after this season.

There will be fewer episodes next season—18 instead of the usual 22. Each of the stars will continue to receive \$1 million per episode.

NBC Entertainment president Jeff Zucker held out hope all year long that he could seal an extension for at least one more year. He finally did it, albeit with a pretty hefty price tag, which is estimated to be close to \$10 million an episode, or

more than 40% higher than the \$7 million NBC is said to be paying this season.

Much of the reason for the big jump in cost is that NBC is effectively not only paying Warner Bros. the cost of the season, but also forking over the profit the studio might expect to make from syndication from the comedy.

The syndication deals have a nine-season cap on the number of episodes stations are committed to. So there is no incentive for Warner Bros. to produce another season without a substantial hike in the license fee to NBC, which the network agreed to.

There will be close to 220 *Friends* episodes in the can by this season's end, plus 18 next season.

It remains unclear what kind of back-end use 10th-season episodes will get. In the first off-network syndication cycle, Warner Bros. generated about \$4 million an episode in license fees. The company has somewhat quietly sold the second off-network cycle, which starts fall 2004, for roughly 60% of what the first cycle generated, or \$2.4 million an episode.

Superstation WTBS bought a cable package that started in 2001 priced at a reported \$1 million per episode.

Bill Carroll, vice president, programming, Katz Media Group says the show's ratings are still solid in syndication: averaging about a 4.4/8 (household) in the 119 Nielsen books that are in so far for November. That puts it neck and neck with *Everybody Loves Raymond* for the top spot, though *Raymond* is slightly ahead, with some markets still to report.

The ratings remain solid on the network as well. Through the first 12 weeks of the season, the show was top-ranked among adults 18-49 with an average 12.5/32, down 1% from a year ago. On a total viewer basis, the show is second this season with an average 25.9 million viewers each week, also down just 1% from a year ago.

This season, NBC has the highest priced night of TV on the networks, with the price of a 30-second unit in *Friends* estimated at about \$450,000, while a spot in *ER* goes for about \$440,000.

But with record-breaking license fees for both shows, NBC's Thursday lineup is no longer the most profitable. Media executives say that CBS can rightfully lay claim to a more profitable Thursday lineup, with the fairly inexpensive but highly rated *Survivor* and *CSI*, whose license fee hasn't yet hit the stratosphere. But those shows are commanding must-see ad rates of more than \$400,000 and almost \$300,000, respectively, sources confirm. ■

It's not *Scrubs* and it's not *Good Morning Miami* that will sustain current viewing levels when *Friends* departs.

AN INDUSTRY ANALYST

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Helen Griffin
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John LaMarca
Gina Sharp
Dave Levin
Dave Cohen
Carolyn Gibson
Tom Michals
Bob Conklin
Helen Griffin

Thank You!

The staff of *Broadcasting & Cable* would like to thank our readers and advertisers for their continued support throughout the past year. We're happy to have ended this economically challenging period by presenting a bigger and better *Broadcasting & Cable*. We thank you for your feedback and pledge to continue providing the best coverage in today's most dynamic industry. Have a "SMART" and Happy New Year!

BROADCASTING & CABLE

REGULATION

FCC Puts Off
an Auction

With little public explanation, the FCC has postponed its February auction of spectrum designated for a new terrestrial competitor to satellite TV until Aug. 6. Agency court filings in a pending legal battle over the auction plan go a long way toward explaining the delay, however.

In its latest update to the court, the FCC said its own pending review of petitions for reconsideration filed by several vested parties, including would-be bidder MDS America, the Satellite Broadcasting and Communications Association and opponents of the new service EchoStar, won't be complete until first quarter 2003, too late to be ready for a February auction.

Northpoint Technologies, which first petitioned the FCC to create the terrestrial service, is the lead plaintiff in the court fight and is seeking to kill the auction. Judges are holding Northpoint's court fight in abeyance, pending the FCC's reexamination.—B.M.

BEHIND THE SCENES | BEFORE THE FACT

IN THE LOOP

PROGRAMMING

Hogan's HDTV Heroes

When we got the release that hi-def producer HDNet had made a deal with Paramount for the rights to a bunch of shows produced in HDTV—*That's Life*, *Wolf Lake*, etc.—but also “including conversion of *Hogan's Heroes* for HDTV broadcast,” we had to ask. Why *Hogan's Heroes*?



CBS Photo Archive

Let us count the ways or, better yet, we'll let HDNet co-founder Mark Cuban do it (he responded by e-mail):

1. Because it's co-owned by Rysler Entertainment, which I also own.
2. It's a classic.
3. It was filmed in 35mm and we were able to come up with all the elements to allow for a complete conversion.
4. In our tests it looked awesome in HD and, when we broadcast the first episode to get viewer feedback, we got back more than a thousand e-mails saying people wanted more.—J.E.

TV NEWS

Nightline
Toast? Not
Yet, Anyway

Nightline anchor Ted Koppel, whose show's fate was in doubt this past year during ABC's attempt to

woo David Letterman, customarily gives a holiday gift to the show's cast and crew. One year it was an alarm



clock, another a Hickory Farms feast. This year's gift—a bottle of wine—had a custom label: “Nightline Survivor 2002 Private Reserve, with a gift card addressed: “With thanks to another Nightline Survivor.”—J.E.

SYNDICATION

See You at NATPE, Maybe in a Taxi

A year ago at the NATPE conference, there were lots of complaints about the long wait for elevators at the Venetian in Las Vegas, where most of the big distributors had fled after deciding to abandon the main programming bazaar on the floor of the Las Vegas Convention Center.

That shouldn't be a problem next month in New Orleans. But you'd better bring your walking shoes or extra cab fare to the show. Syndicators not on the convention center floor (most, if not all, of the big ones) are scattered in numerous hotels around the Big Easy.

One source in contact with two dozen or so distributors says no more than two of the group are at the same hotel. Twentieth is at the Fairmont, while Warner Bros. Domestic Television Distribution is at the Wyndham Canal. But all the syndicators holed up in hotels will have a directory/kiosk in a corner of the convention center, which NATPE has dubbed “Hollywood Plaza,” telling attendees what hotel and suite they are in.—S.M.

WASHINGTON

Quello's Band of Brothers

Mark your perpetual calendars: The RSVPs for former FCC Commissioner and Chairman Jim Quello's 100th birthday party are already piling up. The fête is set for April 21, 2014, at the Army Navy Club in Washington; everyone who's still someone will be there. The event will double as a salute to congressional veterans of World War II. Acceptances include Sens. Ted Stevens, Fritz Hollings, Daniel Inouye, John Dingell, broadcasters Stanley Hubbard of Hubbard Broadcasting and Clear Channel's Lowry Mays. Good authority has Mays volunteering to bring fuzzy navel (Quello's favorite libation) and Viagra; the veteran commissioner responded: “Bringing me Viagra is like putting a new flagpole on a condemned building.” Fellow former Chairman and Wiley, Rein & Fielding partner Dick Wiley will emcee.—J.E.



XM Radio Gets \$450M Infusion

BY DAN TRIGOBUFF

XM Radio last week announced it has put together a \$450 million financing package that includes \$200 million in cash from new investors and restructuring of \$250 million in existing debt owed to General Motors.

The deal will dilute the value of existing shares but is expected to keep the satellite radio company in business at least until mid 2004, when the company hopes to be generating enough money to operate.

Both XM and its competitor, Sirius Satel-

lite Radio Inc., are pinning hopes on American motorists' latching onto satellite radio through car radios.

The new investors include American Honda, Hughes Electronics, Hearst Corp., Columbia Capital, AEA Investors, Eastbourne Capital Management, BayStar Capital and others. The new notes are convertible into common stock at \$3.18 per share.

General Motors, which is installing XM radios in 25 of its 2003 vehicle lines, agreed to defer or finance its future obligations. Additionally, XM said it will exchange all \$325 million of discount notes due 2009. XM Chief Executive Hugh Panero said that

removes doubt about the company's ability to fund operations until cash flow is sufficient to break even.

Based on sales to date, XM predicted it would have more than 350,000 radios sold and ready for activation by New Year's Eve. There were slightly more than 200,000 subscribers to XM Satellite Radio at the end of the third quarter.

Despite more than \$1 billion invested largely in advertising and promotion, the economic downturn has not helped satellite radio business to a quick start in its attempt to convert people used to listening to radio for free into paid subscribers. XM

laid off 80 employees last month.

In October, XM's satellite-radio competitor Sirius announced its intent to recapitalize \$1.2 billion, which, the company said, will give it enough cash to operate through the second quarter of 2004.

Stock offerings are intended to add \$200 million in new capital, eliminate \$700 million in debt and convert \$525 million in preferred stock into common stock. The stock exchange will dilute the value of Sirius common stock by 8%.

So far, Sirius has signed up 14,000 subscribers but has said it expects 400,000 by the end of next year. Satellite radios receiving Sirius can be found in models from DaimlerChrysler, Nissan and BMW of North America LLC. Both XM and Sirius have moved into the rental-car market. ■

STATION BREAK

BY DAN TRIGOBOFF

WFLA-TV 'Stalking' Ban Lifted

TAMPA—The court order issued earlier this month under Florida's stalking law enjoining WFLA-TV Tampa reporter Steve Andrews from approaching a drunk-driving defendant ended Dec. 19 following an evidentiary hearing before the same judge who issued the order. But, noted Andrews's news director Forrest Carr, even the temporary order had damaged Andrews's ability to do his job and set an unfortunate precedent for the use of stalking statutes against journalists.

Orders intended to prevent stalking are frequently issued liberally by judges wishing to preserve order and protect petitioners—typically women—claiming to be living under threat. Media lawyers say the temporary injunction here misused the stalking statute and threatened the practice of journalism.

A New News Network With Angels

ATLANTA—A broadcaster here says that next Monday he'll be launching the American News Network (ANN), which will provide national newscasts and news updates for independents and other news-less stations passing millions of homes in dozens of markets across the country, including Los Angeles and Atlanta.

Founder and CEO Vincent Castelli, who runs Prism Broadcasting, owns low-power WANX-LP and Class A station WANN-CA, both based in Atlanta, and who has been affiliated with conservative political TV efforts called America's Voice and the Renaissance Network.

Castelli says the fledgling network will start off using video from ABC's NewsOne service voiced by its own anchor team. ANN's Angels, Castelli said, are the network's five "classy, articulate and attractive" female anchors, including former CNN anchor Patti Tripathi.

ABC said it will be providing only video feeds but will not offer reports using its correspondents or from its affiliates. Much of ANN's distribution will be to stations with a religious bent; Castelli said that the newscasts "will be family-friendly, but the news is the news."

Reno Station Sold for \$41.5M

RENO—Gray Television, which reached an agreement to purchase Smith TV's KOLO-TV Reno for \$41.5 million in September, took over the station in mid December and quickly filled two vacant top-management positions.

Terry Cole, who had been president and general manager of WJHG-TV Panama City, Fla., is KOLO-TV's new president and general manager; Matt James, who has been station manager for KHSL-TV and KNVN(TV), Chico-Redding, Calif., becomes news director.

Indiana Station Gets L.A. Stations' Sets

LOS ANGELES—WKJG-TV, Fort Wayne, Ind., the 104th-largest market, is the new home of three news sets auctioned off by Viacom's KCBS-TV-KCAL(TV) Los Angeles on E-Bay. The first bids rose from \$5,000 to the winning \$26,500 by WKJG-TV General Manager John Dawson.

The station triumphed over some strong competition, particularly from WSIL-TV in Carterville, Ill.

Dawson exclaimed, "The second-largest market in Indiana will now have a set from the second-largest market in the country. How cool is that?" Several TV managers say it's worth three times as much.

The L.A. stations plan to give the proceeds to a scholarship fund for the children of cameraman Larry Greene, who died on assignment in the Persian Gulf in September. Dawson said he'll fly out to L.A. to look over his purchase, from which he'll pick one set for his own station; he'll likely sell the rest.

He said he immediately received e-mails from other bidders and industry sources in Texas, Illinois, Virginia and as far away as Bahrain.

Univision Lands in North Carolina

NEW YORK—Spanish-language giant Univision has agreed to buy Bahakel's WKFT(TV), an independent serving Raleigh-Durham.

All news is local. Contact Dan Trigoboff at (301) 260-0923, e-mail dtrigoboff@reedbusiness.com or fax (413) 254-4133.



Call It the 'Big Tenn.'

WUXP(TV) Nashville says airing of the Tennessee high-school football championships proved competitive with nationally televised sporting events, even outdrawing Tiger Woods at times, according to WUXP's GM Steve Mann. The games aired over a network including WBXX-TV Knoxville, WFLI-TV Chattanooga and on Time Warner Cable in Memphis. A similar effort was a success in Alabama, where WABM(TV) Birmingham led a network including WBPB(TV) Mobile, WRJM-TV Montgomery and cable WB affiliate WAWB in Huntsville.

HDTV: Just Plug and Play

We'll have DTV without set-top boxes by 2004

BY KEN KERSCHBAUMER

The Consumer Electronics Association (CEA) and cable operators (in the guise of the National Cable and Telecommunications Association) have reached agreement on "plug-and-play" for digital TV sets, a move that will allow consumers, sometime in 2004, to buy DTV sets that will not require a cable set-top box to receive HDTV content via cable.

"This agreement wears down totally what was probably the largest obstacle or bump to HDTV," says CEA President and CEO Gary Shapiro.

90% SERVED

Fourteen consumer-electronics companies and seven major cable operators representing more than 75% of all cable subscribers, signed the memo of understanding, which includes voluntary commitments as well as technical proposals for rules to be adopted by the FCC.

"In terms of interfacing consumer-electronics devices and the cable systems, our country has had no common foundation," says Mitsubishi Digital Electronics Vice President, Marketing, Bob Perry. "Until this agreement, it was as if each electric company had a different voltage, a different plug and a different frequency of power. So you could make a toaster that would work in Detroit but perhaps not in St. Louis."

But that situation at least appears close to being resolved (pending FCC approval); the cable industry has agreed to technical specs that will be standardized for what is believed to be 90% of households.

The proposals go beyond simple viewing of content and also include the tricky issues surrounding recording devices and copy protection. Under terms of the agreement, cable operators will use IEEE 1394, or FireWire, connections on HD set-top boxes to allow consumers to record content and also to protect current digital-set owners from obsolescence. Consumer-electronics manufacturers, in turn, have agreed to support FCC labeling regulations that specify Digital Visual Interface (DVI)/High-bandwidth Digital Content Protection (HDCP) or High-Definition Multimedia Interface (HDMI)/HDCP when available, which will make content owners comfortable.

"This gives us a way to move into the future with content protected according to rules we're sending to the FCC," says Comcast Vice President, Strategic Planning, Mark Coblitz.

Jack Valenti, president and CEO of the Motion Picture Association of America, said in a statement that the MPAA had not yet reviewed the agreement but that it is pleased that the CE industry is calling for the FCC to adopt encoding rules.

"We question the wisdom of mandatory encoding rules, but we're pleased that the CE industry agrees that the FCC has jurisdiction in that area," he said. He added that a broadcast flag will certainly fall under that jurisdiction.

Interestingly, the bevy of new services be-

ing offered in the cable digital tier—VOD, PVR, interactive services—could require the use of a set-top box anyway. And, if consumers want to record, again, a set-top box will be required. So, in the end, plug-and-play may be useful to some but not to the majority of cable subscribers.

Perry says the need for the agreement became apparent when the FCC mandated that consumer sets include over-the-air tuners by July 2004. The consumer-electronics industry is shooting for that date with respect to products that have plug-

Who Signed on

Finally, the major players agree

CONSUMER-ELECTRONICS MANUFACTURERS

Hitachi America Ltd.
JVC
Matsushita (Panasonic)
Mitsubishi
Philips
Pioneer
Runco
Samsung
Sharp
Sony
Thomson
Toshiba America
Yamaha
Zenith

CABLE COMPANIES

Advance/Newhouse Communications
Cable One
Cablevision
Charter
Comcast
Cox
Insight
Time Warner

and-play capability. He says selling consumers sets with an over-the-air tuner without spending the additional small cost of making them capable of cable reception would be a mistake.

DBS LEFT OUT

Now it's up to the FCC to move quickly on the proposals so that the July 2004 date can be reached with actual consumer-electronics products in the market. How quickly that process unfolds remains to be seen. Eddy W. Hartenstein, chairman of DBS provider DirecTV, has already sent a letter to Powell voicing concerns.

"Unfortunately DirecTV and other non-cable operators were not included in the discussions leading to the recommendations, despite some language in those recommendations suggesting otherwise," he said. "As a consequence, DirecTV is unable to join in the recommendations ... some of these [recommendations] raise important issues concerning the proper balance of public and private rights." ■

PROGRAMMING

Cable's Big Piece of the Pie

In 2002, it had larger share of audience than broadcast networks

BY ALLISON ROMANO

It's not cable, it's television. Cable executives love to say that viewers no longer distinguish between broadcast and cable networks. Now, there are Nielsen marks to back them up. For the first time, ad-supported basic cable grabbed the dominant audience share over the seven broadcasters, 48% of prime time share compared to 45% for broadcast for 2002, according to Nielsen Media Research.

In 2001, cable claimed 45% of viewing share, while broadcast triumphed with 49%. "We're talking about cable as a mature business now," agreed Jack Wakshlag, Turner Broadcasting's chief research officer.

Of course, most people with cable get between 54 and 90 channels, including the broadcast networks, so

never before. There was a best actor Emmy for *The Shield*. *The Osbournes* graced scores of magazine covers. *Monk*, a cable original, replayed on ABC after its premiere on USA Network. Sci Fi's *Taken* miniseries played over 10 straight weeknights and repeated in fringe and late night; broadcasters could never dedicate that much time to one series.

The successes are inspiring more cable channels to gamble with ambitious originals. "Cable networks were sometimes shy about [a show] that is sensitive and adventurous," said MTV and VH1 Entertainment President Brian Graden. Now, he said, expect more channels to look for a "super-premium show ... to stick the entire brand to."

Not all cable programming last year yielded to expectations. Made-for-TV movies, which have fueled cable ratings since broadcasters shied away from them in



Originals like *The Osbournes* largely propel cable's ratings climb.

cable viewers have a surplus of choice.

Still, says Initiative Media Research chief Stacey Lynn Koerner: "The gains are a wakeup call to the TV industry. We expect it in the summer, but we don't expect it in the regular season."

What made the difference this year? Many observers say it's because basic networks made more creative efforts than usual. Cable's biggest hits, from the surreal *SpongeBob SquarePants* to homey *Trading Spaces*, tempted viewers because they can't be found anywhere on broadcast.

"Cable creatively outran broadcast," said Starcomm Entertainment's Associate Director Kathryn Thomas. "We're existing in a hit economy, and this year those culture-shifting hits came out of cable."

Sure, hits build perception and bring new viewers who — it's hoped — sample the rest of a schedule. But hits are rarely responsible for a channel's ratings growth. Rather, work horses like theatrical movies, sports and acquired series tend to fuel ratings more consistently.

Original production is hardly a new venture for cable networks. Last year, though, cable shows caught fire like

How Cable Nets Fared in 2002		
Adults 18-49		
NOTABLE WINNERS		
NETWORK	DELIVERY (000)	CHG.*
MTV	616	38%
Food Network	256	29%
FX	490	29%
Fox News Channel	321	27%
Court TV	282	21%
SELECTED SLIPS		
NETWORK	DELIVERY (000)	CHG.*
MSNBC	129	-42%
CNBC	82	-33%
CNN	208	-27%

*Change from 2001
SOURCE: Nielsen Media Research

the 1990s, have faltered. TNT's *Big Time*, about the early days of the TV industry, flopped with a 0.7 rating. Past TNT movies commanded mammoth ratings, like a 9.6 for 2001 Western *Crossfire Trail*.

"Movies were the most popular basic cable programs, and now series are getting all the attention," said MTV Networks research chief Betsy Frank.

Original movies like *Confessions of a Campus Bookie* and biopic *RFK* turned in sluggish ratings: a 1.2 and a 1.5, respectively. Even pay network Showtime is backing away from original movies in favor of developing series.

Of course, there were some exceptions. Lifetime's movies performed well, which Frank attributes to strong branding. TBS Superstation's action movie *Atomic Twister* was the year's top-rated movie, with a 5.9 rating, and TNT's feel-good family flick *Door to Door* earned a 4.7 rating.

A scripted series wasn't always the perfect formula either. Lifetime canned its freshman drama *For the People*, and A&E dumped its two original shows, *100 Centre Street* and *Nero Wolfe*. All three were ratings disappointments. ■

Shield Is FX's Force of One

BY ALLISON ROMANO

Maybe it takes an Emmy Award to raise a network. Or, at least, a cable network. After years of missteps, FX is finally earning some applause, mainly because of rogue-cop drama *The Shield*, which returns for season two Jan. 7 at 10 p.m. ET.

Prime time ratings have made healthy advances, and now it seems the network is making some right moves. Tired acquired series were jettisoned and replaced with theatrical movies in prime. And FX's second scripted original, *Lucky*, a half-hour dark comedy about a down-on-his-luck gambler played by former *Sex and the City* star John Corbett, will bow in the spring.

'FX is focusing its programming better now than they have in past seasons.'

KATHRYN THOMAS, Starcomm Media Entertainment

In 2002, prime time ratings were up 14%, to a 0.7, compared with 2001, and delivery to adults 18-49 increased 29%, according to Nielsen Media Research.

FX has had some small hits, like Howard Stern's comedy *Son of a Beach*, but its missteps, such as early live programming and acquiring *Ally McBeal* and *The Practice* from corporate cousin Twentieth Television, have been louder thuds.

With *The Shield* and prime time movies, FX has embraced the proven general-entertainment formula that works for Nielsen leaders like USA Network and TNT.

"In their continuing search for their identity, FX is focusing its programming better now than they have in past seasons," says Kathryn Thomas, associate director for Starcomm Media Entertainment.

And now a bigger feat: the awaited return of *The Shield*. "It's even a more daunting task" than the first season, admits FX President Peter Liguori. "A show of this caliber is uncharted territory for us."

The Shield wasn't always a slam-dunk proposition. It comes with a hefty price tag of about \$1.3 million per episode plus the millions more that FX lavished on marketing and promotion. And in the first season, the show's rough language and often rougher content repelled about 20 timid advertisers. Still, *The Shield* resulted in a clear win. Season one averaged a strong 2.8 rating with 3.2 million viewers over 13 episodes. And star Michael Chiklis took home the Best Actor Emmy, beating out more-established actors like *The West Wing*'s Martin Sheen and *24*'s Kiefer Sutherland.

Season two gets the same production and marketing dollars. Creatively, it's the same sometimes dark and dirty show. What's different, Liguori says, is viewers and critics recognize "the quality and distinctiveness of the show."

Around its prized originals, FX now relies on movies. Liguori says movies give FX programmers more flexibility than five nights of acquired shows. "We can schedule strong dramas or action movies leading into *The Shield* or strong comedies leading into *Lucky*."

And movies help FX's bottom line. "The juggling act is to be able to afford quality first-run shows," said Starcomm's Thomas. ■

SYNDICATION WATCH

RATINGS | Dec. 2-8

Nielsen Media Research

Top 25 Shows

Adults 18-34

RANK/PROGRAM	AA	GAA
1 Friends	6.5	7.7
2 Seinfeld	5.1	6.0
3 Seinfeld (wknd)	4.2	5.2
4 That '70s Show	3.9	4.6
5 Everybody Loves Raymond	3.7	4.1
6 Will & Grace	3.4	3.7
7 King of the Hill	2.9	3.2
8 Friends (wknd)	2.4	2.5
9 Home Improvement	2.3	2.9
10 Entertainment Tonight	2.1	2.1
10 Oprah Winfrey Show	2.1	2.1
10 Drew Carey	2.1	2.1
13 Frasier	2.0	2.2
13 Maury	2.0	2.2
15 Wheel of Fortune	1.9	NA
15 Dharma & Greg	1.9	2.1
15 That '70s Show (wknd)	1.9	1.9
18 Jeopardy	1.8	NA
19 Just Shoot Me (wknd)	1.6	2.0
19 Buffy the Vampire Slayer	1.6	1.7
19 Andromeda	1.6	1.7
22 Everybody Loves Raymond (wknd)	1.5	NA
22 Stargate SG-1	1.5	1.6
22 Dr. Phil	1.5	1.5
25 Judge Judy	1.4	1.9
25 Steve Harvey	1.4	1.6
25 Elmidate	1.4	1.6
25 Flth Wheel	1.4	1.6
25 Just Shoot Me	1.4	1.5
25 The X-Files	1.4	1.4
25 Maximum Exposure	1.4	1.4

Top Court Shows

Adults 18-34

RANK/PROGRAM	AA	GAA
1 Judge Judy	1.4	1.9
2 Divorce Court	1.1	1.4
3 Judge Joe Brown	1.0	1.2
4 Texas Justice	0.7	0.8
4 People's Court	0.7	0.7
4 Judge Mathis	0.7	0.7

According to Nielsen Media Research Syndication Service Ranking Report Dec. 2-8, 2002

AA = Average Audience Rating

GAA = Gross Aggregate Average

ONE NIELSEN RATING = 1,067,000 households, which represents 1% of the 106.7 million TV Households in the United States

NA = not available

| daily strips |

Hatchett Uses Tough Love

BY PAIGE ALBINIAK

Nigel Holmes, a 16-year-old brought to Judge Glenda Hatchett's courtroom by his mother, tells the judge he's totally frustrated by his life and hopeless about his future: "Ain't nobody gonna hire me, I'm a black man from Georgia. If I see an old lady with a purse. I'm going to snatch it and run. I don't care about her, I know she has food at home."

In a special episode slated to air on the holiday honoring Martin Luther King Jr., Jan. 20, Judge Hatchett sends Holmes, who already has spent two years of his young life in jail, to King's daughter, Rev. Bernice King, and civil-rights leader C.T. Vivian for a reality check. When Holmes returns to Hatchett's court, he tells the judge: "You saved my life, you really saved my life. This experience taught me that, if I try hard enough, I can succeed." Bernice King also appears briefly on the episode.

As part of her efforts to intervene on behalf of troubled youth, Judge Hatchett has added celebrity mentors to her court strip, which is produced and distributed by Sony Pictures Television. Besides King and Vivian, radio personality Steve Harvey, U.S. Rep. Maxine Waters (D-Calif.), boxer Laila Ali and professional football player Jerome Bettis all are mentoring kids for *Judge Hatchett* this season.

"The longer that we're on the air, the more people understand what I am trying to do," she says. "People are really willing to help us, which is the good news."

The show is in its third season and was recently renewed for a fourth in 85% of the country and the top 10 markets. Ratings for the show are modest: It is in last place among the court shows, averaging a 1.6, according to Nielsen national ratings. That's down 6% year-to-year as of Dec. 8.

Hatchett came to the show after spending nine years in Georgia's juvenile-court system, where she used similar tough-love methods to try to turn kids around. At first, she turned down producer Russ Krasnoff's offer to do the show but changed her mind when she realized how many people she could reach over the airwaves. "My commitment is beyond television. It is trying to change people's lives." ■



Judge Hatchett is cleared in 85% of the country.

Syndie

Insider

Executive Action at Twentieth

Lori Bernstein has been named senior vice president of business and legal affairs at Twentieth Television, while Patrice Callahan has been promoted to the same title. Rommy Czaplicki has been promoted to director of business and legal affairs at the company, according to David Shall, executive vice president of business and legal affairs and new business development at Twentieth.

Bernstein was previously at Buena Vista Television, where she spent eight years as senior vice president and head of business affairs. Callahan was named vice president of business and legal affairs at Twentieth in 2000. Prior to that, she headed business and legal affairs for four News Corp.-owned cable networks: FX, Fox Movie Channel, The Health Network and National Geographic. Czaplicki was most recently associate director of business and legal affairs at Twentieth but has been at Fox since 1992.

Rob, We Hardly Knew Ye

Twentieth Television officially has canceled talker *The Rob Nelson Show*, the studio said. Stations carrying the show will have episodes through Jan. 3.

"The economics didn't work, and it was an expensive show," said Twentieth Television President and COO Bob Cook. "The television stations gave it a chance, and they didn't see the kind of growth they had hoped for. It was a close decision for us." The show had been averaging a 1.1 in the national Nielsen ratings since launching in September.

Believe It and Strip It

Sony Pictures Television has cleared the half-hour strip *Ripley's Believe It or Not* in 65% of the country for fall 2003, after the show's successful run on cable network TBS. Sony is selling the show with a 4/3 barter split in favor of the stations and is being cleared in early fringe, late fringe and access.

Don't Get Your Hopes Up, Pittsburgh

America's Moving To..., a weekly half-hour program showcasing popular American cities, has been cleared in 33 U.S. markets covering 30% of the country, according to John Mansfield, president of Mansfield Television Distribution, and Toni Erickson Knight, founder and CEO of media-sales firm WorldLink.

Ryland Homes is the presenting sponsor of the show, which gives advertisers an opportunity to showcase their wares in an entertainment program.

PRE-NATPE ISSUE

TV BUYER:

Focus On Packaged Goods

On January 13 we will take a look at Syndication's most important advertising category, packaged goods, paying particular attention to Syndication's No. 1 advertiser, Proctor & Gamble.

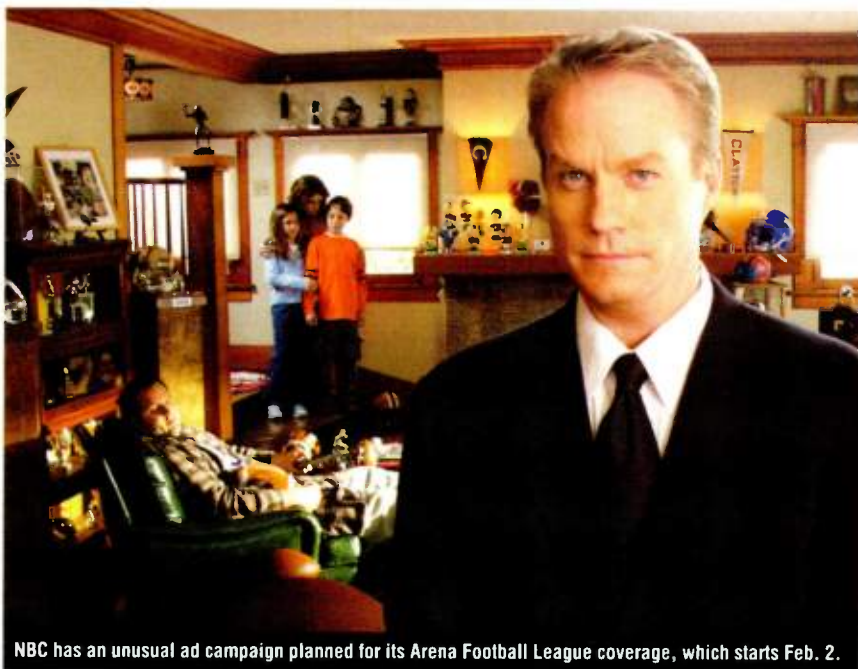
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TV BUYER

NBC's Big Plan for Arena Football



NBC has an unusual ad campaign planned for its Arena Football League coverage, which starts Feb. 2.

Remembering XFL lesson, network keeps expectations realistic

BY STEVE MCCLELLAN

Two years ago, NBC spent \$30 million to \$40 million getting viewers revved up for the XFL, the football league created out of whole cloth in about 18 months by the World Wrestling Federation in a partnership with the network.

The first week, sampling was huge: NFL-sized ratings in all the male demographics.

In retrospect, though, the promotion worked a little too well, says John Miller,

Manze agrees. "With the XFL, we didn't really know what the product was and our expectation was to fill prime time." With Arena Football, he adds, "we have a legitimate product with realistic expectations."

The biggest rap against the XFL was the inept play. Critics and many fans didn't view it as real football.

But the AFL, Miller and Manze argue, has been legitimized by its 17-year history and already has a devoted following.

And, whereas the XFL took the National Football League head-on, suggesting that its "smash-mouth" style was the antithesis of the NFL's namby-pamby style, the NFL embraces Arena football.

Many owners have teams in both leagues, and some top NFL players started there—St. Louis Rams quarterback Kurt Warner to name one.

Ad buyers say NBC has the timing right

can't afford the NFL or the NBA a chance to buy network TV.

And, like the NBC promotion team, sports executives are downplaying expectations. The goal, they say, is to develop a long-term profitable franchise.

Ad buyers say the average cost of a spot in the AFL is \$25,000 and the network is selling single units and an array of packages.

NBC has already signed a handful of season-long (22 weeks) sponsors that have purchased packages priced, according to sources, in the low seven figures each. Those sponsors include security-systems company ADT, carmaker Hyundai/KIA, Charles Schwab, GEICO and Wendy's. Another six to eight sponsors are expected to be disclosed shortly.

East Coast-based Jon Miller, senior vice president, programming, NBC Sports (not to be confused with and no relation to West Coast-based NBC Agency Co-President John Miller) confirms the sponsors are on board but declined to talk about pricing. "No single package is the same," he says. And while the sponsors so far don't have category exclusivity, they do get more than just spots: "They're getting billboards, screen, clock, and scoreboard signage, tickets and hospitality, all kinds of enhancements."

Whether there's a profit in year one remains to be seen. So far, sales are on target with the business plan, Jon Miller says. "We're encouraged, but the goal isn't to achieve profitability in year one but to achieve profitability in year six and beyond. We don't need a big rating to make this work."

Former Denver Broncos quarterback John Elway has an ownership stake in the Arena League's Denver franchise. Not surprisingly, both Elway and Warner appear prominently in NBC's on-air promos for its AFL coverage, which will air Sunday afternoons starting Feb. 2, a week after the Super Bowl.

The network is looking for a ratings performance somewhere between a 1 and a 2, says John Miller.

That's a far cry from the 4.5 rating that advertisers were guaranteed for NBC's XFL coverage. By the end of its first and only season two years ago, the XFL was doing about a 2 rating and ended up costing the WWF and NBC about \$100 million.

But the AFL might be a better business because the economics of the initial two-year Arena League deal are much smaller. NBC isn't paying a rights fee to the league, for one thing, and instead will share ad revenue sold in the games.

It's committing about \$10 million to

Continued on page 11

'It's never going to do NFL-sized ratings, but it will deliver an audience that advertisers want to be around.'

TOM DECABIA, PHD USA

co-president of The NBC Agency, as he and Vince Manze, the other co-president of NBC's ad/promotion unit, ponder how to draw a crowd for the network's latest stab at developing a TV sports franchise: the Arena Football League (AFL).

The big lesson learned from the XFL experience, says Miller, is that there's a limit to how much a program franchise can be hyped. "We sort of over-promised" what the XFL was all about, he concedes.

because there aren't a lot of other male-driven sports franchises on the broadcast networks in late winter and early spring.

"It should do fine," says Tom Decabia, executive vice president, PHD USA. "It's never going to do NFL-sized ratings, but it will deliver an audience that advertisers want to be around, and it's a good product."

NBC Sports executives say that's just the point: The AFL will give advertisers that

EBB & FLOW

Cable Scatter Stays Strong

Santa has delivered enough goodies to little cable girls and boys to last through the first quarter, but what will the Easter Bunny bring?

Weak Christmas sales haven't yet hit cable network sales, which report that first quarter scatter pricing remains strong. Cable networks continue to enjoy spillover from broadcasters' fallen ratings.

Scatter Vs. Upfront

+15-20%

Ratings slips at Fox, ABC and UPN mean more inventory is allocated to make-goods, prompting advertisers to turn to cable for exposure.

The largest cable networks claim that scatter inventory continues to go for 15-20% more than upfront prices, though Jon Mandel, the co-CEO of buying giant Mediacom, contends they're exaggerating. Mandel says cable scatter prices are only 8-10% ahead (though that's still strong).

But the economy seems to be weakening. A Bank of Tokyo-Mitsubishi economist estimates that same-store holiday sales rose just 1.5% from last year, the smallest gain since the bank started tracking data in 1970. Wal-Mart last week acknowledged that its December sales will fall short of even its already modest expectations, and that giant discount retailer accounts for about a third of the Bank of Tokyo index, which tracks more than 80 retailers.

The upside is that basic cable finished the year beating broadcast nets for the first time, averaging 48% of the prime time audience versus 45% for the seven broadcast networks.

Perversely, that may drive broadcast pricing higher as advertisers pay an even steeper premium for the mass audience that they still can't get on cable. So broadcast CPMs go higher while cable's stay flat and the CPM gap widens a bit more.—J.H.

NEXT WEEK:

TV Spot

HOT SPOTS

Celebrity Endorsements

Despite ongoing concerns that brand identity and advertising messages can be overpowered by celebrity messages, there seems to be no slowdown in the use of star presenters.

One reason for that, perhaps, is that celebrity-fronted ads frequently pop up among the most liked and recalled in TV viewer surveys, according to **INTERMEDIA ADVERTISING GROUP**, which does such surveys.

Among the latest big-time celeb signings: **BEYONCE KNOWLES** of Destiny's Child was signed by **PEPSI-COLA** as it gears up for a new marketing battle with **COKE**, which is also working on a new campaign with actresses such as **PENELOPE CRUZ** and **COURTNEY COX ARQUETTE**. **RADIO SHACK** just signed **SHAQUILLE O'NEAL** to join its list of celebrity endorsers. **CHRYSLER** recently signed **CELINE DION**, and **REBOK** has added **SHAKIRA** to its roster.

Accounts

CAPITAL ONE, the credit-card marketer known for its three-year-old "What's in your wallet?" campaign, has put its business up for review. Incumbent **D'ARCY MASIUS BENTON & BOWLES** is making a pitch, as are a number of non-Publicis-owned agencies. The company spent \$170 million on ads last year. ...

NIKON has pruned the list of contenders for its estimated \$17 million-plus account to six agencies. The finalists: **HAVAS' ARNOLD** and **EURO RSCG MVBMS**; **OMNICOM's BBDO WORLDWIDE** and **DOB WORLDWIDE**; and **INTERPUBLIC's BOZELL** and **MCCANN-ERICKSON**. Arnold is based in Boston. The rest are based in New York. **PUBLICIS GROUPE's FALLON WORLDWIDE**, the Minneapolis-based incumbent, is not included in the review. ...

COCA-COLA has picked **FOOTE CONE & BELDING**, New York, to handle its \$10 million-plus Diet Coke account. FC&B replaces incumbent **LOWE & PARTNERS**, which had also been a finalist to renew the account. Both shops operate within the **INTERPUBLIC GROUP OF COMPANIES**, whose **MCCANN-ERICKSON WORLDWIDE** has long handled the flagship Coca-Cola advertising.

Campaigns

PEPSI-COLA and co-owned **LAY'S POTATO CHIPS** will launch a joint network-TV advertising campaign starting tonight (Dec. 30) on **Monday Night Football**. The spots feature fans snacking on both brands. **BBDO** handles both accounts and created the campaign. Pepsi did a similar joint campaign last year with another co-owned brand, **DORITOS** tortilla chips. ...

COMCAST has tapped four-time Tour de France winner and **Sports Illustrated's** 2002 Sportsman of the Year **LANCE ARMSTRONG** to be the front man for its re-branding of **AT&T BROADBAND** cable systems into the Comcast fold. Armstrong will appear in on-air spots beginning in February. ...

GILLETTE is extending its campaign for its Mach3 Turbo razor (introduced earlier this year) through 2003 in prime time. **BBDO**, which handles the account, has just produced two new spots for the campaign (entitled, "Gravity Free at Home" and "Beamed up") that premiered in late December. The spots will be seen on a variety of network prime time shows and will be used to support the brand throughout the coming year.

Forecasts

Ad agency **INITIATIVE MEDIA** is predicting a strong year for TV advertising in the 2003-04 season. **TIM SPENGLER**, executive vice president, Initiative Media North America, describes 2002 as a "comeback" year for network television that also benefited cable and syndication. And 2003 will get off to "very healthy" start, he said, noting double-digit scatter prices and "record low level" of advertisers opting out of commitments for ad time in the first quarter. Next year's upfront market should be "very strong" as clients seek ways to stand out in the "increasingly cluttered media universe."

ANA Conference

The **ASSOCIATION OF NATIONAL ADVERTISERS** annual conference is set for March 13 in New York and will address a number of hot button issues currently the subject of intense debate. One session will attempt to answer the question, "Is commercial TV (as we know it) dead?" Another session will tackle the upfront market with panelists addressing these questions: "Is there a better process?" and "Do we even need it?"

Executive Shift

MICHAEL BUNGEY is leaving **CORDIANT COMMUNICATIONS GROUP** as CEO at year's end (that would be tomorrow, Dec. 31), three months earlier than expected. **DAVID HEARN**, chairman and CEO of Cordiant's **BATES GROUP**, has been named to replace Bungey.

NBC's Arena Football Strategy

Continued from page 10

promotion, mostly on its own air with some radio-advertising support as the AFL season approaches.

NBC has been airing spots for Arena Football on DirecTV's NFL package since September and more recently in its own weekend sports programming and male-driven prime time shows, such as *Fear Factor*. Late-night spots are also planned.

Promos so far feature Elway and Warner explaining differences between regular football and Arena Football; Elway is seen chain-sawing a miniature field in two to demonstrate that Arena fields are half as long. It's mostly a passing game with "scoring so high you'll need oxygen," a voiceover intones.

A second phase of the promotion campaign starts during the NFL playoffs, spoofing the style of United Way campaigns. It addresses "Post Super Bowl Stress Disorder (PSSD)," "or pissed," as the voiceover explains—that is, if the Standards and Practices department lets the language go through.

The cure, of course, is Arena football. Among



AFL as relief for "Post Super Bowl Stress Disorder"

the images in the video is a lone tailgater in an otherwise empty stadium parking lot stirring the ashes in a barbecue grill. Another shows a man, dazed and staring at a TV without a game to watch, with his family off to the side horrified at what he might do next.

The promos are all in good fun as they try to teach viewers a little about the game or simply make people aware of it. And there's quite a huge upside: Research shows Arena Football with about 35% recognition factor, says John Miller. ■

No Happy Hour for Alcohol Ads

New study urges FTC to review beer, liquor TV marketing

BY STEVE McCLELLAN

Claiming that viewers under the legal drinking age were exposed to almost as many alcohol commercials on TV as adults are, Georgetown University's Center on Alcohol Marketing & Youth (CAMY) has asked the Federal Trade Commission to review the advertising and marketing practices of the alcoholic-beverages industry.

What's more, they said the beer and liquor industry's self-imposed rules about advertising are a sham.

CAMY's study and FTC request came just one week after the American Medical Association called for broadcasters to ban alcoholic-beverage commercials on their airwaves before 10 p.m. (B&C, Dec. 16).

At stake: Close to \$1 billion that the industry spends advertising those beverages to TV viewers each year.

The big problem for broadcasters, of course, is that much of the \$800 million-plus in beer advertising is placed in sports advertising that airs on weekend afternoons.

CAMY's FTC petition was based on a study it issued two weeks ago claiming that, in 2001, viewers under the legal drinking age were more likely to see commercials for beer than for sneakers, gum, chips or jeans.

The study, analyzing almost 210,000 alcohol commercials that ran on cable- and broadcast-network TV last year, found that, with almost 25% of them, viewers under the

age of 21 were more likely to have seen them than viewers of legal drinking age. (For the purposes of the study, the legal drinking age is assumed to be 21.)

The AMA said its proposal was based on new research indicating that under-age drinkers can suffer brain damage because the brain is still developing until a person's mid twenties.

Dr. David Kessler, former commissioner of the Food and Drug Administration, said the industry's self-imposed guidelines on alcohol-ad placement aren't cutting it. The general guideline from the beer and the liquor industry's Distilled Spirits Council is that commercials should not be placed in programs where viewers under 21 account for 50% or more of the audience.

"The industry's guidelines are so permissive that, in practice, they amount to no limits at all," said Kessler, currently dean of the Yale University School of Medicine and an adviser to CAMY.

According to CAMY's analysis of Nielsen Media Research data, only 1% of all broadcast- and cable-network shows that ran in 2001 had an under-the-legal-age-limit audience composition of 50% or greater. "This study shows that no

one is protecting our youth," said Kessler. "As a result, teenagers are seeing unbalanced and unrealistic messages about alcohol."

Beer advertisers took issue with the study, however. Beer Institute President Jeff Becker decried efforts to make alcohol advertising the whipping boy for societal ills like underage drinking. ■



'The industry's guidelines are so permissive that, in practice, they amount to no limits at all.'

DAVID KESSLER, former FDA commissioner

WASHINGTON

Unions Fight Urge To Merge

WGA, AFTRA, others dismiss FCC ownership studies

BY JOHN EGGERTON

You can't merge me, I'm working for the union." That could have been the battle cry in the nation's capital as media and entertainment unions weighed in on the broadcast-ownership studies commissioned by the FCC, calling them flawed and incomplete.

At a press conference in Washington unveiling the study, Mona Mangan, executive director of the Writers Guild of America, East,

Ford and Rockefeller Foundations, among others. The American Federation of Television and Radio Artists, The Newspaper Guild, Communications Workers of America and WGA (East), in concert with the AFL-CIO's Department for Professional Employees, commissioned the analysis.

While conceding that various factors, including increasing availability of alternative media, make it reasonable to question whether current restrictions are still in the public interest, the unions say the conclusions in many of the FCC studies are

generally prohibited by the FCC," Baker said, "does not necessarily indicate how such combinations would behave in the absence of FCC oversight, just as the fact that drivers don't speed in front of a police car doesn't mean that drivers don't speed."

Notable for its omission from the FCC study, said Baker, is "the extent to which ownership concentration may affect the ability of various interest or political groups to reach a wider public with their views." For example, he said, "a fast-food chain may threaten to pull advertising from a media outlet that broadcasts an ad from an organization seeking to increase the minimum wage." Another blind spot, he suggested, was the failure to examine how "commercial interests of the media outlets or their advertisers may affect the content of their news and entertainment."

Thomas Carpenter, national director for news/broadcasting, for AFTRA, is concerned about job losses. He said there is a "fundamental interference" in the public-interest relationship between journalists and viewers "when consolidation results in layoffs."

Mangan said job loss is not WGA's "central concern." Even in duopoly situations, she said, "there is slightly less employment, but that is balanced out by the fact that it is a growing industry." She said her members are more concerned about the loss of product quality than loss of jobs.

The unions called for more hearings on the issue. The deadline for public comment is Jan. 2, but a field hearing, at the insistence of Commissioner Michael Copps, has been slated for February. The Columbia School of Law plans a day-long hearing on the subject Jan. 16, according to Foley.

The FCC plans to use its studies, released last September, to help draft changes to a laundry list of media-ownership rules, including newspaper/broadcast crossownership, radio- and TV-ownership caps, and multiple ownership.

The studies are part of a congressionally mandated biennial regulation review, given additional impetus by court decisions that Congress's intent was clear: Such rules must be justified or jettisoned. ■

What Might Have Been

Outlets and owners in 2000 vs. a projected number based on 1960-1980 growth continued through the deregulatory era

	MEDIA OUTLETS		OWNERS	
	Actual	Projected	Actual	Projected
Altoona, Pa.	23	33	15	16
Birmingham, Ala.	44	69	38	58
Burlington, Vt.	53	84	34	60
Charlottesville, Va.	23	21	14	20
Kansas City, Mo.	53	88	33	68
Lancaster, Pa.	25	32	20	32
Little Rock, Ark.	60	72	33	64
Myrtle Beach, S.C.	38	81	23	43
New York	184	266	114	224
Terre Haute, Ind.	33	56	22	45

SOURCE: "Democracy Unhinged, a critique of the FCC Studies on Media Ownership," Center for Economic and Policy Research

outlined what the group believes are the stakes involved: "Should the GOP-controlled commission decide to wipe out or significantly weaken" the ownership rules, she said, it will lead to "a feeding frenzy of corporate acquisitions" that will result in monopolistic cross-ownership of radio, TV, newspapers, the Internet and more.

Newspaper Guild President Linda Foley also called on "big media" to better cover the ownership issue as a major policy story, complaining that "it's not being covered" and that one of the reasons is the media's own self-interest.

Although the FCC's dozen studies have generally been interpreted as supporting further deregulation, a union analysis of them filed with the FCC and pitched to reporters in Washington took strong issue with that characterization.

The analysis was penned by Dean Baker, co-director of the Washington-based Center for Economic and Policy Research, a progressive think tank funded by the

more ambiguous than their executive summaries suggest and, "in some cases, the evidence can be used to show the opposite of what is suggested by the summaries."

Baker said several of the studies were inadequately designed and others provide evidence that more media concentration will be harmful in five specific ways:

- Lower quality of media, specifically more ad time
- Fewer outlets
- Less diversity
- Higher ad prices
- Little substitution (that is, the various media are not interchangeable).

Baker generally dismissed the two studies of the effects of newspaper/broadcast crossownership on news coverage as flawed and of little value. Both FCC studies concluded that such crossownership did not affect the slant or quality of news coverage.

"The behavior of cross-owned newspaper and television stations in a context where such combina-



CAPITAL WATCH

CBS Passes NASA Muster

The Network-Affiliated Stations Alliance has written a letter to FCC Chairman Powell to say that CBS is now in its good graces. In its original filing of March 2001, NASA asked the commission to investigate the Big Four networks' relationship with their affiliates and what NASA considered abuses of their power over stations. "CBS has conferred with its affiliates and amended its affiliation agreements so as to bring them, in NASA's judgment, into conformance with the commission's rules," wrote NASA Chairman Alan Frank. NASA also took the opportunity to ask the FCC to get on with resolving the inquiry, saying that the case before it is "clear and compelling." Reportedly, CBS was pleased to hear of NASA's decision but has not altered its positions.

Push Shoves Sinclair

The Rainbow/Push Coalition has told the FCC it believes Sinclair Broadcast Group attempted to "corruptly influence" Maryland's recent gubernatorial election by providing free helicopter service to Republican candidate, now Governor-elect Robert Ehrlich. As a result, it says, the FCC should reverse its approval of recent Sinclair TV-station purchases. The Rainbow/Push brief, reported by the *Baltimore Sun*, which broke the story of a major Sinclair shareholder's helicopter use, called the alleged undue influence on the campaign and the candidate "evidence of disqualifying conduct" as regards holding broadcast licenses. The group also said Sinclair was behind a letter-writing campaign by three congressmen, including Ehrlich, to sway the FCC regarding the purchases. The FCC rebuked the congressmen for writing the agency without notifying other parties in the case. Sinclair officials could not be reached for comment.

ACA: Retrans 'Abuse' on Rise

The American Cable Association, which asked the FCC in October to investigate what it said was ongoing retrans-consent abuse by major broadcast groups, has filed a supplemental report arguing that such abuse, particularly in small markets, is on the rise. The ACA represents small, independent cable operators. It cites 11 examples, saying abusers use their market power to "force 'take-it-or-leave-it' tying arrangements and other unreasonable and costly terms on small cable operators." Cited more than once was Disney's insistence on carriage of its SoapNet and the move of Disney Channel from pay to basic as conditions of carriage.

Responding to the complaints, Disney Executive VP Preston Padden pointed to Disney's stand-alone cash option (70 cents): "I saw a report that TNT is asking 77 cents. We put a couple of billion dollars in programming on the screen, TNT a few hundred million. Sounds like a bargain to me. If any cable operator chooses the cash option, they have no obligation to carry any Disney services whatsoever. [Cable operators] are in the business of selling consumers our programming, and they don't want to pay for it in any way—cash or carriage of other services. They want it free so they can sell it to people. There is something wrong with that."

Matthews a Hit in D.C.

In the battle of the weekend public-affairs programs in the hometown of the talking heads, the winner was Chris Matthews—and syndication. NBC Enterprises' *Chris Matthews Show* hit a season-high 6.3/16 on WRC-TV Washington the week of Dec. 9-15. (6.3/16). It was tops in its Sunday 10 p.m. time period, beating network shows *Face the Nation*, *Fox News Sunday* and *This Week*. Nationally, the show, produced by NBC News, has doubled its household rating to a 2.0 since its premiere.

TNT CHRISTMAS
IN WASHINGTON

President George W. Bush, First Lady Laura Bush and a record number of presidential-family members joined AOL Time Warner Chairman Steve Case and CEO Richard Parsons Dec. 15 at the taping of TNT's (née NBC's) Christmas in Washington special. The president's appearance in the event, including joining in the final carol of the evening, has been a tradition in Washington for two decades. The show was hosted by *Dawson's Creek*'s Katie Holmes and included the music of Brooks & Dunn, Alison Krauss, Brian Setzer, Lee Ann Womack, Dr. John and Yolanda Adams.

TECHNOLOGY

HPA Retreat Gets New Venue

BY KEN KERSCHBAUMER

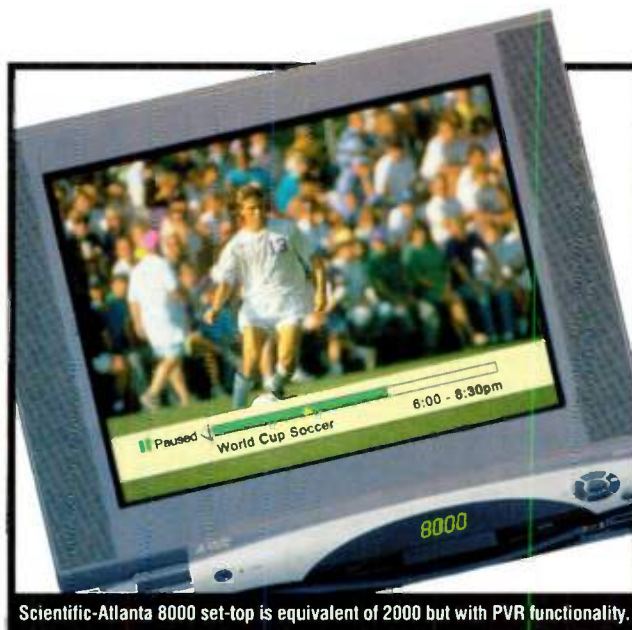
The Hollywood Post Alliance's annual Technology Retreat, scheduled for Feb. 6-8 in Palm Springs, Calif., will have a new home: the Palm Springs Marquis. The move is in response to the retreat's growing crowd, which made it an exception among industry events last year.

Mark Schubin, who organizes the event, describes the retreat as an SMPTE conference combined with a circus.

"It's meant to be a high-level exchange of technical information in a totally fun atmosphere," he says. "There's nothing formal at all. Even in our softball game, as many people as want to all play at once. If that means 20 people on the field, so be it."

Among the sessions: the yearly network and station-group engineering panel. "Even something as basic as why different stations sound louder or softer when people change channels will be addressed in a session called 'Solving Loudness,'" says Schubin. "And we hope to have every major video-server manufacturer represented in a panel moderated by Karl Paulsen, who literally wrote the book on servers."

For more information, contact Eileen Kramer (626-799-1733) or visit www.hpaonline.com. ■



Scientific-Atlanta 8000 set-top is equivalent of 2000 but with PVR functionality.

TWC Taps PVR

Service looks to be a hit in 12 markets

BY KEN KERSCHBAUMER

Time Warner Cable, on the hunt to drive profits and give subscribers something with more "stick" than just more channels, has begun deploying Scientific-Atlanta (S-A) 8000 set-top boxes with PVR functionality in 12 markets. It's giving viewers a new way to experience TV viewing and local operators a new way to hook in digital subscribers.

With this and its VOD rollout, Time Warner Cable has a consumer value proposition in place that it believes exceeds that offered by DBS providers. Right now, the service is in 12 divisions with another four or five scheduled in the next couple of months. The markets are Austin and Waco, Texas; Binghamton, N.Y.; Green Bay, Wis.; Greensboro, N.C.; Memphis, Tenn.; Minneapolis; Columbia, S.C.; Portland, Maine; Rochester, N.Y.; San Antonio; Syracuse, N.Y.; and Cor-

pus Christi, Texas. There are 28,000 PVR subscribers signed on. "I can't imagine why other cable operators wouldn't want to do this also," says Pat Armstrong, Time Warner Cable senior vice president, new product management.

To David B. Davies, Scientific-Atlanta director, strategic marketing, subscriber networks, PVR's most attractive aspect for cable operators is that all the revenues flow straight to the bottom line, unlike VOD revenues, which are split with the studios and the VOD operator. PVR functionality is typically priced around \$9.95 à la carte, less if bundled with other digital services. If the typical digital subscriber is paying \$9.95 for the digital tier and about \$5 for box rental and purchases one PPV movie, that adds up to about \$18 a month. PVR functionality brings in another \$9.95, driving revenues by 50% and profits by 140%.

"With VOD, cable operators share half with the studios, so the \$9.95 a month from PVR is equal to about five VOD movies a month or two more premium channels," Davies explains. "The value they can get is quite significant."

The 8000 box is basically an S-A 2000 set-top box with PVR functionality. It costs about \$80 more than the 2000, and Time Warner Cable prices the rental the same as for the 2000.

Davies says the "stickiness" of PVR functionality makes it a solid value proposition with guaranteed payback on the additional cost. "PVRs change the way people watch TV. It's a very sticky product, like going from dial-up to high-speed data."

He says that one of the problems PVRs had early on was that customers perceived it as a smart VCR. They had to know what it was before it had value. But Time Warner Cable's marketing efforts, which include trying it for free for a month, are working.

Time Warner is hopeful that the stickiness will cut down on churn. Basic PVR functionality would probably be enough to help cut churn, but the S-A box has some advantages over the TiVo and Replay TV consumer PVRs that add extra stickiness: The 8000's two tuners allow for the recording of two programs at once or recording one and watching another.

"There is no equipment to buy, and it's in the set-top box," notes Armstrong. "There also isn't a need to connect a phone line, which is incredibly helpful."

The set-top box uses the same guide that already is used by the cable subscriber, cutting down on the learning curve. Fred Pappalardo, Time Warner Cable vice president, new product management, says the main message Time Warner is trying to convey to subscribers is that it lets them watch TV when they want.

"We try not to get too technical and, in a few places, make reference to its being a TiVo-like product," he explains, "but a lot of the average consumers don't know what a TiVo is." ■

DIGITAL TICKER



Newest Digital Stations

WCET-DT	Cincinnati, OH (PBS)
WTOV-DT	Steubenville, OH (NBC)
WTRF-DT	Wheeling, WV (CBS)
WCNY-DT	Syracuse, NY (PBS)
WTVR-DT	Richmond, VA (CBS)
WRIC-DT	Petersburg, VA (ABC)
KSNT-DT	Topeka, KS (NBC)
KMID-DT	Midland, TX (ABC)
KSNW-DT	Wichita, KS (NBC)
KHAS-DT	Hastings, NE (NBC)
KEZI-DT	Eugene, OR (ABC)

SOURCE: Decisionmark

Wexler Adds Sony IMX Gear

BY KEN KERSCHBAUMER

Sony IMX gear is being put through its paces by NBC's *Fear Factor* and, next season, will be deployed for *Real World* and *Road Rules*. Los Angeles-based rental company Wexler recently purchased \$4 million of Sony IMX gear, replacing Betacam SP gear that was in use by its clients.

The new equipment includes 30 cameras and a number of recording decks.

"IMX gives our customer a better picture than Betacam SP, a lighter camera and a longer tape load," says Wexler President Chris Thompson. "It provides a variety of different wins for our clients. For example, the camera is a total win as the

imaging is amazing and light-years better than Betacam SP."

Another attractive feature, he says, is that the tapes are inexpensive. In addition, the decks are legacy decks so, depending on the deck purchased, they can play back a variety of different formats. "Customers who have Betacam or Digital Betacam tapes alongside the IMX tapes that they want to load into their Avid editing system can use one of the J3 decks or 2000 decks."

Wexler purchased its first round of IMX gear in June, and the equipment is currently being used for *Fear Factor*.

"Using IMX allows the producers to keep their workflow very much the same as it is today," Thompson explains.

Also, he adds, it introduces new tech-

Sony IMX equipment is used on *Fear Factor*.

nologies that will offer advantages in the future. "The IMX deck can use Sony's eVTR card, which allows a file to be sent via FTP over an Ethernet network. Ultimately, you can create a network of these decks and, instead of shipping video over a cable, send an entire file." ■

PEOPLE

THE FIFTH ESTATER

Knight Created Her Own Ad-Sales Niche

Her boutique firm has grown into a global marketer

Toni Erickson Knight turned advertising straw into gold when Fox decided in 1997 that it no longer wanted its regional sports networks to focus on the infomercial business.

Taking a team of four others with her, Knight opened her own firm specializing in matching clients with infomercials and direct-response ads—those that list 800 telephone numbers for viewers to call and purchase an advertised product—with cable sports networks. The market quickly proved what Knight suspected: There was a lot of demand for a firm that could place those atypical, less glamorous types of ads and very little supply.

"Personally, I wanted to go to a different level," Knight says about spinning her company off from Fox. "I wanted to develop a boutique infomercial-sales company that would expand into a global marketing company."

She lost no time pursuing her vision. A year after she started the company in March 1997, Knight's little company quickly expanded from representing just Fox's regional sports networks to representing all regional sports networks for infomercial and regional spot advertising sales.

Soon, Knight and WorldLink were bringing infomercials, direct-response ads and other integrated packages to national cable networks and broadcast stations. WorldLink offers services that many TV stations and smaller cable networks don't want to do for themselves, such as accounting. That allows networks and stations to collect revenue without incurring new overhead.

"She created a niche and then made a success out of it," says Barry Jacobs, president of E&M West/Camelot Media. "She created a formula that doesn't exist in any other place but her company. She had the initiative to find that formula and then the persistence to make it work."

Says Young Broadcasting Executive Vice President Deb McDermott, "She gets you the cream of the crop of that industry. She approaches it in a very professional manner and helps the stations achieve their goals by earning revenue for them while putting quality programs on the air.

She tries to make sure the advertisers' goals are in sync with the stations' goals."

That business model made so much sense in the U.S. that WorldLink soon began attracting international customers. It quickly was offering advertising-sales services to networks in Latin America, Europe and Asia. In 2001, Knight launched WorldLink Español to service the rapidly growing U.S. Hispanic market. In the U.S., the company represents cable networks Fox SportsNet, Fox Sports World, TNN, CMT, Comcast SportsNet and Rainbow and broadcasters Pax Net, Twentieth Television, Young Broadcasting and Granite Broadcasting.

International clients include CNBC Europe and Australia, MTV Latin America, Nickelodeon World Español, Fox Sports World Español, Telemundo, E! Entertainment Latin America, The History Channel, Hallmark Channel International, STAR and National Geographic.

WorldLink also has relationships with some 250 advertising agencies in the U.S. and internationally and offices in Los Angeles and New York. In less than seven years, it has grown from five employees to 70.

Aware that too much growth can cause businesses to go under, Knight has been careful to manage her company's expansion. "When we surpassed 50 employees, I stopped and looked to make sure we had maintained our focus."

Last September, the Women's Business Enterprise National Council awarded its certification to WorldLink, after the company proved it was more than 51% owned-and-operated by female leadership. That allows WorldLink to offer customers proof that they are doing business with a company committed to diversity.

WorldLink also has created syndicated weekly half-hour *America's Moving To...* to showcase advertisers' products. Main corporate sponsor is Ryland Homes, and WorldLink also sells other sponsorships, contests, promotions, Internet tie-ins and product-integration packages as well as traditional spots. So far, the show is cleared in 33 markets and 30% of the country.—Paige Albinak

Toni E. Knight

Founder and president,
World Link



B. July 20, 1964,
Minneapolis

EDUCATION

BA, broadcast journalism,
University of Southern
California, 1986

EMPLOYMENT

Sales assistant, KABC-TV, Los Angeles, 1986-88; assistant research director, Prime Ticket, Los Angeles, 1988-90; account executive, Prime Ticket, 1990-95; director, infomercial sales, Liberty Sports, Los Angeles, 1995-96; director, infomercial sales, Fox Sports Net, Los Angeles, 1996-97; current position since March 1997

PERSONAL

Single



FATES & FORTUNES

Broadcast TV

PATRICIA EVANS, interim executive director, communications and community/government relations, KQED Public Broadcasting, San Francisco, named VP.

MARTIN CAMACHO, senior promotions specialist, KGUN(TV) Tucson, Ariz., named business development manager, KUAT Communications Group, Tucson.

STEPHANIE HOLLOWAY, KWTV(TV) Oklahoma City, joins as co-national sales manager.

Cable TV

At Comcast Cable: **TOM HURLEY**, senior VP, programming, Denver, promoted to president, Comcast Digital Programming Center; **MATT BOND**, executive VP, distribution, Yankees Entertainment & Sports Network, New York, named executive VP, programming; **BARBARA A. GEHRIG**, regional VP, Maryland/Delaware region, promoted to regional senior VP.

KEITH J. COCOZZA, director, media relations, Cablevision Systems Corp., Bethpage, N.Y., named director, corporate communications, Time Warner Cable, Stamford, Conn.

At Insight Communications: **BRYAN SMITH**, marketing operations director, AT&T, New York, joins as VP, marketing strategy and analysis, New York; **GREGG GRAFF**, senior VP, operations, Louisville, Ky., adds Southern Midwest region to his duties; **JOHN W. HUTTON**, senior VP operations, Lexington, Ky., adds Central Eastern region; **DAVID SERVIES**, senior VP, Anderson, Ind., expands role to Western region.

Programming

DENNIS PATRICK, president/CEO, Patrick Communications and Doeg Hill Ventures, Washington, named president, National Geographic Ventures.

CARL BEVERLY, VP, drama programming, Universal Television, Universal City, Calif., promoted to senior VP.

MARK STERN, partner/president, television division, Trilogy Entertainment Group, Los Angeles, appointed senior VP, original programming, Sci Fi Channel, Los Angeles.

SHELLEY REID, special counsel, KMZ Rosenman, Los Angeles, joins Hearst Entertainment, Los Angeles, as senior VP, business affairs.

DAVE POMEROY, director, electronic media, National Council of Churches, New York, joins Faith & Values Media, New York, as VP, digital division.

At NBC Sports, New York: **CAMERON BLANCHARD**, director, communications, promoted to senior director; **KATHY CONNORS**, publicist, promoted to manager, communications.



TOM HURLEY
Comcast Cable



KEITH J. COCOZZA
Time Warner Cable



DENNIS PATRICK
Nat Geo Ventures



CARL BEVERLY
Universal Television

Radio

D. SCOTT KARNEDY, VP/director, sales, AMFM Inc., New York, named senior VP/director, national sales, Infinity Broadcasting, New York.

WHAT'S YOUR FATE?

Send it to Llanor Alleyne, editorial assistant, BROADCASTING & CABLE (e-mail: palleyne@reedbusiness; fax: 646-746-7028; mail: 360 Park Avenue South, New York, N.Y., 10010).



FACETIME



Swanson's TV Dinner

Dennis Swanson (center), executive VP and COO of Viacom TV stations, mediates a finger-pointing match between Court TV President Henry Schleiff (left) and Warner Bros. President Dick Robertson at the John A. Reisenbach Foundation Gala for a Better New York. Swanson received the Foundation's Distinguished Citizen Award, only the second person to be so honored in the Foundation's 11-year history. The TV and advertising industry raised over \$300,000 for quality-of-life programs in New York.



They Have the Muse

Actress ALFRE WOODARD, AMC Networks President KATE MCENROE and film publicist LOIS SMITH were honored by NEW YORK WOMEN IN FILM & TELEVISION at the organization's annual Muse Awards and Gala Luncheon. Ex-talk-show host ROSIE O'DONNELL (right) was master of ceremonies. Actress FRANCIS MCDORMAND was also honored.



Fritts Receives Founders Award

NAB President EDDIE FRITTS accepts the Founders Award from the NATIONAL COMMISSION AGAINST DRUNK DRIVING. The NAB and NCADD, partners on the issue of drunk driving for 10 years, have launched such ad campaigns as "Friends don't let friends drink and drive" and "Designate before you celebrate."

"We're extremely proud that a large portion of the \$9.9 billion in public service generated annually by local broadcasters is dedicated to anti-drunk-driving initiatives," Fritts said. "I can think of no other cause more important."



Historical Meeting

GE's Vice Chairman BOB WRIGHT (right) chats with WILLIAM F. BAKER, president and CEO of WNET(TV) New York (left), and JIM BASKER, president of GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY, at the opening night of the NEW YORK HISTORICAL SOCIETY's Freedom: A History of US exhibit. Wright was a featured speaker at the GE-sponsored exhibit, which runs through Jan. 28.

Wussler's Avoiding Armageddon

These days, broadcast and cable veteran Robert Wussler is toiling on projects that reach into the past and the future. Wussler, who has served as president for CBS Sports and CBS Television, and in key executive posts at CNN and Turner Broadcasting, now shepherds Ted Turner's documentary-production company, Ted Turner Pictures, as its president and CEO.

In early 2003, two of his projects will hit the screen: a theatrical movie, *Gods and Generals*, recounting the first two years of the Civil War, and PBS documentary *Avoiding Armageddon*, examining the origins and future of weapons of mass destruction. *Gods and Generals*, which is Turner's second Civil War movie, opens Feb. 21; *Avoiding Armageddon* airs on PBS over four nights beginning April 14.

Making the documentary, Wussler leaned on his news background. "My television experience for the last 40 years has included covering nuclear, biological and chemical warfare," he said.

Up next for Ted Turner Productions, Wussler said, could be a third Civil War movie in 2004 or 2005 and possibly a documentary on energy or water.



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Media Biz Quiz

1. Now, as it turns out, Americans find out former Senate Majority Leader Trent Lott also:

- A) proposed a new national holiday to honor Dale Earnhardt
- B) once poured sugar in the gas tank of the New York Yankees team bus during a World Series game in Atlanta
- C) irritated other senators because, when he voted "yes" on important bills, he always said, "Yes, indeedy!"
- D) favors keeping a cap on the station-ownership limit

2. For 10 straight weeknights in December, the Sci Fi channel:

- A) debated adding a hyphen to

its title

- B) checked all employees to see if any of them had unusually long fingers
- C) sat around in the control room wearing French berets making rude Jean Marie Messier jokes
- D) telecast Steven Spielberg's alien thriller *Taken*

3. Which of these is a real (or at least planned) digital cable network?

- A) Discovery's Trigonometry!
- B) Horse Country
- C) Cocktail
- D) Black Belt TV

4. ANN's Angels are:

- a) Private detectives employed by



Sci Fi's *Taken* was a surprise hit.

Charlie's wife, Ann, to investigate why he was spending so much time with *his* angels

- b) A motorcycle gang composed of TV cartoon characters affiliated with the Anime News

Network

- c) Five classy, articulate and attractive female anchors for the planned American News Network
- d) Three women who have this really good idea for a Web site, but like, nobody will give them any money because male pigs rule everything and that's how this world got into this mess

5. What unlikely category is a new, important and growing source of network advertising?

- A) Dusting products, like Swiffer
- B) Colas for women, like Karol's Kola
- C) Ancillary products that go with George Foreman's grill
- D) The growing glow-in-the-dark

lipstick craze, led by Revlon's See2

6. Generally, West of the Mississippi is:

- A) where people wear funny clothes
- B) God's country
- C) Bush country
- D) where stations start with a K
- E) some combination of all of the above

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DATE BOOK

January

Jan. 9-12

Consumer Electronics Association2003 International CES. Las Vegas.
Contact: Lisa Fasold, 703-907-7669.

Jan. 13-14

Tennessee Association of BroadcastersAnnual Convention. Maxwell House Hotel, Nashville.
Contact: 615-399-3791.

Jan. 13-14

National Cable Television CooperativeWinter Education Conference. New Orleans.
Contact: 913-599-5900.

Jan. 13-15

Wireless Communications Association

9th Annual Technical Symposium and Business Expo. San Jose, Calif. Contact: George McFadden, 202-452-0041.

Jan. 13-17

American Association of Advertising Agencies

Executive Leadership Program. Shutters on the Beach, Santa Monica, Calif. Contact: Michelle Montalto, 212-850-0731.

Jan. 14

Kagan World Media

OSS Summit. Fountainbleau Hilton, Miami. Contact: Merrie Cole, 831-624-1536.

Jan. 14-15

Wisconsin Broadcasters Association

Winter Conference. Madison, Wis. Contact: Michelle Lukens, 608-255-2600.

Jan. 14-16

Society of Cable Telecommunications Engineers

Conference on Emerging Technologies. Fountainbleau Hilton, Miami. Contact: Ginny Nagle, 610-524-1725 ext. 210.

MAJOR MEETINGS

Jan. 20-23

National Association of Television Program ExecutivesNATPE 2003. Ernest N. Morial Convention Center, New Orleans.
Contact: Edna Gonzalez, 310-453-4440 ext. 209.

Feb. 11

Cabletelevision Advertising Bureau

Cable Advertising Conference. New York, N.Y. Contact: Joleen Martin, 212-508-1214.

Feb. 25-26

Syndicated Network Television Association

1st National Syndication Marketplace. New York. Contact: 212-259-3740.

April 5-10

National Association of Broadcasters

NAB 2003. Las Vegas Hilton, Las Vegas. Contact: Kathleen Muller, 202-775-3527.

April 15

Television Bureau of Advertising

Annual Marketing Conference. Jacob Javits Convention Center, New York. Contact: Janice Garjian, 212-891-2246.

June 8-11

National Cable & Telecommunications AssociationAnnual Convention. Chicago.
Contact: 202-775-3669.**The George Foster Peabody Awards****62nd Annual Peabody Awards****Search for Excellence in Electronic Media****CALL FOR ENTRIES**

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East Doesn't Meet West in Latin Emmy Fight

Continued from page 3
tory press release.

In it, Price dropped the first public mention of a Latin Emmys.

Leavitt says he was stunned. "We hadn't voted; we hadn't even approved it."

He says ATAS has tried to study the issue, sending surveys to its members and holding a September summit with national and international members. Some are concerned other groups might demand their own awards.

Meanwhile, both organizations have entertained Hispanic community leaders and politicians to gauge support.

One of those leaders, Congressman Solomon Ortiz, chairman of the Congressional Hispanic Caucus Task Force, is trying to remain

'Our purpose has always been, and remains, entirely about mainstream, prime time opportunities for Hispanics in the field of entertainment.'

CONGRESSMAN SOLOMON ORTIZ

neutral. "Our purpose has always been, and remains, entirely about mainstream, prime time opportunities for Hispanics in the field of entertainment," Ortiz said. The CHC, he added, has no position "on the value of a Latin Emmy for Spanish-language programming."

Under NATAS' proposal, Spanish-language broadcasters Telemundo and Univision would alternate years broadcasting the event and pay an unspecified license fee. The show would be held in New York, Miami or Los Angeles.

A Latin Emmy awards, as NATAS envisions it for now, would honor Spanish-language programming that originates in both the U.S. and other countries.

"[Hispanics] who appear on Spanish-language television like novellas, news and sports you never see or hear about because they are invisible in the English-language awards," Price said.

A major sticking-point, argues Leavitt, is that nearly half the Spanish-language programming aired in the U.S. comes from abroad. That programming can already be entered into the International Emmy Awards, run by NATAS.

But at ATAS, Leavitt says, "Our charter is to salute excellence in prime time programming produced or co-produced in America," he said. "We can't just wave a wand and change that."

One NATAS solution could be

creating new Spanish-language categories in the existing awards shows, rather than a separate show.

Even the name of the show is a point of contention. Some Hispanics are offended by the name Latin Emmys (there is, of course, already a Latin Grammy awards show).

In a letter to ATAS Chairman Bryce Zabel, the chairman of the National Latino Media Council Esteban Torres gave his support for a Spanish-language awards show but emphasized: "We have and will always have a huge problem if this award show carries the name

Latin Emmys." His preferred name: The Emmys in Espanol.

Telemundo COO Alan Sokol said an awards show, whatever the name, would be "an empowerment event" for the country's 35 million Hispanics.

Sokol said, "Right now Spanish-

language television is invisible in awards recognition in the general market."

A Latin Emmys would likely get strong ratings, and Telemundo and Univision could sell it to advertisers at a premium. Univision would not comment for this story. ■

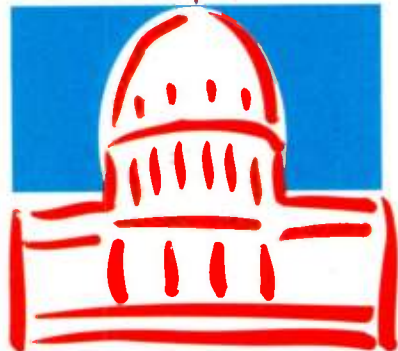


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News Careers

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WAGT-TV, the NBC affiliate in Augusta Georgia, is seeking an experienced News Director. The successful candidate is an ethical, hands-on journalist, who pays attention to the details; has the ability to coach, mentor and lead a dedicated, hardworking group of developing professionals. Experience as an established News Director with a track record of building teams and ratings is preferred. If you have been churned and burned by the industry and want to build a quality news product with an organization that thinks long term then forward your resume in confidence to: John Mann, President/General Manager WAGT-TV, 905 Broad St. Augusta Ga. 30901. jmann@wagt.com. WAGT-TV is a Schurz Communications Inc. station and an EOE drug free workplace.

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EDITORIALS

BROADCASTING & CABLE COMMITTED TO THE FIRST AMENDMENT

Television's Programming Paradox

When another of those bleed-for-me/cry-for-me/vom-it-for-me geek shows that pass for reality TV was demonstrating what a sleazy carnival sideshow the TV medium can be, we caught a repeat of *Door to Door* on TNT. That simple tale well-told of courage and character (not to mention patience and persistence) had almost enough redemptive power to save the medium, like Scrooge's ghosts, in a single night. Almost.

Door to Door was among the made-for-TV movies recognized two weeks ago with Golden Globe nominations for best actor (William H. Macy) and best actress (Helen Mirren). Cable is increasingly doing the creative heavy lifting, and it shows come awards time. *Door to Door* could have appeared on any of the broadcast networks, containing nothing to raise the ire of government, affiliates, advertisers or any of the various clean-up-the-airwaves loudmouths. But other programs nominated for Golden Globes could only have been seen on cable. The pay cable networks, in particular, can let the action and dialog go where it needs to go without worrying about being hammered by Joe Lieberman the next morning. NBC Chairman Bob Wright made that point last year when he suggested that de facto restrictions would not allow NBC to air a show like the critically acclaimed *Sopranos*. He could have said the same about *Sex and the City* and *Six Feet Under*, other Golden Globe nominees from HBO. We're not certain that even FX's *The Shield* would have made it past the broadcasters' self-censorship.

Broadcasters feel they must steer clear of brilliantly acted and written fare if it is too much like what real people say and do, yet all of television feels free to pander to the worst in us with endless variations on "reality." Something is wrong with this picture.

The First 100 Years

While South Carolinian Strom Thurmond's 100th birthday has been capturing all the headlines, the birthday of another centenarian from the Carolinas—born a day earlier—has passed relatively unnoticed: Elizabeth Campbell's. Unlike Thurmond, Campbell, also a reform candidate, won her 1948 election—to the Arlington, Va., school board—the first step on a career path that would lead her to found noncommercial WETA-TV Washington in October 1961. In the beginning, the station's offices were in Campbell's home and the studio was housed in an otherwise unused classroom at an area high school. The station went on to become one of the jewels in the PBS crown, including producing PBS's coverage of the Watergate Hearings, Ken Burns's landmark *The Civil War* and, in 1992, broadcasting the first over-the-air digital HDTV program. In addition to founding the station, Campbell helped launch music and arts programs for African American children and programs for the handicapped. Her contributions to television, the community and the country are worth honoring.



OPEN MIKE

Hmmm ...

Editor: You offered an interesting juxtaposition in your Dec. 16 issue. On page 47, Harry Jessell's column, "The Joy of Broadcasting," saluted Tom Draper as local owner-operator of Salisbury's WBOC-TV and spoke of the importance of having a local vision and providing genuine public service for success in television.

On page 11, David Smith, CEO of Sinclair, offered that higher quality "local news" can be more effectively provided to local TV stations across the country by a feed service from Baltimore.

Draper operates a 40-share TV station; last time I checked, Sinclair has a huge group of mostly single-digit-share stations. Very interesting.

JOSEPH W. HESTON,
president and general manager,
KSBW(TV) Monterey-Salinas, Calif.,
Hearst-Argyle Television

Can't We All Get Along?

Editor: The Dec. 16, 2002, issue carried a front page story titled "Smulyan: Retrans or Bust." It is unfortunate that both the broadcasters and the cable operators see this as a "battle" when, in fact, it is an opportunity for both sides to win. Retrans is not a zero-sum game with one winner and one loser. It can be a win/win if we can move past the old ways of thinking.

The broadcasters have invested, under a government mandate, a huge treasure in creating an HDTV-delivery capability. Similarly, the cable industry has a huge investment in building out a digital-cable plant.

Both the broadcasters and the cable operators need a return on their investments. The broadcasters need DTV viewers, and the cable companies need content to drive subscribers to their higher-priced digital tiers. Both parties could use promotion of their product to generate new sources of revenue.

A strategy that satisfies these requirements is one that uses the broadcast analog signals to promote the digital content and its availability on cable's digital tiers.

Since television is the most powerful promotion engine on the planet, its promotion of cable's digital service during analog simulcasts of HDTV programs is worth something. That something could be tied to the number of subscribers that use the digital tier. In short, the broadcaster gets a second revenue stream tied to the number of DTV viewers on the cable and cable gets its digital product promoted. Both sides win.

If such a market-driven strategy could be implemented, it would surely accelerate the adoption of DTV and HDTV by the consumer and move the DTV transition forward at a greater pace than simply relying on some kind of government directive.

NAT OSTROFF,
vice president-new technology,
Sinclair Broadcast Group
Baltimore



AIRTIME

GUEST COMMENTARY

Watching TV With the Kids

I've heard many television executives claim that the days of parents and kids sitting down together in front of the TV are gone forever. As a mom, TV viewer and someone who, while I was president of Fox Family Channel and Fox Kids Network, commissioned more focus groups with parents across the country than I care to count, I disagree. Even *TV Guide* recently brought back its "Family Page" based, in part, on people constantly asking, "What can I watch together with my kids?" So, why aren't more television networks meeting this need?

Many don't believe that you can find shows that appeal to adults and kids and that will also score big in prime time ratings (my partners and I intend to show them otherwise) because "family entertainment" has gotten the image of being just for little kids. In some cases, it is. But the best of true family programming entertains parents as well as their children. So, rather than backing away from a challenge—especially one of perception—we producers should meet it head on and create great entertainment that just happens to appeal to families.

To succeed, we need to show that family entertainment doesn't have to be about families, but made for families. Today's families. I doubt that many people would pitch *American Idol* as "family entertainment," yet it delivered adults, kids and even (gasp!) teens, all at the same time (double gasp!). I don't recall any four-letter words and only an occasional exposed belly button, but it proved it could be a hit anyway. And, on the other end of the "family" spectrum, at this time of year I'm always reminded that holiday specials are great proof that co-viewing still exists. It can be done. It's all about great product.



The best family programming entertains kids as well as their parents.

MAUREEN SMITH
Partner, TLC
Entertainment

More and more frequently, harried parents, looking for easy and affordable ways to share time and experiences with their children (and content that they, the parents, will actually enjoy) are choosing family entertainment on home video and DVD.

First, there is the convenience of being able to sit down with the entire family at any time that is suitable to their hectic schedule.

Secondly, parents are in control of the content.

Third, and probably most important, parents can relate to their children through a similar shared experience, such as recounting their awe the first time they saw *ET* or the way a magical holiday special, like *Rudolph*, brings out the kid in all of us. I think this is why, if you look at the top selling video/DVD titles of all time, you'll find so many family and holiday classics at the top of the list.

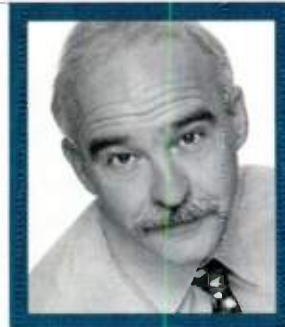
If we need to go this route, then we must "pitch" directly to the most important persons in the entire business—the consumers—and convince them that our video/DVD provides at least \$15-\$20 dollars' worth of entertainment. Ironically, most of those target consumers fall into television's prized 18-49 category.

So, in a broad sense, the people that I make programming for and those that TV networks want to deliver are really the same. However, the way my partners and I go about it will involve different budgets, a different way of attracting talent and more focus on creating new classics to top those best-seller lists. And, if we have to call it something other than "family entertainment" to change perceptions, so be it.

Former Fox Kids exec Maureen Smith is a partner in TLC Entertainment, which produces children's programming.

WE LIKE LETTERS

If you have comments on anything that appears on these pages and would like to share them with other readers, send them to Harry A. Jessell, editor in chief (email: hjessel@reedbusiness.com or fax: 646-746-7028 or mail to: Broadcasting & Cable, 360 Park Avenue South, New York, N.Y., 10010).

**P.J. BEDNARSKI**
EDITOR

To Hell with 2002

It could have been worse, but for the life of me I can't imagine how

Last year at midnight, when 2001 became 2002, approximately 270 million of us wished each other a Happy New Year. I know I did it, probably 50 times. Looking back at it now, is it possible many, many millions of us forgo?

This was not a happy year, even for people who, by all reckoning, should have been very happy. Trent Lott, just for one example, was about three weeks away from having a completely happy 2002, and now he's just a Jay Leno joke. I don't feel bad for Trent Lott. I'm just saying it was *that* close for him.

It's kind of loopy the way good years turn bad. Britney Spears may not know she had a bad year, but when she dressed too stupidly for an awards show—as if that is even possible—everything started to change for her. Now, from what I read (she and I no longer speak), she's just nothing.

Adelphia Communications had a moment like that in 2002, too. There were the Brothers Rigas, and father John, going through a thoroughly ordinary conference call when an analyst named Oren Cohen started asking questions. Now, there is no joy in Coudersport. And no golf course either, I suspect.

Television is verily littered with reality shows, in which, clearly, there are big losers and big winners, bachelorettes who are left as empty-handed as they are empty-headed, and singers, like that curly haired kid on *American Idol*—Justin or something—who are hooted back to oblivion.

Real life, as it was played in 2002, made us ready for that.

Even now ABC is planning a show called *The Will*, in which a family will agree, for the sake of television, to compete against each other, game-show style, so that their inheritance will be larger than their kin's. Fox is planning a reality show, *Joe Millionaire*, in which a common kind of Joe will pretend to be a high roller to a series of hot babes he dates. Presumably, the hooks to the show are its undisguised avarice and gleeful premeditated deceit.

Man, that's life.

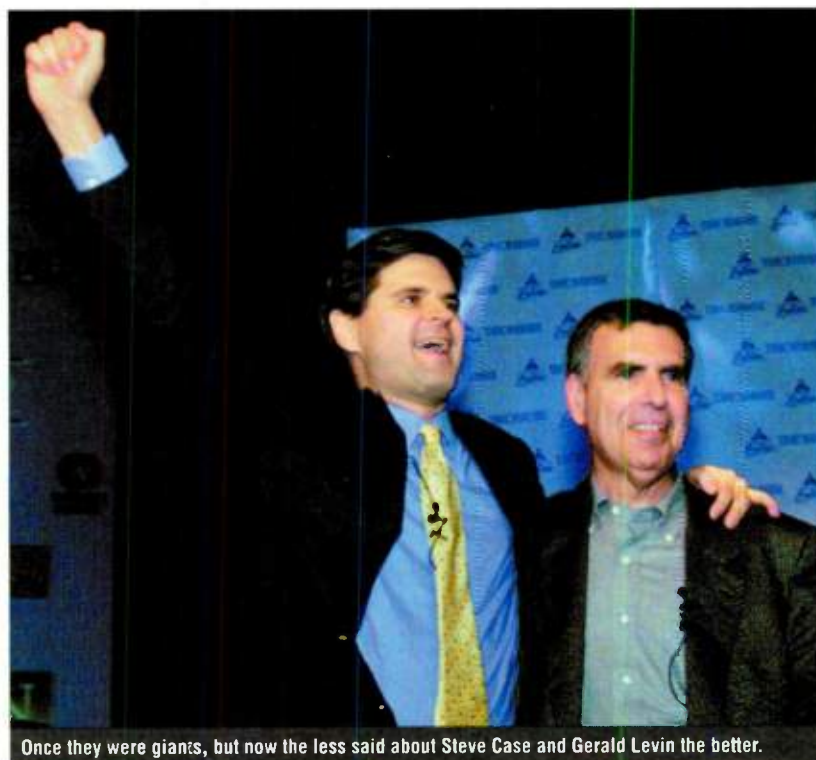
In 2002, *Survivor* seemed less like a programming concept than some scary commentary on real life. This year, if you were on the Enron team (or one of many, many others listed on the New

York Stock Exchange) you didn't need Jeff Probst to tell you that you lost. You got the staff of *The Wall Street Journal* to extinguish your torch and send you, and your worthless stock, away.

I have the idea that, to drum up ratings, truly hopeless radio stations conduct a contest in which the grand prize would be the job of program director at

younger people in the room is be real careful who you sell your company to."

Within months, the man who "fired" him, Gerald Levin, announced his exit, and shortly after that, Steve Case, the AOL executive who once was lauded as the future of mass media, was instead derided as its newest pariah. The company was fractured between Time



Once they were giants, but now the less said about Steve Case and Gerald Levin the better.

the joint. For everybody involved, it would be a grand crapshoot. The winner, knowing nothing particular about radio, would be able to fashion the sound of the station, which, based on past performance, doesn't have a clue either. At worst, the station would benefit at least briefly from curious listeners; at best, maybe the winner would have an idea.

But in real life, we have, instead, AOL Time Warner, in which two good companies combined to form one really bad one, as 2002 evidenced. If there ever was a place that seemed to be its own serio-comic reality show, AOL Time Warner was it.

Just before the beginning of 2002, which was just before AOL Time Warner began embarrassing itself, Ted Turner gave a stinging speech at the Western Show, ruefully noting, "My advice to

Warner people who thought those AOL folks were too smart for their own good, and AOL people, who apparently weren't quite smart enough to live up to their image. For employees up and down the line—including the folks at CNN who were fighting and losing a battle with Fox News—2002 could not have been a happy one.

Things turn around, of course. ABC, a network that fell off the map in the 2001-02 season, now may have the best crop of new shows on television. So good things do happen, and eventually they will again for everybody else.

God, I hope so. Have a happy New Year, every one of you. ■

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NAB Plans Funding for Broadcast Tech Center

Continued from page 1

electronic manufacturers will contribute another \$2 million. Individual broadcasters would ante up \$1 million. It is unclear how the lab would sustain itself.

MSTV President David Donovan will make the pitch for the lab to the NAB joint board on Jan. 12, the first day of the board's four-day meeting in Palm Springs, Calif.

Donovan declined to provide any details about his proposal and even to discuss its prospects. "We are looking forward to working very closely with the NAB on this issue," he said.

Approval of the labs is not certain, but proponents and NAB sources believe the votes are there. Many of MSTV's board members also sit on the NAB board, including NAB's Television Board Chairman Michael Fiorile, president and CEO of the Dispatch Broadcast Group.

TRIUMPH FOR CHAPMAN

One stumbling block could be NAB's radio board members. The lab was conceived as a television R&D center. To garner radio support, it may have to embrace some radio projects.

Establishment of the lab would be a personal triumph for Gary Chapman, president of LIN Television, who has championed the lab for at least a decade, first as joint board chairman of the NAB in the early 1990s and now as a member of the MSTV board. Chapman could not be reached for comment last week.

Through the lab, proponents hope to breathe new life into over-the-air television as it makes the transition from analog to digital. Although lab proponents continue to see the need for must-carry rules requiring cable systems to carry local TV stations, they believe it is important to maintain broadcasting as an independent medium that can be enjoyed the old-fashioned way: directly off the air.

Five years ago, under a congressional mandate, the FCC gave each TV station a second channel for digital broadcasting with the understanding that broadcasters would eventually turn off—and turn in—their original analog channels. The switch to digital creates new opportunities. In digital, TV stations can broadcast HDTV or several channels of standard-definition TV. They can also broadcast data or offer Internet access.

But so far the transition has not gone smoothly. Many TV stations have been dragging their feet on building DTV stations to run in parallel with their analog stations because of the lack of revenue to offset the costs. Few HDTV sets with over-the-air tuners have been sold, and oth-

'We are looking forward to working very closely with the NAB on this issue.'

DAVID DONOVAN, MSTV

er digital services haven't advanced much beyond trials.

The transition has also been hobbled by the DTV's transmission scheme. In early testing, the 8-VSB signal proved less rugged and more susceptible to interference than expected. But rather than replace the system and disrupt the complex channel-allocation plan, leading broadcasters have decided to fix it. Indeed, according to one source, the lab's first goal will be to develop an improved off-air tuner and antenna for DTV sets.

By focusing on the receiver, lab proponents hope to encourage funding and participation by the receiver manufacturers. The FCC has mandated that manufacturers phase in DTV tuners in all TV sets by July 2007.

CABLELAB SPENDS BIG

The CableLabs since it began has helped speed the introduction of technologies that have transformed the medium—fiber optics, digital video compression, regional system hubs and cable modems, among them.

Told of the expected NAB vote, CableLabs President Richard Green said he was delighted. A broadcast lab would not only benefit broadcasting, he said, but also cable. If broadcasting can speak with one technical voice through its lab, he said, it will be easier to work out broadcasting-cable compatibility issues.

But Green felt that broadcasters might be short-changing the lab. In his first year at CableLabs, he said, he had a budget of around \$9 million. The current budget is \$37 million, with a staff of 150, he said.

"It's a start," Green said of the broadcasters' plan. "And the really important thing is that they get it started." ■

Investors Lukewarm on 2003

Continued from page 1

litical spending and it's only up 3% this year."

The New Year is also filled with uncertainties, which tend to give investors pause and suppress stock prices. A war with Iraq could crush any prospect of a strong advertising rebound. And TV and radio companies do not know how far the FCC will go in loosening its ownership limits or what inroads personal video recorders and video-on-demand service will make.

RULE CHANGES AHEAD?

Significant loosening of the ownership rules could give a boost to broadcast and cable stocks. Most FCC watchers believe the agency will relax the cap on the size of broadcasters' TV station portfolio and in which markets one company can own two stations. The commission is also likely to significantly loosen restrictions on cross-ownership of TV stations, cable systems and newspapers in the same market.

Such moves will most likely prompt newspaper companies to buy additional stations, rather than spur broadcasters to enter the publishing business. A couple of cable operators, like Cox or Comcast, might test the waters and buy a station in one or two cable markets and combine their local ad sales efforts.

The most difficult force to grapple with is the effect of on-demand programming, which threatens the advertising model. Between TiVo clones and cable operators' VOD-ready systems, about 12 million TV homes should have what UBS Warburg analyst Chris Dixon considers true appointment television.

The numbers will be too small to create to be a real threat. "But it's enough to feed anxiety and depress valuation multiples," Dixon said.

And there are other question marks. Will Mel Karmazin stay at Viacom to keep investor anxiety from diminishing his own holdings? If so, will Karmazin clash with Sumner Redstone? And what will happen to MTV Networks Chairman Tom Freston—Karmazin's heir apparent—or Paramount Chairman Jon Dolgen, whom Karmazin has denied cash for big-ticket movies.

Executives are also watching whether Disney CEO Michael Eisner can turn around ABC and the theme parks and remain a cast member.

News Corp. Chairman Rupert Murdoch is clearly going to commence a yearlong process drive to acquire DirecTV, probably with the backing of Liberty Media Chairman John Malone. The year-end firing of Charter Communications' CFO indicates that indictments of former executives at that company may be looming.

DOWN 24% IN '02

On average, stocks tracked by BROADCASTING & CABLE dropped 24% during 2002. The B&C 10—the largest and most important players in broadcast

TV, cable and radio—dropped 16.5%.

Of course, not everyone's crying.

Broadcast station owners were standouts, accounting for 9 of the 10 best-performing media stocks last year. (The bulk of the winners are also newspaper publishers.)

The Washington Post Co. came out on top, rising 39% for the year. Next was radio syndicator Westwood One, up 28%, followed by Media General (23%), Granite Broadcasting (21%), Tribune Co. (21%) and Sinclair Broadcasting (21%).

"What always happens when times are not so great, people tend to discount newspaper and local TV," said Tribune CEO Dennis FitzSimons. "But we also throw off cash in good times and bad."

The losers' list come from a broad media mix. The worst performer was satellite radio programmer Sirius, whose financial troubles sliced 96% out of its stock price, taking it down to just 52 cents.

Next was Charter Communications, whose own financial scandal triggered a 93% plunge. Charter was followed by Gemstar-TV Guide International (-88%), DBS distributor Pegasus (-88%), personal video recorder maker Sonicblue (-88%) and cable hardware manufacturer Seachange (-85%). ■



'What always happens when times are not so great, people tend to discount newspaper and local TV.'

DENNIS FITZSIMONS,
Tribune CEO

Moments May Have Only Few Left

Continued from page 1

Paramount hopes *Unexplained Mysteries* will work on the weekends because it is relatively inexpensive to produce.

Meanwhile, NBC owned-and-operated stations in 10 markets plan to stop airing or downgrade *Life Moments* as of Jan. 6 and replace it with NBC-owned *The Other Half*, sources confirm.

Life Moments actually does a bit better in the ratings than does *The Other Half*, with *Life Moments* averaging a 0.9 rating in November sweeps and *The Other Half* averaging a 0.7, according to Nielsen Media Re-

search. But sources say that NBC believes it will ultimately do better financially by putting a show it owns into the time slots, even though NBC has agreed to make good on its *Life Moments* license fees and some commercial time commitments.

Life Moments will continue to air in good time slots on four other NBC stations: KNSD(TV) San Diego, KNTV(TV) San Francisco, WJAR(TV) Providence and WTVJ(TV) Miami.

Neither NBC Enterprises nor Paramount would comment on *Life Moments*.

Life Moments is a one-hour weekday program that includes three or four segments on universal events such as weddings, births or reunions. It premiered last September.

The Other Half features a panel of four men—Danny Bonaduce, Dick Clark, Dorian Gregory and Mario Lopez—talking about issues that interest women from a man's point of view. The show is in its second season and has been renewed through spring 2003. It is co-owned by NBC Enterprises, Hearst-Argyle and Gannett Broadcasting. ■

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