Can Dob Bennett overcome high-tech woes and stem stock slide?  » PAGE 28

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WE DO IT BETTER THAN ANYBODY...
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Call your HBO rep today for more details.
To Tell the Truth, syndicated rookie, may be getting toughed up by recounts.

SYNDICATION

Election fallout

All the emphasis on the election-without-end's effect on the orderly transition of power and our standing in the world community has obscured this fact: it's making it rough to figure out which rookie syndicated shows deserve renewals. Most stations gauge a freshman strip's health by its November sweeps, but preemptions caused by the election are throwing off the numbers. "There are maybe seven days of true ratings," says one syndicator. But most rookies haven't cracked syndication's key 2.0 national rating (according to Nielsen Media Research).

For the guys, here's a no-brainer . . . look for brisk sales on fall 2001 late-night entry Who Wants to Date a Hooters Girl? After only two official days of shopping the project, word has it that Lions Gate Television has gotten offers from several stations in top markets New York and Los Angeles. No deals have been closed, but sources say Fox, Tribune and Chris-Craft stations are in the mix. "Guys are smiling and laughing before we walk into the meetings," says one source close to Hooters Girl. "This is as good as it can get." In the series, guys will compete against each other in various games hoping to win a date with a waitress from the Hooters restaurant chain.

TOWER TALK

American Tower has created a Web site (towerfacts.com) as part of a campaign to resume construction of a broadcast tower in the District of Columbia. The city first approved the tower, then halted work on the partially completed structure after residents of the Tenleytown suburb complained.

On the Web site, American Tower is citing HDTV implications to generate pressure on the mayor to resume construction. "Federal deadlines for HDTV are approaching," says the site, "and only 50% of local broadcasters have facilities to provide this technology. The Tenleytown tower will ensure that all Federal deadlines are met . . . If you want health care, you need hospitals. If you want transportation, you need roads. If you want HDTV, cell phones and wireless technology, you need towers."

True, but it was unclear whether any local broadcasters were counting on this particular tower. Wxci-tv, for one, said it already has its own new tower.

An American Tower spokeswoman had not returned calls at press time.

GOING IT ALONE

The whole Burden of Proof fell on CNN legal analyst Roger Cossack last Tuesday. Greta Van Susteren, co-host of the CNN show with Cossack and who had been in Florida covering the endless election, was stuck in the Charlotte, N.C., airport when it was closed due to a security breach. Turns out it was a toy gun in a passenger's suitcase. No word on whether Van Susteren offered the passenger any legal advice.

HE SHOULD KNOW

Isaac Hayes has banned his 14 grandchildren from watching South Park, reports gossip columnist Dominic Mohan, of the UK's Sun. Mohan says the soul legend fears his sex-mad character Chef will be a bad influence on them.

SYNDICATION

Owls have it

Dissing DTV sets

Part of LIN Television President Gary Chapman's job as chairman of digital-broadcaster trade group MSTV is to blast set manufacturers for what station operators say is an effort to promote DVD players rather than digital TV receivers. He brought that criticism home last week at MSTV's annual Washington conference. In addition to calling for the FCC to order digital receivers in every new TV set by 2003, he trashed his own digital set—which he says broke down 15 minutes after he got it out of the box. After repeated repairs, he went on, his 52-inch TV now sits as a "$7,000 digital end table."
10,000,000 Screens
30,000,000 Viewers
60,000,000 Eyes
300,000,000 Fingers
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Fox’s big interactive game plan

*New Sports Active and Sports Extra will let fans use set-tops to select info, camera angles*

By Joe Schlosser

In 1994, Fox Sports joined the TV sports landscape with lots of bells and whistles and hockey pucks that glowed. Unusual graphics, specially designed animation and even the Fox Box—which allowed viewers to know a game’s score from the opening bell—were the Fox Sports signatures.

Now, Fox Sports is trying to make waves again. Coming to a digital set-top box near you in 2001 are Fox Sports Extra and Fox Sports Active, interactive services designed for the couch-potato quarterback to customize his viewing experience, or instantly get the scores and data he wants. Fox will be meeting informally with MSOs at the Western Show in Los Angeles this week to spell out more details.

With the two digital TV enhancements, viewers will be able to use their remote control to A) personalize their on-screen sports ticker; B) watch replays at will; and C) choose from which camera angle they want to watch a live game.

The interactive services also will allow viewers to order a pizza or buy movie tickets or a team’s jersey, without even changing the channel. Fox will deal with cable and DBS operators to split revenues or cede commercial time in exchange for carriage.

If Fox Sports’ interactive plans work, other Fox cable properties are waiting in the on-deck circle and will likely get interactive bells and whistles by the end of 2001, starting with Fox News and expanding to soon-to-be-launched National Geographic Channel and other co-owned cable networks like Health Net/Web MD, FX and Fox Family Channel.

Fox Sports Extra and Fox Sports Active are designed to accompany the 22 regional Fox Sports Net cable channels and select sporting events on Fox Broadcasting Co., like the Super Bowl or World Series. They are not separate networks or channels; rather they are digital attachments that take up a fraction of the bandwidth that cable operators use to beam Fox Sports Net to subscribers.

Two interactive services could be coming into digital households within the next several months. Logically, because DBS systems—already all digital—could act on Fox’s interactive plans almost immediately and also need a competitive edge over cable, it is likely some of Fox’s first deals could come there.

Fox Sports’ coverage of the Daytona 500 in February will likely be the network’s first interactive event. Digital viewers will be given the option to watch the race from...
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Maximum Exposure is now the

#2 new first-run
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Oh, did we mention we're up 22%.

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Source: NTI Galaxy Explorer, 10/10/00-11/15/00 vs. 10/23/00-11/5/00. HH AA rating, Men 18-34 AA rating, S-T-D. 9/11/00-11/15/00.

Outperforming: Sheena, Invisible Man, Cindy Margolis Show, The Immortal Thunderbolts. © 2000 Paramount Pictures. All rights reserved.
Who are
We?

Find out November 29th.
Get the scoop from
Cindy Crawford, Debbie Allen
and Faye Dunaway
at 4:30pm, Booth #323.
Cameras mounted in each car and from various vantage points around the track.

With its new contract with Major League Baseball, it's also safe to assume the World Series will be an interactive showcase over the next several years.

"I think people really do want this," says Fox Sports Net President Tracy Dolgin. "The most important thing that interactive TV is a stickiness device for both the TV experience itself and a stickiness device for the programming that's on the TV as well. Everything that we are doing to make the TV interactive, just makes the use of the TV more."

**SKY HAS BEEN THERE**

Fox Sports programmers in the U.S. are not the first News Corp. entity to get going on the interactive front: Co-owned British Sky Broadcasting in London has been offering 4 million digital customers in the UK similar services for over a year and a half. Already up and running are Sky Sports Active and Sky News Extra, which allow viewers to choose camera angles and replays on popular soccer games and also receive added news coverage, including weather, entertainment and health segments.

"Fox has invested significant money and time and working on this first generation of interactive television services," says Steven Kuo, Fox TV's senior vice president of business development. "That's why we think we have a competitive advantage versus the other guys, not only because of the types of genres that we are talking about—sports and news—where we are already strong, but also because of all this expertise that we have within the News Corp. family, especially with Sky's experience in the field."

Kuo and Eric Shanks, Fox TV's vice president of enhanced programming, have made numerous trips from their Los Angeles offices to London to learn from their colleagues at Sky.

Along with a quickly expanding staff in Los Angeles, the executives have put together business plans for the domestic interactive enhancements.

Fox Sports Extra, which will be the first service made available to U.S. digital viewers, is a combination of data and limited video. With Extra, viewers will tune to their Fox Sports Net channel and then click on the enhancement—pushing the incoming Fox Sports Net feed into the upper-right corner and filling the rest of the screen with what basically amounts to an Internet page of information.

Viewers can customize their own sports ticker and choose what scores and information they want to appear on their screen. During games, Fox Sports Extra viewers will be able to choose from different replay choices and even call up entire first-quarter or selected periods for replays. There are also trivia games and fantasy-league columns filled with statistics on individual players.

"Fox Sports Extra will always be available to viewers. It'll always be there for a quick fix of sports and news services," says Shanks.

"Fox Sports Active is when you are watching a baseball game or a football game and you are interacting directly with that game. In a football game, for example, if the announcers are talking about one particular player, you can select with your remote which camera angle you want to look at that player with. You control your viewing experience."

Highlights from the game is watching, as well as video highlights from other games and different sports, will be available with the touch of a button, Fox executives say.

Because a separate control room will need to be established to handle the video feeds from the game site, Fox Sports Active will not be offered on every game.

Both Fox Sports Extra and Active will be run out of Fox Sports' Los Angeles headquarters. When Fox News Extra gets running late in 2001, Fox's New York City offices will be ground zero for the interactive services.

**INTERACTIVE LAUNCH**

Getting the interactive services up to speed is one thing. Getting the cable operators and DBS providers to carry them is another. Fox sales executives are hearing plenty of questions from MSOs and DBS providers.

- Will it be a special pay service or regular feature for digital subscribers?
- What kind of advertising possibilities are there?
- How much bandwidth does it take up?

Those questions will all be answered, but the first real stumbling block is just getting the two enhancements up and running on all of the different cable and DBS services. Unlike British Sky Broadcasting, which is a DBS service and a content supplier all in one, Fox executives will only be supplying the content—making interactive distribution a tedious chore.

"It's really a mess right now here in the United States, in that there are no standards," says Shanks. "It's good that there is competition, and, hopefully, the best solution will win. But right now, it's almost like we produce the NFL on Fox and it only plays on Sony TVs. What if we had to produce five different feeds, one for a Samsung TV, one for a JVC TV? That's exactly the way it is right now interactively with the different MSOs and DBS operators." Still, Shanks says, he can have the interactive services up
# Something to Talk About... Ricki Is #1!

**RICKI LAKE Is #1 With Young Adult Women All Across America!**

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RICKI LAKE is the leader in young adult programming. www.ricki.com
and running within two months of an operators\' order—he just needs a green light.

Fox executives say that, at least initially, subscribers won\'t pay. "I don\'t think so. We will defer to the judgments of the distributors," says Lindsay Gardner, executive vice president of affiliate sales and marketing for Fox Cable Networks Group. "We will create a business model that works for each distributor, and, from our discussions so far, the vast majority of distributors do not intend, at least for the first few years, to make this an added pay service."

Fox executives say advertising opportunities will be ample and British Sky Broadcasting has been successful with pizza delivery and other impulse buys. With each cable deal, Gardner says, there will be different types of advertising and e-commerce deals, some shared between Fox and the operators.

Fox Sports Extra will take up a minimum 5% of what an analog channel consumes; Fox Sports Active, a minimum of 10% of an analog channel\'s bandwidth.

"When we walk into the operators\' offices, we say something that pretty much floors them," says Gardner. "We acknowledge that they are going to be contributing scarce bandwidth, which is precious to them, we know that. And what we basically tell them is, you provide us with the bandwidth, we\'ll provide the service. And we offer some opportunities for operators to take some of our content and brand it themselves."

WILL THEY COME?

Fox executives are clearly bullish on their new interactive ventures but also very cautious. As one top News Corp. executive likes to say, "We don\'t want to kill the golden goose" by rushing the product. Fox executives from Sky see viewers only can take so much at a time.

"The stuff that is going to work here is only the stuff that people want, not 8 million things getting pushed at them," says Jeff Shell, president and CEO, Fox Cable Networks Group. "If you clutter it up too much, make it too difficult or complicated, the consumers are not going to want it. But one thing is for sure, I know sports fans like myself want more information, quicker information and eventually more choice in video. So I\'m pretty sure this will be successful."

Cable rates rising

Cablevision up 7% in NY; Time Warner sticks with 5%

By John M. Higgins

This is the season when cable operators start notifying customers about rate hikes, and basic increases appear to be falling in the 5% to 7% range.

The first MSO out of the gate is Cablevision Systems, which said it is boosting basic prices by an average of 7% in its metro New York systems.

That\'s a blend of rate increases for broadcast basic, enhanced basic and other higher basic tiers.

Time Warner Cable plans an increase of no more than 5% in the bulk of its systems. A company spokesman said, however, that a few recently rebuilt systems getting a lot of new channels will see higher increases. That\'s the third year Time Warner has stuck to an average hike of 5% or less. Cox Communications said its increase will also be in the 5% range.

Customers of those companies will see increases in their bills during January and February.

Charter Communications said it was still finalizing budgets but will not boost rates at once at all of its systems. AT&T would not disclose its plans, a spokesman saying, "It\'s a matter between us and our customers."

Even though federal rate regulation expired last year, cable operators have been cautious about increasing basic rates—in part to avoid provoking Congress into reenacting price caps, in part from fear of driving even more customers to DBS services and overbuilders.

"I\'ve always said that, once the market comes to regulate cable, they\'re going to miss the FCC," said Bear, Stearns & Co. analyst Ray Katz. "The satellite guys are rooting for the highest cable rate hikes possible. Not only can they say, \'We\'re cheaper,\' but they can raise their rates, too."

Cablevision\'s hike is higher than the 5.6% at the beginning of 2000.

The company declined to identify specific rate changes in individual cities. In the past, some systems have faced increases of 11% to 13% when Cablevision finished rebuilding a property and added a new slate of channels. The company said, however, that no systems will see hikes that large this round.

MSOs must notify customers and franchising authorities a month before any rate changes, so more-detailed information about January and February hikes should start emerging within the next couple of weeks.
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Major Oprah renewals to 2004

ABC 0&Os hang onto talk show despite attempts by CBS stations to win her

By Steve McClellan

King World is expected to announce this week or next that it has renewed The Oprah Winfrey Show in about 70% of the country for the two-year renewal cycle that goes through August 2004.

Station groups that have re-upped (or nearly so) include ABC, Hearst-Argyle Television, Scripps Howard and Cox Broadcasting.

As recently as two weeks ago, CBS station executives were hopeful that they might have a shot at taking Oprah away from the ABC group. Sources say CBS-owned stations were “very aggressive” in their pursuit of the show. But it wasn’t to be. Part of the reason, sources say, is Oprah Winfrey’s desire not to shift from the powerhouse ABC stations to the CBS O&Os.

It certainly would have been a welcome boost to the CBS group (co-owned with King World by Viacom), which is third behind the ABC and NBC stations in most of the big markets.

But one source likens not renewing Oprah at a station to losing the NFL: It’s a valuable franchise that’s hard to replace. “She’s a unique property,” says one station executive. “That one show means the difference between success and failure in both early fringe and local news for many stations.” In most cases, the show is a lead-in to early evening newscasts.

Terms for the latest two-year cycle will be different: higher license fees and fewer original episodes per season. Sources confirm that production will drop from the current 36 weeks per season to 26 weeks. The quid pro quo: Stations will get a little more local ad time to sell in the show.

Currently, King World sells three minutes of national ad time in the show, while stations get 10½ minutes of local time to sell. In the new cycle, sources say, stations will get an additional 30 seconds to sell per episode.

Under the current three-year renewal cycle, which goes through the 2001-02 season, terms call for original production to be reduced from 40 weeks (200 episodes) to 34 weeks (170 episodes). Production is being cut because Winfrey has other projects, sources say.

Station executives aren’t thrilled about the cut in original production. “We would have preferred if it remained where it was, but it’s not, and that’s the way it is. We also think she’s a strong enough talent to carry it off,” said one station executive whose group purchased the show.

Executives say they don’t think the cutback will affect ratings. But, as one executive candidly puts it, “you just don’t know until you see it.”

King World has kept mum on the renewal process and had no comment last week, preferring to wait and make a big splash with an announcement about multiple renewals. But, in the past couple of weeks, company Chairman Roger King has personally met with and pitched renewal terms to the biggest incumbents.
Microsoft has joined forces with Future Media Concepts, QuickStart Technologies and Wisconsin Public Television to deliver instructor-led classroom training on the future of television—Interactive TV. Learn how to plan, implement and develop Interactive Television based on the ATVEF (Advanced Television Enhancement Forum) specification, and see how Microsoft TV can help you make television more useful, fun and engaging for your audience.

Click to Register for a Class Near You.

www.microsoft.com/TV/calendar/training.asp.
IN BRIEF

CNN CONSIDERS REVAMP

The ratings boost from covering two weeks of presidential uncertainty has led CNN to reconsider its show lineup. Commentary and single-anchor news shows with the likes of Greta Van Susteren and Jeff Greenfield are likely to usurp World Today at 8 p.m. and NewsStand at 10 p.m.

Nothing is in stone yet, a CNN spokeswoman said. A definite schedule will be worked out when the election brouhaha actually ends.

CNN continued to outpace its rivals last week during the Florida recount. The network scored a 1.6 Nielsen rating during prime time, reaching 1.2 million households. Fox News Channel came in second with a 1.3 rating and 745,000 households. MSNBC came in last with a 0.9 rating and 564,000 households.

On a total-day basis, CNN led with a 1.0 and 797,000 household; Fox followed with a 0.8 and 468,000 households, and MSNBC just missed second place with a 0.7 rating and 444,000 households.

SHOWTIME ADDS THREE DIGITAL CHANNELS

To help widen the appeal of Showtime Unlimited, a 30-channel digital package including enhanced audio, Spanish language and HDTV, the network will launch three new channels in March 2001. Targeting viewers age 18-24, Showtime Next will feature recent widely released films, some series, and short films. Touted as an "interactive TV playground," it will also share some content with the Web.

Showtime Women will focus on female-driven programming. Familyzone will air G- and PG-rated content only.

TOP OF THE WEEK

You've got EarthLink

Time Warner strikes deal with unaffiliated ISP, which may get its service on Time Warner Cable systems even before AOL

By Bill McConnell

Time Warner last week pitched its broadband carriage deal with Internet provider EarthLink as the breakthrough deal needed to win federal approval for the cable giant's merger with America Online.

The real test, however, will come during the next few weeks as Federal Trade Commission officials pore over the contract. They'll be making sure the agreement provides adequate terms, such as subscription- and ad-revenue sharing, that would allow it to be used as a template for carriage deals Time Warner will have to offer as a condition of the merger.

Although skeptics of AOL and Time Warner abound, EarthLink at least has dropped its contentious stand against the merger and praised the contract. "Our deal can be a model for which the rest of the industry can hopefully get access to this infrastructure," EarthLink chief executive Gary Betty said during an interview with Web financial service On24.

EarthLink had been one of the most vocal critics of the AOL-Time Warner merger and several weeks ago made public an embarrassing Time Warner "term sheet" the cable company used as a starting point for talks with several ISPs seeking carriage. Under those terms, which drove home to FTC officials how Time Warner was using its market muscle to extract harsh carriage terms, ISPs would have been forced to turn over 75% of their subscriber revenue and 25% of ad revenue.

Last week's agreement provides much better terms, Betty said, although he would not reveal specifics of the contract. "We are happy with the deal we cut," he said. "The deal that had been on the table would have put EarthLink in a position of losing money on every customer," he told CNN last week.

Under the FCC's terms, Time Warner would be required to offer at least one unaffiliated ISP in any market as it rolls out AOL broadband services. Over time, the cable system would be required to offer at least three unaffiliated ISPs in the market.

Critics of the merger were keeping an open mind about the deal, including Disney Washington chief Preston Padden, who called the agreement "a step in the right direction."

Besides EarthLink's long-standing determination to win favorable access terms, Padden and consumer advocates are heartened by the company's strong bargaining position. Atlanta-based EarthLink is the country's second largest ISP with 4.6 million subscribers. Juno, the other company likely to strike a deal with Time Warner soon, is poorly capitalized and has less leverage.

Still, proponents of open-access conditions said they are troubled that the contract's provisions are confidential. "The FTC has to make the principles behind these terms public," said Center for Media Education executive director Jeff Chester.

The FCC, which is examining the need for industrywide cable access rules, is likely to be influenced by the final terms imposed by crosstown regulators at the FTC. Cable industry officials contend, however, that the FTC's conditions should not be imposed beyond Time Warner's merger with 23-million-subscriber AOL, the overwhelming leader in Internet service.

Still, other industry players are gearing up to carry multiple providers. Comcast is reportedly readying a multiple ISP trial in Philadelphia and AT&T is conducting one in Boulder, Colo.

Regardless of how the industrywide open-access battle turns out, EarthLink's Betty was ecstatic about his deal because "EarthLink will be on Time Warner Cable before AOL."
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ABC: All or nothing

Pledges no election calls in state if any polls are open

By Paige Albinik

Under pressure from key Republican lawmakers, ABC News last Wednesday said it would wait until all the polls in a state are closed before projecting election winners.

The news division also said it would make clear to viewers that its projections were “statistically based estimates of the probable results of elections ... not reports of the actual, final results of elections.”

The network said that it supports an outside review of the Voter News Service, which supplies the data upon which the projections are based, and that it will try to insulate those interpreting the VNS data from “the pressures of competition” on election night.

Finally, ABC said it continues to support a national uniform poll-closing time, so that projections in some states where polls have closed do not affect voting in states where polls are still open.

ABC’s new guidelines came as all the networks were scrambling to respond to congressional criticism about their election-calling performance on Nov. 7-8. Early that evening, all the TV news operations projected Gore the winner in Florida and then retracted the call. Later, they projected Bush had won the state and the presidency, only to back off after the actual vote count showed Gore and Bush in a dead heat.

Leading the critics, Rep. Billy Tauzin (R-La.) also charged that the networks may have “disenfranchised” voters in Florida’s panhandle counties where polls were still open when the networks made their early call for Gore. The panhandle counties are in a different time zone from the Eastern part of the state.

Tauzin held a press conference two weeks ago suggesting that the the networks’ election-night performance betrayed anti-Republican bias.

All the networks responded to Tauzin last week. CNN specifically denied any bias. ABC and CBS wrote detailed accounts of how they project elections.

Both said they start with exit-poll data submitted by Voter News Service, which was then analyzed by in-house experts. They also looked at early voting returns in the counties. They said Gore was comfort-ably ahead when they incorrectly called Florida for him at 8:02 p.m. ET and 7:50 p.m. ET respectively.

But in the wee hours of Wednesday morning, “another series of confusions took place,” wrote CBS News President Andrew Heyward to Tauzin, “including what ... appears to be a very significant computer error made by the Volusia County Elections Department. ... We were as good as the information we were getting from sources we trusted. In this case, that information was not good, and neither were we.”

No tape at 11

Texas reporter quits when her news chief, in a twist, refuses to air controversial tape station fought in court to get

By Dan Trigoboff

Corpus Christi, Texas, reporter Nicole Perez spent months fighting to air a security tape of a scuffle between jail guards and a prisoner. And just when she thought she’d won, she said, her victory was snatched away—literally—by her own news director.

After the station had won its fight against Nueces County prosecutors, who sought to keep the tape off the air to avoid, they said, contaminating a potential jury pool, longtime KZTV(TV) News Director Walter Furley decided not to use it.

Perez, and the rest of the Corpus Christi market, would see the tape that night, but on other stations, and on the Web site of the local newspaper. “As soon as I walked in the door, he grabbed the tape out of my hands,” Perez said. “He said we’re not running the story.”

The next day, Perez quit.

“I can’t work where my news director won’t support me,” she said. “I tried telling him other stations would run it, that it’s public because we went to court to get it. But he let me get beat on my own story. I can’t stand that.”

Furley, a 40-year-plus veteran of the station who is also a news anchor there, explained to colleagues and to the market that he believed showing the tape outside a courtroom could prejudice potential jurors in the eventual trial.

But General Manager Jim Bixler asked, “Why go to all the trouble of having an attorney plead our case if you’re not going to use it?” Bixler said he spoke with Furley, and disagreed with him, but decided not to overrule him.

Perez had first asked in March for security video of the February incident that led to assault charges against two guards. She made a request to county officials under Texas open-records law and received a favorable opinion from the Texas Attorney General’s office. The tape was released in May, but prosecutors got a court order to prevent the station from airing it. Defense attorneys also opposed airing the tape.
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**FINANCIAL WRAP-UP**

Week of November 20-22

**WINNERS**  

<table>
<thead>
<tr>
<th>Stock</th>
<th>11/22</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lee Enterprises</td>
<td>$27.75</td>
<td>4.72%</td>
</tr>
<tr>
<td>Insight Comm.</td>
<td>$13.00</td>
<td>2.97%</td>
</tr>
<tr>
<td>Washington Post</td>
<td>$48.75</td>
<td>2.68%</td>
</tr>
<tr>
<td>Saga Comm.</td>
<td>$16.50</td>
<td>2.33%</td>
</tr>
<tr>
<td>Gray Comm.</td>
<td>$15.94</td>
<td>2.00%</td>
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</table>

**LOSERS**  

<table>
<thead>
<tr>
<th>Stock</th>
<th>11/22</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>UnitedGlobal.com</td>
<td>$15.83</td>
<td>(31.06)%</td>
</tr>
<tr>
<td>Liberty Digital</td>
<td>$7.00</td>
<td>(29.67)%</td>
</tr>
<tr>
<td>Unapix</td>
<td>$1.16</td>
<td>(28.57)%</td>
</tr>
<tr>
<td>Liberty Satellite</td>
<td>$3.50</td>
<td>(27.27)%</td>
</tr>
<tr>
<td>Mediacom</td>
<td>$13.13</td>
<td>(22.51)%</td>
</tr>
</tbody>
</table>

**DOW JONES**  
Week ending 11/22/00  
Close: 10436.50  
High: 10494.50  
Low: 10436.50

**NASDAQ**  
Week ending 11/22/00  
Close: 2788.47  
High: 2875.64  
Low: 2788.47

**S&P 500**  
Week ending 1/22/00  
Close: 1333.15  
High: 1347.35  
Low: 1333.15

**Mergers & Acquisitions | Debt & Equity Financings | Valuations | Recapitalizations | Fairness Opinions | Research**

**Prime Television Limited**  
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We acted as financial advisor to, and assisted in the negotiations on behalf of, Prime Television Limited.  
February 2000

**SPECTRUM Communications Partners II, L.P.**  
as a portfolio company of **VS&A Communications Partners II, L.P.**  
has been acquired by **Mesa Communications Group LLC** for **$45,100,000**.  
We acted as financial advisor to, and assisted in the negotiations on behalf of, Spectrum Resources Towers, L.P.  
May 2000

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Managing Director  
Broadcasting and Communications  
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Let cable decide prez

Count up the Gore channels and Bush networks, and be done with it

By the time thousands of cable executives—oh, I mean broadband executives—arrive at the Western Show this week, we ought to know who our next president will be. Thank God. But it occurred to me that since the electoral college is such a messy thing and popular votes are confused by chads that hang, there ought to be a better way.

I'd say the answer is cable.

Skip the states. Let's just suppose that every cable network is either for Gore or for Bush. Count up their viewers and let's party.

Does this plan make sense? Of course not, but for the sake of the column, let's say it does.

Here's how it would work: Cable is populated by demographically distinct networks, carefully broken into neat niches that are counted up by a ratings service that is no more unreliable than the Voters News Service.

Each network has its own feel, its own point-of-view that would probably fit better with one candidate's backers than the others.

Ascribe a network to a candidate based on what it shows and who watches it.

I've taken a few of the cable networks and "given" them to Gore or Bush, based on what they do, or just some vibe. I've only done some of the work, namely predicting which networks would fall which way. I did all I could to lean it toward Gore, as did everybody else in my business.

With that, let's start the process:

The History Channel: Man, back in World War II, our guys were equipped. Morale was high. Put this one in the Bush column.

HGTV: Well, here's a no-brainer. Gore.

Lifetime: This is Gore country, land of women bravely empowered and richly embulltered, and not an eyebrow would be raised if it scheduled a made-for-television movie titled Max: My Cheatin', Voucher-Lovin' Hubby.

Oxygen: Just like Lifetime, only smaller, it could claim 10 million votes for Gore, but could have trouble locating where they are.

Romance Classics: Oh, couldn't we just repeat the Clinton years one more time?

Travel Channel: They find foreign countries, well, odd, but nice to look at. Just don't get involved there. Put this one down for Bush.

The National Network: Gore couldn't have won his "home" cable network even if it were still called The Nashville Network. Wrestling only sealed his fate.


Golf Channel: Men who delegate authority to capable subordinates so they can hang around at the country club. Bush.

CNN: Earnest, unexciting, eager, but unable to change too much. Can't understand why there needs to be competing news networks. Regrets some actions of recent past and has jettisoned guys who aren't strong team players. Strong on international affairs. Gore.


MSNBC: Seem like contented suburbanites, mixing liberal slogans with conservative viewpoints. Basically, bemused. This one's a toss-up.

CNBC: A bunch of smart folks who vote their wallet, this is the closest thing to a fraternity kegger on television, viewed by retirees who like their dividends. Bush.

MTV: Despite massive effort to get its viewers to vote because it matters or something, like, no candidate even produced a decent video. Don't bother them.

Independent Film Channel: Look for a strong Gerard Depardieu write-in. Otherwise, this is not a Bush stronghold. Too many English subtitles.

USA: Despite Barry Diller, this is Bush country. Baywatch and not-too-subtle endorsement implied in Walker, Texas Ranger reruns are clues.

Cartoon: For some reason, Gore.

TV Land: So maybe you don't think television was better when Charlie's Angels was new? Bush.

This is a radical plan, granted, but essentially, Gore Bush did it to themselves. The candidates each became CBS, or pick your major brand. They hewed to the middle on everything. In television terms, Bush and Gore are the equivalent of whatever's on every Thursday night at 9:30 on NBC: They fill the position.

It's up to cable to add up all the tiny constituencies to which it caters, and then name the next president. That should be cable's goal. Either that, or stick with that on-time delivery thing. That's good too. ■

Bednarski can be reached at pbednarski@cabners.com or at 212-337-6965.
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No triumph for Liberty
By Price Colman

Liberty President and CEO
Dcb Bennett

What went wrong and how Bennett and Malone expect to make it right

SPECIAL REPORT

MONEY, MONEY, MONEY
An analysis of how much the top cable companies are taking in and how they are spending it

TOP 25 TV NETWORKS
Though lagging broadcast, cable still tallies hundreds of millions in revenue

BEYOND THE MUPPETS
Jim Henson Co.'s Brian Henson talks about new cable ventures for grown-ups and kids

BROAD BAND WAGON
THE WESTERN SHOW

28 Broadcasting & Cable / 11-27-00
When John Malone agreed to sell Tele-Communications Inc. to AT&T Corp., media and Wall Street executives were riveted by the prospects of his next performance at Liberty Media. In selling TCI's cable systems to—some say dumping them on—AT&T, Malone was moving over full time to Liberty Media Corp., the TCI spin-off whose portfolio of programming assets had made Malone a multibillionaire.

Considered a brilliant financial engineer, Malone’s investment moves over the years had Wall Street’s “media Mafia” following him as closely as others track the moves of Warren Buffett. An assets shuffle with TCI and AT&T would leave Liberty with enormous financial power: $6 billion in cash, $12 billion in liquid securities, $1 billion or so in payments coming from AT&T every year and practically no debt. What would John Malone do?

Almost two years later, those same media mavens are looking at the portfolio Liberty has amassed and twisting the question: What has John Malone done?

After spending around $6 billion, Liberty has a new collection of wireless, datacom, interactive TV and Internet investments. The earlier investments are still successful: Discovery Channel, News Corp., QVC and such. But the new investments are awash in losses, the kind that are drawing criticism from places where Malone has typically found only accolades.

“Clearly, Malone has come and gone out of favor,” says Larry Petrella of Omega Advisors. “I think there may be a concern that he wasn’t engaged, may have lost touch a little bit. But his track record is too phenomenal for me to consider that a long-range issue.”

Malone’s successful campaign to become fully spun off from AT&T has drawn barely a glimmer of excitement on Wall Street in the face of the poor performance of Liberty’s investments. After peaking at $30.69 last March, Liberty shares have dropped 50% to around $15 each. Liberty saw its market capitalization drop from $80.5 billion to just under $40 billion.

Lately, it’s the losers that stand out. Competitive local-exchange carrier ICG is a terrible flameout, filing for Chapter 11 two weeks ago, just nine months after Liberty pumped in $500 million. That stake is now worthless. Just three months after Liberty upped its investment in Priceline.com by $85 million at $23.75 per share, the name-your-price auction operation has sunk to $3 per share. Mega-franchiser Cendant got $400 million last December based on plans to wire its hotel chains for high-priced Internet service. That stock has dropped 55%.

Other problem investments include radio-station owner Emmis Communications, and “fixed-wireless” telco startup Teligent.

“I’m looking for winning investments they’ve made, but can’t see it,” says one investment banker. “Maybe some of the international stuff.”

One win for Malone is the spin-off. As a tracking-stock subsidiary, Liberty is technically owned by AT&T, though Chairman Michael Armstrong wants little to do with Liberty and the regulatory headaches Malone’s holdings often provoke in his deals. AT&T finally agreed two weeks ago to spin Liberty off completely next spring.

The separation will make chasing certain investments easier, such as backing a News Corp-led bid for DBS service DirecTV, buying TV stations or investing in Internet infrastructure. Those are all areas that pose regulatory conflicts with AT&T’s other operations.

A full spin-off also won’t change the company’s investment approach, says Liberty President-CEO Dob Bennett. Liberty is targeting three areas: TV and Internet content, ventures controlling the “last mile” of broadband networks and general technology.

The high-tech market slump caught Malone and other Liberty executives by surprise.

“There was a huge amount of money chasing these things, a general confidence in the market,” Bennett says. “That’s now gone completely, and so it’s increasingly difficult for businesses that are capital-intensive, that still have a lot of investment to go.”

But Liberty takes a long-term view, expressing confidence even in battered dot-coms like Priceline.com. “It’s safe to say we'll write off anything that’s in Chapter
It's the brand that is renowned the world over for adventure and exploration.

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11.” The good news is that in a market starved for capital, he’s the man with cash. “We’re sitting on a couple billion dollars—relatively more valuable than it was six months ago,” he adds. “Not that we weren’t conservative with the cash, but I think we will be increasingly conservative as we try to get a sense of the direction of the market.”

“For the first time, Liberty has somewhat of a blemished investment record,” says Jessica Reif Cohen, of Merrill Lynch. “But having said that, all of these are small investments and in developing areas. I think they’re incredibly smart, but it’s harder to make bets that really make a difference. When you have one or two that aren’t understood or are in the early life cycle, it can be problematic.”

Malone declined requests for an interview.

A glance at the past three years bears out fans’ hope for Liberty’s long-run opportunities. Liberty shares rose 90% in 1997 and 1998 and 150% in 1999. Investors remember the days Liberty, in its various iterations, jumped five- and tenfold as holdings in Turner Broadcasting System, then Time Warner Inc., QVC and Black Entertainment Television soared. And Bennett says he has never seen Malone so engaged in running Liberty. If shares in Liberty, a tracking stock of AT&T, have been hard hit by market disaffection, then AT&T’s taking a standing eight-count. In the wake of AT&T’s decision to split four ways, the stock fell as low as $21.25, more than 65% off its 52-week high of $61.

Liberty is hardly alone in paying the price for unprecedented market volatility. Others that have been plugging money into the new-media sector point out that the downturn in techs and dotcoms is largely the result of a marked shift in capital markets, not poor investing practices.

“The money available for start-ups and early-stage ventures has dried up,” says Trygve Myhren, a veteran cable executive who now heads Myhren Media, a private investment firm focusing on media, telecommunications and the Internet. “It’s as bad as it was in late 1989-90. … There are numbers of companies with very good prospects that have made good progress but just can’t get funding.”

THE MALONE ‘HALO’

Malone and Liberty, critics contend, have lost their edge, running after the sexy sector du jour instead of applying a cohesive approach to investing. Such potshots are hardly new.

During his reign at cable operator Tele-Communications Inc., Malone frequently was the target of detractors, who questioned his financial engineering, called his predictions unrealistic and overblown, and termed the debt in his companies excessive.

In good times, Malone’s overarching intelligence, wit and style imbue nearly anything he says or touches with a golden aura. Indeed, he has been so successful that the “Malone glow” or “Malone halo” has
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become a widely recognized phenomenon.

“There’s no question that John is the leading force in this company, and there are many occasions when we benefit from that,” Bennett says. “Certainly, it’s deserved because of John’s unique attributes. But I think the market is fickle: When things are good, there is more of a Malone halo; when they’re not, then we’re all idiots.”

Malone’s personality and influence are so powerful that they are a market force of their own. But that can be a double-edged sword in that he often overshadows his own executives.

“John, as we all know, is a couple cuts above the good business people we all know,” says a source in the investment community. “The question is, how much is John involved and how much is he delegating?”

Under the typical bullish market conditions of the past decade, the Malone glow translates into a 10% to 20% premium for the stock, financial experts say. But let things head south, even slightly, and the glow fades quickly, transforming Malone from guru to goat in a New York minute.

“That’s financial markets for you,” says Mark Riely, of Media Group Research. “[Malone] tends to take a longer-term view, and financial markets don’t. Because he is who he is, people like to kick him if they perceive that he’s falling down. Some people love to see his not so smart.

LIBERTY’S CHANGING COMPLEXION

But love Malone or hate him — and it’s not unusual for the same person to do both — there’s no question that he has transformed his crown jewel, Liberty Media, into a far more diverse company than it was two years ago.

At the beginning of 1999, the core of Liberty’s portfolio — as it has been since the company’s birth in 1991 — was domestic cable programming and international cable operations and programming. In addition, there were a few satellite-related companies, including United Video Satellite Group and Sky Latin America; a chunk of technology and manufacturing assets, including 13% of General Instrument; and a dash of Internet services.

Now, almost two years later, Liberty encompasses a more eclectic collection of assets. Core holdings in video-programming services, cable and telephony, satellite services and technology and manufacturing have been substantially expanded. The Internet/interactive-television-services portfolio has seen the greatest growth, adding dozens of holdings under the banner of Liberty Digital, headed by Lee Masters.

In addition, Liberty Media birthed Liberty Livewire, headed by former TCI executive David Beddow, earlier this year to provide audio and video post-production services and audio/video distribution services.

Still, Bennett says, “we’re not very different in terms of what we’re trying to do in life. Our mission has always been pretty straightforward: find ways to create more value for our shareholders in and around the space of media and communications. Nothing in that has changed.”

What has changed, he acknowledges, is that Liberty has invested billions, more than $7 billion at last count — much of it in the high-risk, potentially high-reward Internet, interactive-television and telco-start-up sectors. A relatively small part of that went into Liberty Digital, though Digital has garnered a lot of attention.

“At our peak, we were trading at $75.25,” says Masters, president and CEO of Liberty Digital. “That’s a huge number, and, while we all had a great time and loved and enjoyed it, did we really believe the company was worth $16 billion at one point? No.”

A year ago, for instance, a snapshot of Liberty Digital showed it had invested about $166 million in the interactive-TV and dot-com sectors, with about $33 million of that in public companies and $113 million in the private sector. The stock hit its high on Dec. 31, 1999, then seesawed between the $60s and $40s until beginning a steady decline in April. In mid-October, shares hit a low of $9.75 before edging back up into low double digits.

Masters and Bennett attributed the decline partly to disaffection with the new-media and tech sectors, partly to the slower-than-expected rollout of General
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Instrument's high-end DCT-5000 interactive set-top box.

"Relative to interactive television, we think it's really going to rebound in 2001, when the market really realizes that it is a real business and it is here now," says Masters.

Acquisitions are only part of Liberty's focus. "We've done some moving around of the parts and put some companies together, such as the TV Guide-Gemstar deal and then the Gemstar-News Corp. deal," says Bennett. "[We're] trying, as we've done in the past, to take assets, grow them to a certain level, then through transactions drive them to bigger scale, and increase the value by making them part of something bigger."

"Eight out of 10 probably won't work out."

LOSERS AND WINNERS

Although Liberty has hit a number of home runs, the memory in financial markets is short; the operating philosophy, "what have you done for me lately." Thus, it's the spectacular strikeouts—ICG chief among them—that are on investors' minds. ICG is a Denver-based competitive local-exchange carrier (CLEC).

"We've never seen anything go so bad so fast," says Bennett of ICG. "To some extent, I think we were misled. Either way, we're not supposed to get misled, so we'll take the responsibility, take the criticism, and say out of the hundreds of investments we've made over the last several years, this was a big one that went bad ... I don't think it's necessarily something that you can extrapolate to the rest of our businesses and say, 'Ah-ha, this is a sign of a sudden deterioration in business judgment by the management team.'"

Liberty wasn't alone on the ride down, during which its roughly $500 million investment fell to next to nothing as ICG shares slumped from $39.25 at their height to less than 50 cents recently. Hicks, Muse, franchising giant, and in Teligent, a wireless communications provider, have also been sore spots with critics. On Feb. 2, Liberty acquired a $300 million, or roughly 7% stake, in Cendant (NYSE: CD), plus $100 million worth of stock warrants. The 18 million shares Liberty acquired cost $16.67 a share. By March 31, shares were trading at $18.50, up nearly 11%, in two months. Cendant has steadily declined since then, falling to $8.50 on Oct. 18 before starting to climb back up into the double digits.

Teligent has also declined, but the circumstances are more complex. Liberty acquired the Teligent stake, along with positions in several other firms, when it and AT&T bought Associated Group early this year in a deal that underscores the often

Nonetheless, it's the acquisitions that the volatile market has targeted. Most occurred in a relatively short period, the 18 months after the AT&T-TCI merger closed on Feb. 28, 1999. Before the buying binge began, Malone cautioned that "you've got to kiss a lot of frogs" to find a prince in technology.

"We're not very different in terms of what we're trying to do in life. Our mission has always been pretty straightforward: find ways to create more value for our shareholders."

Thus, Liberty has steadily grown, since

What happened at ICG remains unclear, though it appears the company grossly overestimated its ability to grow its network and actually acquire customers. Liberty is now considering a lawsuit against ICG.

Such a meltdown may be an anomaly for Malone and his companies, but the ICG debacle disappointed some who may have been trying to hitch their wagons to Liberty's more recent investments. Indeed, Liberty's investment in ICG came when equity markets, and ICG's stock, were at or near highs. Historically, Malone has bought into his riskier plays at a deep discount. But one large investor says that to truly gauge Malone and Liberty's performance, look at the long-term record.

"Some of these money managers who are down 40% have invested a lot in the same companies Liberty invested in and that's why they're bitching," says the investor, who requested anonymity. It's better to bet on Malone than to try to cover his bets, the source says. "The way I look at it, he's running a business, not managing a pension-fund portfolio. I'm more interested in where he's going to be three years from now than where he's going to be next week."

Liberty investments in Cendant, the
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ToonDisney.com
complex nature of Liberty transactions.

The biggest asset in Associated Group was equity in TCI and Liberty. The primary thrust of the deal was to repatriate those shares and, in the case of the TCI shares, for AT&T to retire them. Liberty's acquisition of 36% of Teligent and 90% of TruePosition (wireless location services) that Associated Group owned wasn't an afterthought, but it wasn't the primary goal. Because the deal was tax-free to Associated Group shareholders, Liberty was able to buy a $1.2 billion stake in Teligent for roughly $700 million, according to Vivian Carr, senior vice president Investor Relations at Liberty. In effect, she says, Liberty acquired 21.4 million Teligent shares for about $35.50 apiece when the shares were trading around $49.

In the next 10 months, Teligent soared as high as $97, then saw the bottom begin to fall out. By Oct. 17, it was trading at $7.50, though it has since begun to edge up toward double digits.

Liberty's long-standing approach is to ride out the ups and downs, extract liquidity from assets when it can and reinvest lower in the financial food chain.

"We're not a trader, we're not a mutual fund," says Bennett. "We're not trying to buy things and hold them for six months and then sell them at a profit. The assets that we buy are building blocks of a larger structure that we're trying to assemble."

That doesn't mean Liberty is a passive victim of market volatility. When the going gets tough, Liberty hedges.

Selling an asset is the simplest form of hedging, but an approach Liberty rarely uses because of the tax consequences. One approach Liberty does use is issuing exchangeable securities, as it did with Sprint PCS. In that instance, Liberty issued nearly $2 billion in debt convertible into Sprint PCS stock in 30 years. Liberty's bet-money changes hands, and thus no tax liabilities kick in, until an actual sale occurs.

SPINNING INTO THE FUTURE

When Malone or one of his companies is in a trough, that's the time to pay closest attention because a move almost certainly is coming. Speculation-always plentiful where Malone is concerned-focuses on three areas: Liberty's relationship with AT&T; Liberty's stake in European cable operator United Global Communications; and Liberty's expanding stake in News Corp.

Economically, Liberty's separation from AT&T carries some slight downside. As long as it remains an AT&T tracker, Liberty passes tax losses to the parent and gets cash in return. As a stand-alone, Liberty could still take those losses but as net operating losses over a period of time, thus losing the time value of money benefit of its current status.

Partly through its acquisition of a 45% chunk of United Globalcom (UCOMA), Liberty now passes roughly 27 million cable homes and has about 14 million subscribers, making it the second-largest cable operator in the world—behind only parent AT&T. Some analysts contend Liberty paid too much for its UCOMA stake, a criticism Bennett rejects, saying Liberty acquired most of the UCOMA stake with similar assets, such as its Latin American cable holdings and its Telewest stake.

Criticism notwithstanding, most Liberty watchers are sanguine about the UCOMA holdings. "Liberty is far better off having its stake in UCOMA, which longer term is a control stake, than it is in having those individual private assets," says Media Research Group's Riedy. "You can think of UCOMA as the TCI of the world."

Liberty and News Corp. have agreed to a deal by which Liberty will swap its Gemstar-TV Guide International stake for an 18% interest in News Corp. and a 4.76% pre-IPO interest in Sky Global Networks. As a result, Malone appears on his way to being one of the larger players in the satellite arena, a long-sought goal; Malone has publicly said he's "platform agnostic."

"When Liberty announced the Gemstar [News Corp.] transaction, it not only made a shift toward Murdoch in terms of alliance, but also made a shift from cable to satellite," contends Jimmy Schaeffer of the Carmel Group, a satellite-industry research and analysis firm. "To me, that was a shift in the tectonic plates."

So now the question is, what does Malone do next. "I would never bet against John," says Amos Hostetter, who sits on AT&T's board with Malone. "I've known him for 40 years, and that's a formula for going broke. He has been and will continue to be one of the smartest investors there is. It's a tribute to John and the rest of his group that the stock is down only 50%."

Bennett on ICG: 'To some extent, I think we were misled. Either way, we're not supposed to get misled, so we'll take the responsibility, take the criticism.'
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Grading the MSOs

Morgan Stanley financial analysis of the eight largest cable operators puts Comcast on top

By John M. Higgins

Cable can look like a pretty homogeneous business. Systems offer a rather similar lineup of cable networks. They tend to raise basic rates about the same amount at the beginning of each year. And they are generally disliked by many of their customers.

But, financially, operators aren't the same at all. Some run consistently smooth operations; others are more erratic. Some, loaded with debt, push their cash flow and cash-flow margins as high as possible. Others run more conservatively, sacrificing cash flow to beef up marketing and customer service. Some, having starved their operations for capital, are now playing catch-up in the face of competition. Others have invested steadily for years and are prepared to fend off competitors and deliver high-end cable products.

To sort out the differences among the largest operators, BROADCASTING & CABLE teamed with Morgan Stanley Dean Witter media analyst Richard Bilotti and cable analyst Ben Swinburne to draft a report.
AN ODYSSEY ORIGINAL MOVIE

LOVE
HATE
MURDER
REVENGE

Blair Brown Roscoe Lee Browne LisaGay Hamilton Campbell Scott Jamey Sheridan

HAMLET
DECEMBER 10 AT 7PM F/P

© 2000 Hallmark Entertainment. All Rights Reserved. / © 2000 Odyssey TV odysseychannel.com
Cash-flow margin

<table>
<thead>
<tr>
<th>EBITDA as percentage of revenue</th>
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<tbody>
<tr>
<td><strong>1998</strong></td>
</tr>
<tr>
<td>Insight</td>
</tr>
<tr>
<td>Time Warner</td>
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<tr>
<td>Adelphia</td>
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<tr>
<td>Charter</td>
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<tr>
<td>Comcast</td>
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<tr>
<td>Cablevision</td>
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<td>Cox</td>
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<tr>
<td>AT&amp;T</td>
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Cash-flow margin

<table>
<thead>
<tr>
<th>Change 1998-2000</th>
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<tbody>
<tr>
<td>Adelphia</td>
</tr>
<tr>
<td>Charter</td>
</tr>
<tr>
<td>Comcast</td>
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<tr>
<td>Time Warner</td>
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<td>Cablevision</td>
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</tr>
<tr>
<td>Insight</td>
</tr>
<tr>
<td>AT&amp;T</td>
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</table>

Despite its ranking in the middle of the pack

on some measures, Bilotti considers Comcast the top performer. The company’s revenue and cash flow per subscriber are strong. Cash-flow improvement is average but, unlike some other operators’, consistent. Most important, the company’s capital spending has been relatively low. While that’s a bad sign for other frugal MSOs, Comcast balances it out with high sales and earnings. And that is the bottom line for any business, its ultimate return on investment.

“Rising cash flow per sub, stable cap ex per sub—that’s a nice combination,” Bilotti says. “I think the Comcast guys have created the best set of metrics in the industry.”

AT&T Broadband shows up as the weakest performer. Cash flow per sub and cash-flow margins are dropping, not rising. Though some blame goes to the previous owner of most of its systems, Tele-Communications Inc., the telco subsidiary now generates a third less cash flow per subscriber than the industry average. And despite an aggressive plan for rolling out high-revenue digital and data services, AT&T Broadband’s revenue growth is not dramatically better than those of operators moving more slowly on new services.

Bilotti particularly worries about declining cash flows in the face of such heavy capital spending. “Cap ex per sub is twice cash flow per sub, and cash flow is falling. There’s a little problem there. How long can they afford this?”

Cox and Charter’s capital spending also exceeds annual cash flow, but their cash flow is increasing.

AT&T responds that it expects to improve cash flow next year and that capital spending should slow.

THE STUDY ALSO FOUND

- Cable operators are surprisingly uniform in their ability to increase revenues. Even operators that are aggressively drilling for new revenue by launching new digital and data products are growing sales at around the same rate as those that are unprepared or holding back. Are operators aggressive in new products neglecting basic revenues?
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Or do the aggressive MSOs foresee an inability to grow basic revenues coming?

- There's much greater difference in operators' ability to grow cash flow. Differing mixes of properties, investment in fundamental operations like customer service and spending on new products can hurt rocky AT&T Broadband and well-respected Cox.
- Supposed efficiencies from gobbling up other operators haven't clearly materialized. The most tightly clustered operators aren't necessarily the best.
- Operators are increasing capital spending to upgrade systems at levels that were unfathomable a few years ago, fueled by favorable capital markets and rich backers like Paul Allen and AT&T. Charter is spending on upgrades almost what it cost to build systems in the first place. One MSO, Insight Communications, is playing catch-up, boosting capital expenditures six-fold since 1998. But Insight's spending is still merely in the middle of the pack.

THE RULES

Bilotti looked at the largest eight MSOs, all of which he regularly follows for Morgan Stanley and all of which publicly report their data. The operators serve 85% of all U.S. cable subscribers. Results for 2000 are generally estimates drawn after companies posted third-quarter results and based on companies' guidance.

Bilotti, ranked as Wall Street's top cable analyst by influential Institutional Investor magazine, is unusual among cable analysts in that he follows AT&T Broadband. Most Wall Street firms have assigned their telecom analysts, who don't closely follow cable, to cover AT&T That's understandable but leaves coverage of the company's cable operations spotty. Morgan Stanley, however, splits AT&T between Bilotti and telecom analyst Simon Flannery.

The report card gauges MSOs primarily on a per-subscriber basis. That minimizes variations created by varying sizes and pace of recent system acquisitions and reveals some interesting patterns that are otherwise buried in the multibillion-dollar numbers. Bilotti and Swinburne also include revenue and expenses from new media and residential telephone businesses. Cablevision and AT&T like investors to consider those services separately, but that's like saying, "Look only at the parts that make money, not the ones that lose."

In almost every case, the results are "pro forma"—that is, they assume that recent system acquisitions actually occurred in January 1998. For example, Cox's results for 1998 include the systems it picked up from TCA Cable TV, even though the $4 billion acquisition wasn't completed until August 1999.

Some MSO executives protested that they were being assessed—often unfairly penalized—on the performance of systems they didn't actually operate. True. But we saw the choices as these: assess an MSO's operating history or its system portfolio as it stands today. In years past, a similar report from Bilotti emphasized the history of operating efficiency. But with some takeover-hungry operators ballooning their subscriber holdings by 50% to 100% over the past two years, we wanted to look more at how a portfolio of assets might perform in the future.

REVENUES

A lucrative, high-income Long Island and metro New York market lifts Cablevision command the highest revenues in the business: a towering $52.90 per subscriber monthly, hardly any of that from new services. Comcast follows at $47.01.

Even though they're now free of federal rate regulation, operators have been moving pretty much in lockstep on rate hikes. Fearful of regulatory retribution, MSOs have not been led into temptation by their easiest source of revenue growth and have held the annual increases to 5% to 6%.

Operators are increasing capital spending ... at levels that were unfathomable a few years ago, fueled by favorable capital markets and rich backers like Paul Allen and AT&T.
Which network keeps its audience glued to their sets?

GAME SHOW NETWORK: According to Simmons, Game Show Network ranks #1 in viewers who consider TV their main form of entertainment. Adding an incredible 10.5 million subscribers in the past year, Game Show Network now reaches 30 million households:

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Source: Simmons NCS (3rd Release) Spring 1999 Index Wgt. POP/Bases: To all GSN vs. all general entertainment networks.

www.gameshownetwork.com
Monthly cash flow

<table>
<thead>
<tr>
<th>1998</th>
<th>1999</th>
<th>2000</th>
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<tbody>
<tr>
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<td>$19.51</td>
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<tr>
<td>Comcast</td>
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<tr>
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<td>$15.49</td>
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Cash-flow change

<table>
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<tbody>
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<tr>
<td>AT&amp;T</td>
<td>5.4%</td>
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<tr>
<td>Comcast</td>
<td>4.7%</td>
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<tr>
<td>Cablevision</td>
<td>3.1%</td>
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<tr>
<td>Charter</td>
<td>1.8%</td>
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<tr>
<td>Time Warner</td>
<td>1.8%</td>
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<tr>
<td>Adelphia</td>
<td>1.8%</td>
</tr>
<tr>
<td>Cox</td>
<td>-4.3%</td>
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"[Capital expenditure] so far doesn't correlate to revenue growth. Mostly, it was about expanding bandwidth for future services.'

That leaves MSOs dependent on ad sales, volatile pay-per-view revenue and new businesses for growth.

But those new businesses aren't boosting revenues dramatically. AT&T and Cox are the most aggressive in launching new businesses, but they're in the middle of the pack. Charter is second from the bottom when it comes to digital and data penetration yet the highest in revenue growth. It is true, however, that Cablevision, which has yet to launch digital cable services, ranks at the bottom.

Worse, AT&T and Cox haven't seen revenue gains even though they were the biggest spenders for system upgrades in 1998 and 1999. "Cap ex so far doesn't correlate to revenue growth," Bilotti said. "Mostly it was about expanding bandwidth for future services that are just getting financial legs."

Here's some math. Operators brag about getting $15 to $20 in new revenue per digital customer. But penetration averages 10% of basic subscribers. So that's $1.50 to $2 in new revenue per basic subscriber, or a gain of around 4% per basic sub. Add that to your 5% basic rate hike, and your revenue per sub goes to 9%.

The good news is that the $30 monthly high-speed Internet services will probably add about the same percentage.

**CASH FLOW**

Operators express much more individuality when it comes to how much money they squeeze out of each dollar of revenue. Not surprising, leaders Cablevision ($21.50 per sub per month) and Comcast ($21.25) also generate the highest revenue per subscriber.

But AT&T really sticks out here. Cash flow per subscriber dropped an alarming 16.2% in 1999 and recovered just 5.4% for 2000. That's down more than 5% on average for each of the past two years. Want something really scary? The old TCI systems are even worse than when they were run by TCI Chairman John Malone, far from the most efficient operations executive in the business. Separating the recently acquired MediaOne Group systems finds that AT&T is generating about one-third
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less out of each old-TCI subscriber than TCI did.

AT&T Broadband Chairman Dan Somers says that much of the cost crunch comes from product launches and reorganizing recently acquired systems into new clusters. He noted that AT&T’s Chicago cluster, which covers 80% of cable homes in the market, was stitched together from the properties of five different operators.

Somers is also looking toward the completion of AT&T’s expensive system upgrades. That will allow greater deployment of new interactive, data and telephone products, all of which promise to generate high margins.

Bilotti questions how quickly AT&T can recover from its “dramatic” downturn in cash flow. “It’s really hard to significantly and permanently push margins upward,” he said.

Product launches are one reason margins have shrunk for some operators. Bilotti says Cox is now spending 7% of revenue on marketing, while some other operators are spending 4%. Cox’s is high, he explains, because the company is one of just two launching residential telephone service. Five years ago, an aggressive operator was spending just 2% to 2.5% of revenues on marketing. “At TCI, it used to be 1.5%.”

**CAPITAL SPENDING**

The starkest contrast among operators is in how heavily they’re spending to upgrade their plants. Although all operators boast about advanced services, it’s clear that some MSOs’ systems are prepared and others are playing catch-up.

Cable and Wall Street executives’ attitudes toward capital spending made a dramatic turnaround 1996. In past years, capital spending to upgrade systems was seen primarily as a burden, one penalized by investors worried more about a company’s debt load than the condition of its systems. A few big spenders hit $200 per subscriber annually; $100 per subscriber was about average. The bare minimum to keep a system up and running was about $30 per subscriber.

But the threat of competition, particularly from satellite TV’s DirecTV and EchoStar, convinced investors that spending money to expand channel capacity and prep for advanced services was a good idea. MSOs that expanded channel capacity, offered two-way communication and even laid the groundwork for carrying telephone calls saw their stock prices rewarded, particularly MediaOne Group and Cox. Today, annual spending of $235 per subscriber is average.

Charter is spending almost double the average, $427 per subscriber. Why? The company bought many small-town systems from owners that had neglected them for years, including Marcus Communications, Falcon Cable and Bresnan Communications. Those sellers spent as little as possible on plant upgrades, sticking their customers with systems of 430 MHz or less at a time when 750 MHz had become typical. Charter bought on the cheap, spending about $3,500 to $4,000 per sub at a time when $5,000 was common.

“Charter brags that they spent so little on acquisitions, but they’re spending so much more on cap ex, that it was no bargain,” Bilotti said. “Charter claims it paid a little over 13 times annual cash, but it ended up 15 times.”

Charter Chairman Jerry Kent concedes that the sellers “didn’t put much into the plant.” But, he adds, Charter is building much more advanced plant than other operators, heeding the “Wired World” vision of Charter controlling shareholder Paul Allen.

While most operators expect an expensive fiber node to serve 500 homes, Charter’s advanced plant is designed to carry just 360 homes per node and can be subdivided to just 60 homes per node. The smaller the number of customers on each node, the less likely its subscribers will get the cable equivalent of a busy signal when they use interactive and data services. “Under the most optimistic forecasts of voice video and data, we’ll be able to serve our customers without degradation,” Kent said.

Bilotti says going to 360-home nodes costs $100 per subscriber. “Take that way, you cut 25% of their cap ex budget.”

For some operators, cap ex growth is slowing to a trickle. Time Warner Cable’s capital spending per subscriber will increase just 9% this year, to $158. That’s largely because the company has spent steadily for years. Cox’s spending is actual-
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The best television advertising value is now found on the Internet.
The big eight

<table>
<thead>
<tr>
<th></th>
<th>Basic subs (000s)</th>
<th>Digital penetration</th>
<th>Data penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T</td>
<td>15,062</td>
<td>18.5%</td>
<td>7.5%</td>
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<tr>
<td>Time Warner</td>
<td>11,753</td>
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<td>7,594</td>
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<td>6,819</td>
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<td>Charter Communications</td>
<td>6,340</td>
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</tr>
<tr>
<td>Insight</td>
<td>916</td>
<td>14.6%</td>
<td>3.1%</td>
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Bilotti: Numbers tell all

Richard Bilotti was caught in the middle of two storms last week. One was a snowstorm in Buffalo, N.Y., where he was lecturing investor clients on a tour of Adelphia’s cable system. The other occurred back at his Manhattan office when he sliced his ratings on Disney, Viacom and News Corp. Clients wanted information, and Bilotti wasn’t there. “Here I was trapped in a car for 12 hours when I’m downgrading a whole sector,” he says.

Such is the chaos sometimes surrounding one of Wall Street’s top media analysts. Institutional Investor magazine has ranked him the top cable analyst since 1997 and this year named him second among entertainment analysts.

The former airline analyst is known for exhaustive—often exhausting—studies of cable and entertainment companies. Bilotti and his team of four associates fill page after page with crunched numbers, plunging deeply into minutiae that some of his competitors don’t always study as rigorously. Bilotti’s cable associate Benjamin Swinburne left Lucent’s merger group to join Morgan Stanley a year ago.

Bilotti wasn’t there. "Here I was trapped in a car for 12 hours when I’m downgrading a whole sector," he says.

Insight’s annual spending has soared 486% since 1998. That’s because the company’s properties had spent the bare minimum in 1998, just $31 per subscriber. That includes some recently acquired systems that had been starved by Intermedia Partners and Cablevision Systems. “We have always said that we are late in our rebuild cycle,” says Insight President Mike Wilner. “We’ll be 90% when we’re finished with our rebuilds by the end of this year.”

So far, the rebuilds are paying off, with Insight’s interactive digital services generating $22 in new revenue per subscriber and achieving 20% penetration so far. That’s a big reason Insight’s growth in revenue per subscriber is so high.

What will Bilotti be watching for his next report card? One element is which operators will boost digital penetration past 20%. Right now, AT&T is on top with 18%, while others are as low as 12% (Cablevision has only a few subscribers inherited from recently acquired systems.)

When Cablevision does launch digital, how much will it merely cannibalize its base of advanced analog customers that pay for extra tiers without requiring a $350 set-top box. That same question also applies to current digital rollouts on Time Warner and old Mediacom systems, both of which aggressively pushed advanced analog tiers over the past three years.

And after years of promising they would slow capital spending, will operators ever really stop laying out cash for upgrades, successfully sell their new products and prove they can generate strong returns on investment?

“They’re got to hit the scale economics and start driving cash flow down to the bottom line,” Bilotti said. “Otherwise, it’s going to be hard to explain why they paid all these prices for acquisitions. You have to prove you can satisfy the demand, that you can execute.”
AN IN-DEPTH LOOK AT
SEDITION, POLYGAMY & THEFT.

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TV economics

Broadcast networks may still be on top, but cable has plenty of clout

A Millionaire and a Survivor couldn’t keep NBC completely down. Though it has dipped in the ratings, NBC heads Broadcasting & Cable’s ranking of the Top 25 TV networks for the year, even as its schedule is being outpaced by rivals ABC and CBS. Both NBC and No. 2 ABC get their rankings with substantial gains in revenues, while CBS’ growth will be relatively low.

How could that be, given the gigantic surge from CBS’ Survivor? The answer lies in the interesting structure of network economics. CBS pre-sold Survivor when neither network nor advertiser expectations were very high. So, while the show’s ratings impact was huge, the revenue impact was not. Also, summer is a slow season for ad spending, and much of the network’s inventory was tied up in the upfront market at relatively low prices.

ABC by comparison had its surge from Who Wants to Be a Millionaire? a year ago, bolstering scatter prices all year and getting favorable attention in the upfront market last spring. And NBC’s slide didn’t really hurt until the fall.

Of course, broadcasters aren’t the only big TV players. The survey treats every network the same: broadcast, basic cable, pay cable or home shopping. The sole criterion was revenue, however generated.

Operating with just a fraction of the ratings and programming costs of their major broadcast rivals, cable networks are still tallying hundreds of millions of dollars in annual revenue.

This ranking is based on estimates of 2000 revenues. Although compiled in late November, it has room for variance. (Figures for the most recent fiscal year were used for Walt Disney Co. and News Corp.-related units.) Also, many network groups don’t publicly detail revenues of individual channels, so securities filings offer limited information.

At many networks, executives either offered their own figures or said they “were comfortable” with the ones we provided. Many of the rest were based on information from Wall Street analysts including Bear Stearns & Co.’s Victor Miller and Ray Katz; Morgan Stanley Dean Witter’s Richard Bilotti; and Sanford Bernstein & Co.’s Tom Wolzien. Others were based on information from media-research specialist Paul Kagan Associates or derived by Broadcasting & Cable. Household-viewing information is based on year-to-date Nielsen averages.

To maintain the confidentiality of those networks that cooperated, the list does not specify the source of any particular number.

Network information was compiled by Kim McAvoy.
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Ownership: General Electric  
Top executive: Robert Wright, president/CEO  
Programming: general entertainment  
Type of network: broadcast  
Projected 2000 revenue: $4.7 billion  
TV homes reached: 99.9%  
Total day avg. viewership: not applicable  
Prime time avg. viewership: 8.5M homes  
Hot property: The West Wing

Ownership: Walt Disney Co.  
Top executive: Alex Wallau, president, ABC Television Network  
Programming: general entertainment  
Type of network: broadcast  
Projected 2000 revenue: $4.4 billion  
TV homes reached: 99.9%  
Total day avg. viewership: not applicable  
Prime time avg. viewership: 9.4M homes  
Hot property: Who Wants to Be a Millionaire?

Ownership: Viacom Inc.  
Top executive: Leslie Moonves, president/CEO  
Programming: general entertainment  
Type of network: broadcast  
Projected 2000 revenue: $3.5 billion  
TV homes reached: 99.9%  
Total day avg. viewership: not applicable  
Prime time avg. viewership: 9.2M homes  
Hot property: Survivor II (premieres Jan. 28, 2001)

Ownership: Comcast and Liberty Media  
Top executive: Douglas S. Briggs, president  
Programming: retail shopping  
Type of network: cable  
Projected 2000 revenue: $3.3 billion  
TV homes reached: 75 million  
Total day avg. viewership: not applicable  
Prime time avg. viewership: not applicable  
Hot property: FFANY Shoes on Sale

Ownership: Walt Disney Co.  
Top executive: George Bodenheimer, president  
Programming: sports  
Type of network: ad-supported cable  
Projected 2000 revenue: $2.1 billion  
TV homes reached: 79 million  
Total day avg. viewership: 520,000 homes  
Prime time avg. viewership: 1,042,000 homes  
Hot property: NFL Sunday Night Football
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Ownership: News Corp.
Top executive: Sandy Grushow, chairman, Fox Television Entertainment Group
Programming: general entertainment
Type of network: broadcast
Projected 2000 revenue: $1.8 billion
TV homes reached: 97.65%
Total day avg. viewership: not applicable
Prime time avg. viewership: 6.8M homes
Hot property: Malcolm in the Middle

Ownership: Time Warner
Top executive: Jeff Bewkes, chairman & CEO
Programming: general entertainment
Type of network: pay-TV cable
Projected 2000 revenue: $1.7 billion
TV homes reached: 36 million (HBO and Cinemax)
Total day avg. viewership: 862,000 homes
Prime time avg. viewership: 1,610,000 homes
Hot property: Sex and the City

Ownership: USA Networks
Top executive: Mark Bozek, CEO/president
Programming: retail shopping
Type of network: cable
Projected 2000 revenue: $1.5 billion
TV homes reached: 74 million
Total day avg. viewership: not applicable
Prime time avg. viewership: not applicable
Hot property: NFL Shop

Ownership: Time Warner
Programming: general entertainment
Type of network: ad-supported cable
Projected 2000 revenue: $1.2 billion
TV homes reached: 79 million
Total day avg. viewership: 682,000 homes
Prime time avg. viewership: 1,317,000 homes
Hot property: Bull

Ownership: Viacom
Top executive: Herb Scannell, CEO/president
Programming: children-oriented
Type of network: ad-supported cable
Projected 2000 revenue: $1 billion
TV homes reached: 78 million
Total day avg. viewership: 1,179,000 homes
Prime time avg. viewership: 1,332,000 homes
Hot property: The Brothers Garcia
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Showtime

Ownership: Viacom
Top executive: Matthew Blank, chairman/CEO
Programming: movies, original series, sports
Type of network: pay-TV cable
Projected 2000 revenue: $855 million
TV homes reached: 24.2 million (Showtime, TMC and FLIX)
Total day avg. viewership: 236,000 homes
Prime time avg. viewership: 465,000 homes
Hot property: The Blair Witch Project

TBS

Ownership: Time Warner
Top executive: Dennis Quinn, executive VP and general manager
Programming: general entertainment
Type of network: ad-supported cable
Projected 2000 revenue: $806 million
TV homes reached: 80.6 million
Total day avg. viewership: 901,000 homes
Prime time avg. viewership: 1,475,000 homes
Hot property: Ripley's Believe It or Not

USA Network

Ownership: USA Networks Inc.
Top executives: Steven Chao, president, USA Cable; Rob Sorcher, executive VP/GM
Programming: general entertainment
Type of network: ad-supported cable
Projected 2000 revenue: $800 million
TV homes reached: 78 million
Total day avg. viewership: 702,000 homes
Prime time avg. viewership: 1,663,000 homes
Hot property: Eco Challenge

CNN

Ownership: Time Warner
Top executive: Tom Johnson, chairman/CEO, CNN News Group
Programming: national and international news
Type of network: ad-supported cable
Projected 2000 revenue: $776 million
TV homes reached: 78 million
Total day avg. viewership: 279,000 homes
Prime time avg. viewership: 521,000 homes
Hot property: Election 2000 coverage

MTV

Ownership: Viacom
Top executive: Van Toffler, president
Programming: music-oriented
Type of network: ad-supported cable
Projected 2000 revenue: $730 million
TV homes reached: 74.9 million
Total day avg. viewership: 437,000 homes
Prime time avg. viewership: 679,000 homes
Hot property: Total Request Live
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| Ownership: Fox Entertainment and Cablevision's Rainbow Media partnership |
| Top executive: Tracy Dolgin, president |
| Programming: 24-hour sports |
| Type of network: ad-supported cable |
| Projected 2000 revenue: $589 million |
| TV homes reached: 70 million (21 reg. sports nets) |
| Total day avg. viewership: not available |
| Prime time avg. viewership: not available |
| Hot property: The Last Word With Jim Rome |

| Ownership: Discovery Communications |
| Top executives: Johnathan Rodgers, president, Discovery Networks; Mike Quattrone, exec VP/GM |
| Programming: science-oriented entertainment |
| Type of network: ad-supported cable |
| Projected 2000 revenue: $574 million |
| TV homes reached: 79.8 million |
| Total day avg. viewership: 498,000 homes |
| Prime time avg. viewership: 933,000 homes |
| Hot property: Walking With Dinosaurs |

| Ownership: Walt Disney Co. |
| Top executive: Ann Sweeney, president |
| Programming: kids and family entertainment |
| Type of network: ad-supported cable |
| Projected 2000 revenue: $557 million |
| TV homes reached: 67.2 million |
| Total day avg. viewership: 510,000 homes |
| Prime time avg. viewership: 944,000 homes |
| Hot property: Even Stevens |

| Ownership: Disney and Hearst |
| Top executive: Carole Black, president/CEO |
| Programming: women-oriented general entertainment |
| Type of network: ad-supported cable |
| Projected 2000 revenue: $550 million |
| TV homes reached: 78 million |
| Total day avg. viewership: 846,000 homes |
| Prime time avg. viewership: 1,319,000 homes |
| Hot property: Strong Medicine |

| Ownership: ABC, NBC and Hearst |
| Top executive: Dan Davids, president/CEO |
| Programming: drama series, original movies, documentaries |
| Type of network: ad-supported cable |
| Projected 2000 revenue: $523 million |
| TV homes reached: 77 million |
| Total day avg. viewership: 708,000 homes |
| Prime time avg. viewership: 1,101,000 homes |
| Hot property: Biography |
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Ownership: General Electric  
Top executive: Bill Bolster, president  
Programming: business news  
Type of network: ad-supported cable  
Projected 2000 revenue: $521 million  
TV homes reached: 77 million  
Total day avg. viewership: 272,000 homes  
Prime time avg. viewership: 292,000 homes  
Hot property: Squawk Box

Ownership: Univision Communications Inc.  
Top executives: Ray Rodriguez, president/COO, Univision Network  
Programming: Spanish-language entertainment  
Type of network: broadcast/cable  
Projected 2000 revenue: $470 million  
TV homes reached: 93% (Spanish homes)  
Total day avg. viewership: 726,000 homes  
Prime time avg. viewership: 1,764,000 homes  
Hot property: Noticiero Univision

Ownership: Time Warner  
Top executive: Jeff Bewkes, chairman/CEO, HBO  
Programming: movies  
Type of network: pay-TV cable  
Projected 2000 revenue: $434 million  
TV homes reached: 36 million (HBO and Cinemax)  
Total day avg. viewership: 340,000 homes  
Prime time avg. viewership: 540,000 homes  
Hot property: Girl Interrupted

Ownership: Liberty Media  
Top Executive: John J. Sie, founder and chairman/CEO  
Programming: movies  
Type of network: pay-TV satellite  
Projected 2000 revenue: $420 million  
TV homes reached: 11 million  
Total day avg. viewership: not applicable  
Prime time avg. viewership: not applicable  
Hot property: The Sixth Sense

Ownership: Discovery Communications  
Top executives: Johnathan Rodgers, president  
Discovery Networks; Jana Bennett, exec VP/GM  
Programming: information-oriented  
Type of network: ad-supported cable  
Projected 2000 revenue: $400 million  
TV homes reached: 75.6 million  
Total day avg. viewership: 323,000 homes  
Prime time avg. viewership: 645,000 homes  
Hot property: Junkyard Wars
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Red-carpet cable

High-profile talent showcasing its work on the small screen

By Deborah D. McAdams

able credits are starting to resemble a Who’s Who of Hollywood. Steven Spielberg is doing projects for HBO and Sci Fi. Sidney Lumet is creating a series for A&E. Barbra Streisand and Whoopi Goldberg are creating shows for Lifetime. Francis Ford Coppola, Tom Hanks, Mel Gibson, Debbie Allen, Richard Donner, Jet Li and Allen Ball are among the celebrity filmmakers popping up all over cable.

“In the theatrical marketplace, you see a certain kind of movie not being made: Movies that are character-driven that don’t have ‘blockbuster’ written all over them,” said Chris Albrecht, president of HBO original programming. HBO is laying out more than $110 million next year for Band of Brothers, a 10-part miniseries executive-produced by Spielberg and Hanks. “As the studios make fewer and fewer of this kind of theatrical, cable opens up opportunities for these people.”

For Roger Corman, cable means the Black Scorpion lives. Corman is a Hollywood B-movie legend who has made more than 550 films, including Screwballs, Humanoids From the Deep, Vampirella and the original Little Shop of Horrors. He describes Scorpion as a sort of “female Superman, Spiderman, Batman” that started as a series of feature films showcased on Showtime five years ago. After it ran, he was contacted by a German network wanting to license the project.

“I had no plans to do a TV series, but I didn’t want to settle for just a license deal,” Corman said. Gambling on German interest and healthy Showtime ratings, he went ahead and made 22 one-hour episodes on his own dime—at about $900,000 a pop. Showtime made him an offer he handily refused. Then Sci Fi jumped on it, giving him a prime time slot on Friday nights and a basic license fee plus a premium based on ratings. “And we had a better chance to get big comparative ratings on the Sci Fi Channel than anywhere else, because they’re very aggressive about marketing new originals.”

For a midsized network with 65 million subscribers, Sci Fi attracts as many high-profile filmmakers as far richer networks. (Sci Fi is on track to take in about $270 million this year, compared with TNT’s more than $1 billion and HBO’s $1.7 billion.) Coppola helped develop First Wave, the alien-invasion thrill series, for Sci Fi. X-Men producer Richard Donner is working on bringing Monster Smasher to Sci Fi (although it’s currently on hold). Spielberg is producing Taken, a mini-series dramatizing the history of alien abductions for Sci Fi. Brian Henson, of Muppet film fame, is producing Farscape for the network (see Q&A, page 72).

“I think the genre itself attracts smart, intelligent people,” said Bonnie Hammer, executive vice president and general manager of Sci Fi. “It’s a draw for people who want to do quality work.”

Sci Fi sister net USA is just starting to bring in the big guns of film. Jan de Bont, director of the Greyhound-in-distress film Speed, is developing a one-hour dramatic series called Thought Crimes for the network.

“It was being developed as a two-hour movie of the week. I read the script and thought it would be a great series,” said Jim Miller, who became executive vice president of original programming at USA in October. “I said, ‘Let’s go straight to series.’ Jan came in to pitch a second show.”

Miller, a former film and television producer himself, was pitched by John Woo, Coppola, Brent Ratner and John Landis in his first few weeks on the job. He stresses, however, that
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it's the project and not the name attached that makes for a deal.

"The thing that's really important is that, no matter how big the name, the idea is compelling," he said. "If I have a project that I take to the public and say, 'I have a big name but no idea,' I'd get killed. If there's something that doesn't work for you, you have almost a moral obligation to say no."

A&E's Allen Sabinson said yes to Sidney Lumet after a broadcast network shied away from a pilot for 100 Centre Street, Lumet's first television work in 30 years. A&E will premier the series in January.

Romance Classics (the Rainbow service undergoing relaunch) also went to Debbie Allen with Cool Women, a show that profiles the extraordinary accomplishments of ordinary women. Allen—writer, actor, choreographer and producer of Amistad—jumped on the project. Her company, Red Bird Productions, produces the show, and Allen said she edits every episode. "I get a lot of requests that I can't even read or think about. But to have the opportunity to celebrate an amazing group of women who could go so uncelebrated and unrecognized, for me, in its own way, it is as big as Amistad."

It doesn't matter to Allen that Romance Classics reaches only about 25 million households, relatively few for an established cable network.

"Part of what makes any new network get visibility is bringing viewers something fresh that they don't see anywhere else," Allen said. "I think this show will help put Romance Classics on the map, because so many people want to see it."

TNT has long been a playground for celebrity filmmakers—Anjelica Huston, Goldie Hawn, Tommy Lee Jones, Dennis Quaid, Alec Baldwin and Patrick Stewart among them. TNT will spend about $523 million on programming this year—second only to ESPN's $758 million, according to Paul Kagan Associates. But a huge portion of TNT's funding goes to procuring first-time television rights to blockbuster theatricals.

Julie Weitz, TNT executive vice president of original programming and series, believes the film luminaries create the gold standard for network originals without breaking the bank. "The budget range for all of our movies is $5 million to $9 million, and they all know it, and they all work within it."

They encounter the same dictum at Lifetime, where the cutoff point for original movies is $5 million. "Everybody knows what the range is, more or less," said Executive Vice President of Entertainment Dawn Tarnofsky-Ostroff. "Nobody is going to bring us a $50 million project, because we're not a big movie studio."

HBO is as close to being a big movie studio as anything in cable. Where else but at HBO could Band of Brothers get made, said. "This is our opportunity to really stand out. You just go ahead and take the risk."

The risk is calculated for HBO. As a pay network, it doesn't have the option of demanding premiums for advertising or jacking up license fees, as ESPN did when it paid $4.8 billion for football. HBO's $1.7 billion annual net revenue is mostly from subscribberships, and the only way to substantially grow it is to get more subscribbers.

"Band of Brothers may never pay for itself," Albrecht said. "but we look at the overall lineup and say, 'How can we keep as many people as we can?'"
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Brian Henson's creative heritage goes back more than 40 years, when his father, the late Jim Henson, developed one of the most successful programming franchises by playing with puppets on television. The whimsy of Kermit the Frog evolved into the multinational, multimedia Muppet empire known as the Jim Henson Co. Brian Henson started in the Creature Shop, the breeding ground for mechanized hand puppetry gone awry, and went on to direct and produce several Muppet feature films.

He is now chairman of Jim Henson Co., and his current projects are mostly in television: a partner in the Odyssey channel, a miniseries for CBS, Disney Channel's Bear in the Big Blue House and Sci Fi's Farscape. Farscape, a series about an American astronaut lost in the far reaches of the universe, is one of the most ambitious departures ever from the house of Henson, home of children's TV. Here, Henson talks with Broadcasting & Cable's Deborah McAdams about how Farscape came into being, how it landed on Sci Fi, and the rewards and pitfalls of working in cable.
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There has been an influx of very prominent producers and people from the film world into cable projects. The Jim Henson Co. has had a long relationship with television, most of it for children. How did you get involved in Farscape, and was it specifically developed for cable?

To start with, I wanted to do something that was more adult and showed off everything that we can do from our Creature Shop for television, because we’d been doing a lot for films and didn’t have a television series that sort of captured that. Science fiction is quickly where we went—Alex Rockwell and myself, both being science-fiction fans—because we wanted something that was adult fantasy.

From there ... we wanted to do something that was much more character-driven than most science fiction ... and something that was much more daring, something that was like science fiction with no rules, where the characters could drive the series more than the plot line.

Rocky came up with the concept of throwing a normal, American earthling into the middle of this alien reality. We’d write material around how extraordinary this world is, because you have one character reacting like you ... thrust into another galaxy, where everything is alien.

Did you shop it to a broadcast network?
It was developed out of our British office and initially set up at Fox. Fox ordered scripts on it. I think we wrote five to seven scripts. I don’t remember now; this was years ago, way back in 1992. And, between ’92 and ’94, we were really working with them. Then there were a lot of changes at Fox Television. A different science-fiction series kind of came in with the new executives, so our series was put on hold.

We took it back and considered doing it as first-run syndication, then started thinking maybe there is a cable partner that would want a show this big. Rod Perth had a look at the show, over at Sci Fi. He was running Sci Fi at the time, and he basically said, I love this series, and we’d be ready to spend pretty good money.

Now, the reason it worked so well for us is—Sci Fi being a cable channel, just like first-run syndication—we were able to do a full order for a full season, not just a pilot. The economies of producing pilots, where you have an ambitious show like this, are virtually impossible.

How expensive?
A pilot of ours probably cost about $7 million, which nobody would ever do. So that’s what led us to the Sci Fi Channel. Also what’s great about being on a cable channel vs. a network is, they made a major commitment. They understand it’s going to take a while to find their audience.

They’re not looking for record-breaking ratings on the first episodes airing. They expect to take a little time building an audience. Our shows tend to be unique enough and interesting enough that they’re not so much like something else. But they tend to need a little time to build an audience. So, everything worked very well on this show, doing it with the Sci Fi Channel. And we’re also able to do it as a co-production. This one is an Australian co-production.

The Creature Shop is in London. How did Australia get involved?
Basically, whenever we’re looking for production financing for starting up a show, we tend to look at more than one country. So we look for a British-Australian co-production or a British-Canadian co-production, or an American-Canadian co-production, or something like that.

Why?
It does two things. It can give you tax savings where you’re shooting, and it also gives you a commission from two countries, rather than a commission from one country and acquisitions from everywhere else. So, if you have a co-production, you’ll get commissions from two countries, which obviously helps the financing tremendously.

In household-reach numbers, Sci Fi ranks No. 25. In that sense, it’s a bit exclusive.
I’m betting on Sci Fi being able to grow as a channel. And Sci Fi is betting that Farscape can grow them as a channel. So it’s

‘What’s great about being on a cable channel vs. a network is, they made a major commitment. They understand it’s going to take a while to find their audience.’
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*September 2000 Beta Research Cable Subscriber Interest Study - Ranking based on percent with high interest among ad supported emerging networks.
sort of like everybody's got their chips on the table, in America, with this particular show. They're paying a lot of money for it, and they're basically relying on us, as the flagship, to grow their channel. Even the amount they're paying doesn't make sense to us as a company, unless they can grow their channel.

Farscape is pulling in around one million households. I can tell you, on a good night, a single run will earn a 1.7 rating.

That's modest compared with theatricals and broadcast. You can get five, maybe 10 times that number of people elsewhere. Does that ever make you consider not taking a project to cable? Absolutely, especially if you're a company like us: You are relying on the ancillary businesses like merchandising and publishing to make money. If you have a smaller audience, that's a problem. Having said that, we wanted to be the most talked-about under-ground hit on science fiction, and I think we're there.

If you go to the science-fiction conven-
tions and stuff like that, Farscape is certainly the most talked about. But the audience is small. We did a lot of thinking about this beforehand. That was part of why we named the show Farscape. We thought we needed a word that was not a word—a word that would belong to us, so that when people tried to find our show on the Internet, when they type Farscape, they'll get us. And we wanted to make sure that we could get as close a link as possible to the show.

Our Web sites are getting 500,000 hits a day. The Farscape Web site is probably getting three times more hits per week than the show is actually getting audience. So we're trying to build as close a relationship as we can with that audience and then give them whatever they're asking for. What we're doing now is a limited line of collectors' items that the people who are watching the show can buy before they hit the shelves.

'Farscape took weeks to find an audience. A network gives you four weeks, and that's that. If you didn't find it in four weeks, you're dead.'

And what are those for Farscape?
I don't know yet, because it's only in English-speaking territories. It's been moving around in Australia, and so it's just sort of finding an audience. In England, it's doing very well. It's just premiering in Germany. I have real high hopes for Germany, which is the second biggest market in the world.

How does having the show on cable impact international distribution?
When you're with a cable channel, international distributors, even though they love the idea of the show's being on network television, also know it can be gone in a minute. It's nice for them to know that you're partnering with someone in America who will push hard for a year to try and make it work and not pull it off the air.

We've heard it's around $1 million per episode.
The broadcaster wants people to think it's not so expensive. It's a lot more than that, but we are unspecific about our budget.

Was there any talk about sharing a window with USA?
You should talk to Sci Fi about that. I think we would like that, obviously, because we'd get a bigger audience. But then, it's odd, they don't need it so much. It's such a perfect show for the Sci Fi Channel, because it so perfectly matches their mission. Basically, our show matches what they're trying to do to their whole channel.

What was your first production for cable?
Fraggle Rock was commissioned, I think, in 1980, and that was our first series for cable. I think it might have been the first series shot for cable, on HBO.

We also have a series on Fox Family that we're shooting right now called The Fearing Mind. We have two shows for the Odyssey Channel. [The Jim Henson Co. owns 22.5% of Odyssey.] Truthfully, as a compa-

Henson's Farscape is doing well for Sci Fi, bringing in about 1 million households.
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"We don’t exist to make money; we exist to promote our creative mission and to expand the minds of our audience. That’s why we come to work," says Henson.

In TV and cable, we’ve had the most luck on first-run syndication and cable networks.

Because our shows are so unique, we tend to not go straight in and get a huge audience. Even The Muppet Show, if it had been on a network, would almost have certainly been canceled, because it required nine months to grow its audience.

Of course, once it grew its audience, then it was the No. 1 show. But it took time. Like all of our shows, we don’t produce series where we can just borrow the stars that had the highest rating and channel a story line ... that allows them to play such a similar part that the audience can almost feel like they’re watching a continuation of the last show. We’re not that kind of company.

So creative is the primary concern here?

Well, that’s what we are as a company. We don’t exist to make money; we exist to promote our creative mission and to expand the minds of our audience. That’s why we come to work. As a company, we have to make money, but that’s not why we come to work. Our biggest [financial] success right now is Bear in the Big Blue House [for Disney Channel].

Will Farscape go into syndication?

Syndication is such a weird thing these days. When you say syndication, what you’re implying is off-prime time hours on network television. Maybe not, because, right now, there are cable channels that will often pay you better than syndication.

So, maybe yes, maybe no. It all sort of depends when we get to that opportunity. It could be that Sci Fi decides, “My gosh, this is doing so well for us, we want to keep the rights to it, even though we’re not commissioning it anymore.”

Maybe they’ll be the ones with the highest offer. We’re certainly banking on having long-term value; we always do. But I don’t even know what a show going into syndication particularly means anymore. I know what it means by the definition.

Farscape is an ambitious undertaking.

It sure is, and right now, as a company,
Everyone at the Western show is asking. Who's changing the face of voice over cable? Where can you find the ultimate in data, video and voice? What's new in broadband? How's the technology for data over cable changing? And most importantly, when does the party start? Terayon has all the answers. Including your invitation to the hottest party in town, featuring a live performance by The Bangles. So drop by our booth #3601 to see the ultimate in broadband. Then on November 30th, bring your party attitude to the Bonaventure Hotel's California Ballroom from 9:00 pm till Midnight. And get ready to rock.
what we’re good at doing is producing highly ambitious shows that are highly imaginative and fairly unique. Frankly, right now, it’s tending to work better with the cable channels that have a more targeted mission. Whereas the networks are still so broad in what they’re looking for and often are sort of trying to cater not to the lowest common denominator but to the least-interested common denominator.

On that note, Farscape is sort of the antithesis of reality programming, television’s flavor of the moment. It is as far away from that as you can possibly

many miles.

The original Star Trek continues to have a following. Do you think Farscape has that potential?

Well, sure. We’re very careful to make sure it does. We’re careful to make sure it can’t date itself. Except for some of the costuming, nothing about it can make it topical or culturally specific. Probably in 20 years, you’ll look back at Farscape and say, “Oh, look, they’re wearing trendy ’90s costuming,” but, other than that, there won’t be anything that will make it a 20-year-old show.

The only thing that dates on The Muppet

We’ll never change to become a reality programmer. I don’t think anybody in the company would be interested in coming to work anymore.

get. Do you take that into consideration on a project like this, in terms of timing in bringing it to the market?

As everybody who’s seen the writing on the wall knows, everybody is swinging towards reality programming, although it’s typically narrative where they’re staging everything and shooting it. But … we’ll never change to become a reality programmer. I don’t think anybody in the company would be interested in coming to work anymore. So we sort of said, “You know what? Let’s look at this as a positive for us, that we’re going to be the premier producer of fiction-narrative-driven shows while everybody else is shifting to this other model.”

At least your programming has a shelf life. Most reality programming only has so

Show, which has been on the air since 1976, are the guest stars. Nothing about the rest of the show does.

That show was extraordinarily simple for some of the people it had on, such as Orson Welles playing with these puppets. Is there any thought of interjecting that sort of celebrity power in Farscape?

In a lot of ways, you undermine the credibility of a science-fiction series if you start marketing it for being contemporary with stars that are on covers of fashion magazines. I thought putting Whoopi Goldberg on Star Trek worked very well, because of the way she embraced it. It’s not particularly something that we would look for, but, if

we had the opportunity, we might do it. It just comes down to the right casting.

Did your father have any interest in doing something like Farscape?

No, not at all. He died two years before we even started talking about it.

So this was one of your goals—to do something, as you said, more adult.

Yeah. Basically, I’d always been working in the Creature Shop. Until my father died, that was really what I did in the company. When he died and I took over the business, which was mostly children’s television, the Creature

Shop was still doing a lot of feature work. I tried to figure out how to bring it more into the core business of the company, and the only way to do that was to bring what the Creature Shop could do into television.

And knowing that the first series would be hard work to break into that area. The one-hour drama, with a fantasy content, was going to be a hard thing to break into.

Farscape did it very well, and then Fearing Mind, which is also an adult horror series. Now what I’m trying to do is create more of those, because I think bringing the Creature Shop back into the core business is a really good thing for us.

What else are you working on?

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CBS [Jack and the Beanstalk: The Real Story, a four-hour miniseries].

Is it easier to work with a cable network?
Yeah. But doing one-off with a network is great. I’m having only a great time working with CBS on this movie. It gets a little harder with a series, mostly because it’s all about the ratings. It doesn’t matter what anybody says. And with a one-off movie—heck, you cast it carefully, then you do a big old marketing campaign, and it either worked or it didn’t. That’s probably kind of a pain in the neck, too, because it’s not whether it’s good or not; it’s how did it rate?

Would you like to do more broadcast network projects?
If we have something that we really think could be just right for network television, we’ll show it to them. But what we really want to hear is a very enthusiastic response. Farscape took weeks to find an audience. A network gives you four weeks, and that’s that. If you didn’t find it in four weeks, you’re dead. With our company, we work too many years on things to do that. There’s too much passion invested. There’s nothing more soul-destroying that having a good series cancelled after four weeks. And then having a network say, “You know what, it’s a really good series. I don’t know, maybe the marketing missed, or maybe it’s just the wrong time.” You just want to kill them.

Did you watch Sci Fi before this all started?
Yeah, I did. I’m their core audience.

What did you watch?
Well, at that time, mostly what they were playing was just old science-fiction movies, and I would constantly stop because I love science fiction. I don’t think at that point they were showing any series. I think ours was the first series they commissioned.

Are you a sci-fi geek?
I’m not a sci-fi geek, but, if there’s a science-fiction movie on that I’ve never seen because it did so badly, chances are I’ll watch it, because it will be a movie I haven’t seen and it’s science-fiction. Then I can watch it for the monster or whatever the science-fiction device is. I enjoy all that stuff. But my favorite films are science fiction—I was a big Blade Runner fan, a huge Star Wars fan. I am their core audience: I’m 36, I’m right where their main audience is. My favorite television series for years was Star Trek. The War of the Worlds was fantastic. I can still watch that till the cows come home.

Some shows that do well with 18-to-34-year-olds are repeated several times a week. Farscape is on once. Do you object to having such shows repeated more during the week, or do you think it’s better to limit the supply?
They could make a lot more money if they played Farscape 10 times a week, but I think they’re watching the HBO model, and what HBO is doing is very gutsy. They’re not rerunning their series. They rest the thing for four months, and then they premier the next season. On that very first premier, they double their best ratings from the previous season and then hold it.

I think Sci Fi is really trying to do the same thing with Farscape. They’re going to rest now. They’re not even going into repeats. They’re going to rest off the air for a few months, and then, when we re-premier, we will have a good marketing plan that gets our million people talking about how hungry they are to see it. Hopefully, we’ll re-premier with better ratings than we ever had—even better than this year.

So, I like their approach. And the other thing, it’s not going to burn up the series. The series is not going to get old quick if they do this. As long as those million people don’t forget about us, I’m all for them taking this approach, because what they’re doing is building a fanatical fan following, rather than a bigger, interested audience.

Will there be new characters next season?
There’s always new characters that come in and out, and I can’t really comment on running characters because, for this audience, we don’t give away anything. We don’t tell anything, and, if I told you anything, one of the producers would release misinformation on the Internet so that anything I said was dubious. Basically what we do is we try not to let people know what’s coming. That’s part of the buzz.
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Shopping channels: Less of a hard sell

HSN, QVC and ValueVision all have a leg up on the industry when it comes to mastering the art of TV-commerce

By Steve Sullivan

It has always been something of a hard sell for home-shopping channels. As a whole, they've overcome image problems and carriage issues to become a multi-billion-dollar retailing force. In fact, they rank among the highest-revenue-generating networks, according to Broadcasting & Cable's Top 25 TV Networks. Now that they have widespread distribution on cable and satellite, they are spreading onto other platforms with conspicuous success.

The concept of a shopping channel came about as a fluke back in 1977. An advertiser on an AM radio station in Clearwater, Fla., couldn't pay his bill, and, in lieu of cash, the station owner accepted 112 electric can openers to auction off on the air. The can openers quickly sold out, and the station realized it was onto something. That local station owned by Lowell "Bud" Paxson—WWQT (AM)—created a regularly scheduled radio show that, in 1981, spawned a Tampa Bay, Fla.-based cable-access show called Home Shopping Channel. One year later, the show had earned a permanent spot on the Tampa system. By 1986, Home Shopping Channel had evolved into the publicly traded Home Shopping Network.

The key to the success of HSN and its competitors—QVC and ValueVision—is simple. "We're good at selling stuff to people," says Jack Kirby, president of HSNi, the interactive division of the Home Shopping Network.

Actually, they're not just good; they are experts at it. They're basically testing things around the clock," says Josh Bernoff, principal analyst at Forrester Research. "They find co-hosts who are successful at selling things. They find a particular screen layout that works best. They find out what really sells at a particular price point. They have all these techniques that are very effective at turning viewers into buyers."

Turning viewers into buyers is a particular challenge for a television retailer. How do you convince someone who isn't close enough to the product to see it and feel it, to turn the viewing experience into a transaction?

Doug Rose, vice president of brand merchandising and development for QVC, says it has a lot to do with creating trust. "The customer needs to be confident that what they order is going to be to their liking," He says it's vital to become an advocate for the consumer. QVC and other successful television retailers invest in scrutinizing quality-assurance processes, fact-checking items and torture-testing them to make sure they stand up to the claims made by the manufacturers—all the sorts of things that if we were in a short-term business, we might not bother with, says Rose. "But we're in a long-term business, and it's all about creating this level of trust that will in turn create a repeat customer."

Building trust is important, but offering an interesting selection of goods and creative packaging also helps. For the most part, the channels hawk the standard assortment of jewelry, cosmetics, apparel, cookware and collectibles. But unusual items tend to do particularly well on the shopping channels.

"We've shipped over 1 million Maryland crab cakes all over the country,"

Consumers spend more money on shopping Web sites, like those of HSN (1) and QVC, because the online inventory is more comprehensive and often includes additional items. "We're not space-constricted like on television," says HSNi President Jack Kirby.
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For more information about ICTV call us at 408-364-9200 or visit our website at www.ictv.com.
SPECIAL REPORT

says QVC's Rose. "Typically, our success has been in products that aren't found everywhere. We excel at selling products that have a unique point of differentiation, that have a unique story to tell, and that are demonstrable on live television."

Exactly what type of viewer is compelled to buy a can opener off a radio show, or a box of crab cakes peddled on TV? The home-shopping audience is remarkably similar from channel to channel. And it's not the low-income trailer park dweller seeking a vial of Elvis sweat.

"The profile of our average consumer is female, mid-30s to high-40s in terms of age, generally pretty stable in terms of living in their houses for 10-plus years with a couple of kids and a husband," says Dick Barnes, ValueVision's chief financial officer. "The income levels were actually a little higher than we thought they'd be," he adds. The two highest skews for us, from an income standpoint, were $50,000 to $75,000 and $75,000 to $100,000. That's good, because that's an attractive consumer."

"It's very easy to look at a channel like that and say it's a channel for lower-income people," says Forrester's Bernoff. "People have been pooh-poohing them from the start. But they have a surprisingly attractive demographic, and they're very sophisticated at taking their audience and turning them into buyers."

And buy they do. The top-three shopping networks based on sales figures—QVC, HSN and ValueVision—combined for more than $4.28 billion in 1999.

Today those three networks reach more than 248 million homes worldwide. But reaching those households has been a challenge. Like all other cable channels, the shopping networks have had to compete for carriage.

For Comcast-owned QVC and for HSN, which is a subsidiary of Barry Diller's USA Networks, the road to widespread distribution has been a little easier. These channels have used their cable systems and cable-network clout to gain widespread carriage. For ValueVision and other smaller operations, distribution has been more difficult to come by.

Last year, ValueVision received a tremendous boost when NBC bought a 36% stake in the company. As part of the deal, NBC became ValueVision's negotiator with cable operators. "NBC takes ValueVision and packages it with a broader offering with their content and other pieces of NBC in those negotiations," says Barnes. "As a result, it's driven a lot more in terms of cable distribution than we ever could have done on our own."

While the NBC affiliation has helped ValueVision secure additional carriage, the company's distribution is considerably less than that of its top-two competitors. The network's 36 million homes are less than half of QVC's 75 million and far behind HSN's worldwide total of 137 million. As a result, in areas where cable operators have been stingy about providing an exclusive channel for ValueVision, the company relies on a common strategy: affiliating with a local broadcaster to take advantage of the must-carry provision of the 1992 Cable Act.

The must-carry rules require cable operators to carry all stations within their community that meet certain criteria, which includes historic carriage of the station on the system, a station's local service to the cable community, carriage of other similar stations in the market and evidence of viewership in the community.

Cable operators, whose analog systems had only limited space available, argued that home shopping channels were not operating in the public interest. Because of this, they contended that these local broadcast stations, which for the most part had weak signals and small audiences, did not qualify for must-carry status.

"When Congress adopted the must-carry rules in 1992, they left the question of whether home-shopping channels were entitled to must-carry up to the FCC," says Mark Palchick, a partner in the Washington office of Vorys, Sater, Seymour and Pease. "Congress basically punted."

In a May 1993 report, the FCC said that stations carrying home-shopping programming, assuming they deliver the requisite signal strength and meet all the other requirements for must-carry, were indeed operating in the public's interest and were therefore eligible for carriage. "When the FCC said home-shopping channels and specialty-format stations were in fact covered by the must-carry rules, a lot of people took exception to that," says Palchick.

Since that time, there has been an ongoing thrust and parry between cable systems and broadcaster-affiliated shopping channels attempting to get onto systems. When the local broadcaster is denied carriage, it has the option of petitioning the FCC for enforcement of the must-carry order.

In 1998, such a petition was filed by KTAQ-TV, which broadcasts from Greenville, Texas, about 35 miles northeast of Dallas. The station had added home shopping to its daily program mix in 1995. In 1998, the station was carried on a handful of systems in the eastern part of the vast Dallas-Fort Worth market, but it also want-
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ed to get expanded carriage in the western part of the market on cable systems operated by Marcus Cable. When Marcus chose not to carry KTAQ to several communities in the Fort Worth area, the station petitioned the FCC for must-carry status. Marcus claimed that KTAQ had neither signal strength nor ratings presence in either cable or non-cable households in the communities in question. KTAQ countered with the argument that audience share did not count as much as annual sales in the area. It said that, in the areas covered by Marcus’ cable systems, it generated between $750,000 and $1.25 million annually.

Although sales may imply viewership, it is not one of the statutory requirements the FCC considers for must-carry status. In December 1998, the commission dismissed KTAQ’s argument as moot.

Since 1995, KTAQ has split its programming between family-oriented fare and shopping shows provided by Pandamerica and Shop At Home. In early November, the station switched its shopping affiliation to ValueVision. The agreement gives ValueVision access to 560,000 homes in the Dallas-Fort Worth market via AT&T Broadband systems. Station owner Mike Simons says KTAQ is upgrading its signal and will be making another run at getting additional carriage on the systems in the western part of the market, which are now operated by Charter Communications.

“There are a lot of different ways to work with the cable companies,” says Simons. “As we upgrade our signal, our new coverage does include those areas out west. We hope Charter will add us to their lineup. If not, we’ll petition the FCC again.”

The hope for shopping channels is that the expanded capacity of digital cable systems will reduce the necessity for must-carry squabbles. Another anticipated feature of the digital systems is the opportunity for enhancements and interactivity that could make transactions even easier. This and other emerging interactive platforms give the shopping channel executives plenty of reasons to feel optimistic about the future.

In July, Forrester Research released a study on “smart television” devices and services, such as TiVo, WebTV and Wink. Forrester predicts that by 2005, smart television will create a $25 billion revenue stream. Analyst Bernoff says, “Of all the things on television, the home-shopping channels are the ones that can gain the most by allowing people to complete the transaction right on the television screen as opposed to calling on the telephone. (They) will probably be better off, because these devices will significantly increase the conversion rates of people who are watching something they want to buy.”

All of the major shopping channels are exploring these developing technologies.

“We’re looking at our current situation as a learning phase,” QVC’s Rose says. “In contrast to companies who see technology as the end, we always look at technology as a means. Our business is retailing. We look at technology as just new tools through which and by which we can sell more goods to more people.”

If the Internet is an example of whether or not their audiences will adopt new technologies for home shopping, there is good reason to be optimistic.

“When the Internet emerged in the mid-90s, there were some people in QVC who were fearful of what that might do to our television-retailing business,” says Rose. “I can tell you that in the ensuing five years, our [television] growth rate has actually accelerated. Unlike other dotcoms that have struggled, we’ve taken to the Internet quite well, and it’s been a profitable business for us.”

ValueVision’s Internet site has been a moneymaker, too. “We use the same product line and same fulfillment process as on the television side,” says Barnes. “The main difference between us and other Internet players out there is that we already have the infrastructure in place. The Internet business this current fiscal year is about 5% to 7% of our total sales. It’s growing much more rapidly than our TV sales. We expect, over time, it will become a bigger portion.”

“We do find that consumers that shop both channels of distribution spend more money,” HSN’s Kirby adds.

One reason they spend more money is that the online inventory tends to be more comprehensive. It includes whatever is offered on the television programming, plus additional items in the same brand line, along with similar items from other manufacturers. The Web sites also frequently offer merchandise that is no longer carried on the television side. “We’re not space-constricted like on television,” says HSN’s Kirby.

While all the retailers are enthusiastic about their online experiences and the potential of broadening their reach, they haven’t forgotten their roots. “If we find that our customers want to use these new mediums, we’ll be there,” says Kirby. “But the fact of the matter is that our core business is our television business. It’s very healthy, and it continues to grow significantly.”

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**HOME SHOPPING’S BIG THREE**

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<th>Households</th>
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<td>Home Shopping Network</td>
<td>USA Networks</td>
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<td>QVC</td>
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<td>ValueVision</td>
<td>NBC (36%)</td>
<td>36M U.S.</td>
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Source: Individual companies
OUR HOUSEHOLDS ARE UP 238%

WHAT A TURN ON.

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International Roundtables
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The State of Finance ........................................... 1 p.m.
What has been the impact of growing global investments? How will the rollout of advanced services affect the business?
Moderators: Alex Swan, Phillips Business Global Division; Rex Porter, Communications Technology
Speakers: Luis Fernando Baptista, Infrastructure Technology, Globacabo, Brazil; Richard Green, CableLabs

Technology Update: The World View .......................... 2 p.m.
How are new broadband services progressing overseas?
Moderators: Mike Galetto, Multichannel International; George Winslow, Multichannel International

International Roundtables
Room 404 .................................................... 3 p.m.

Taking Care With Content
Programmers may need to be careful of local-content regulations and sensitive to cultural issues.
Sean Spencer, TAP Latin America

Hiring Overseas
Best hiring and compensation practices, foreign tax codes and visa issues.

WEDNESDAY, NOV. 29

Opening General Session ...................................... 9-10:30 a.m.
Moderator: Ken Auletta, New Yorker
Speakers: Dan Somers, AT&T Broadband; Barry Diller, USA Networks Inc.; Michael Willner, Insight Communications; Dr. John C. Malone, Chairman, Liberty Media

One-On-One With Larry Ellison
Room 403 B .................................................... 11 a.m.-12 noon
Moderator: Larry Wangberg, TechTV

Competitive Video Delivery: What Does the Customer Want?
Room 408 B .................................................... 1-2:15 p.m.
Moderator: Jimmy Schaeffer, The Carmel Group
Speakers: Kirk Parsons, JD Power & Associates; Tola Murphy-Baran, NFL Enterprises; Lynne Elander, Cox Communications; Stanley W. Kozlowski, National Rural Telecommunications Cooperative; James Ackerman, OpenTV Corp.

Hooray for Digital Hollywood
Room 408 A .................................................... 1-2:15 p.m.
Moderator: Joe Cantwell, Bravo Networks
Speakers: Paul Lee, BBC America; Kevin Wendle, iFilm; Stephen McKenna, Sun Microsystems Inc.

The Customer in Control
Room 409 A/B .................................................. 1-2:15 p.m.
Moderator: Ann Montgomery, Adelphia Communications
Speakers: Alex Thompson, Mixed Signals; Peter Gatseos, AT&T Broadband; David Limp, Liberate Technologies; Robert Van Orden, Scientific-Atlanta Inc.

Walking the Diversity Talk
Room 406 A/B .................................................. 1-2:15 p.m.
Moderator: Senator (ret.) Art Torres, Walter Kaitz Foundation
Speakers: David Mixner, DBM Associates; Pandit Wright, Discovery Communications Inc; Patricia Andrews-Keenan, President, NAMIC

Broadband Goes Global
Update on upgrades and product rollout in Europe, Asia and Latin America.
Steve L. Herman, Pacific Century CyberWorks, Japan

Plenary Session .................................................. 3:30-5 p.m.
Moderator: Jim Louderback, TechTV
Speakers: George Bell, Excite@Home; Robert Glaser, RealNetworks; Jonathan Taplin, Intertainer

Broadcasting & Cable/11-27-00
The $180-Million Special-Effects Storm!

"Super suspenseful and terrifying Titanic and Jaws combined."

- Piet Lindstrom, Fox TV

• Multimillion-Dollar Ad Campaign

“A one-of-a-kind experience. You’ve never been on a ride like this before.”

- Mill Bregoli, Westwood One Radio

The PERFECT STORM

On December 29th The Storm hits Pay-Per-View!

For information about The Perfect Storm on Pay-Per-View, please contact
Andy Mellett (818) 977-8280 or Deanne Lewis-Ries (818) 977-8291
**WEDNESDAY, NOV. 29**

**Bridging the Great (Digital) Divide**

Room 404 A/B .................................................. 2:30-3:45 p.m.
Moderator: Peggy K. Binzel, National Cable Television Association
Speakers: Larry Irving, National Telecommunications and Information Agency; Hai Krisbergh, WorldGate; Curtis Symonds, BET; Rocco Comisso, Mediaco Communications Corp.

**All Wrapped Up: Bundling & Packaging Broadband**

Room 408 B .................................................. 2:30-3:45 p.m.
Moderator: Doug Seser, AT&T Broadband
Speakers: Howard Horowitz, Horowitz Associates Inc.; Vijay Iyer, Portal Software Inc. Joe Rooney, Cox Communications Inc.; Andy Addis, Comcast Cable Communications

**Catching Dollars in Your Web**

Room 406 A/B .................................................. 2:30-3:45 p.m.
Moderator: Joseph W. Ostrow, Cabletelevision Advertising Bureau Inc.

**The Right People and the Right Process: What It Takes to Deliver Broadband**

Room 408 A .................................................. 2:30-3:45 p.m.
Moderator: Bill Geppert, Vice President & General Manager, Cox Communications Inc.
Speakers: Teresa Elder, AT&T Broadband; Deborah Lawrence, Cox Communications Inc.; John M. Pientka, Viasoner Communications Inc.

**Can Retail Deliver?**

Room 409 A/B .................................................. 2:30-3:45 p.m.
Moderator: Pam Euler-Halling, Insight Communications
Speakers: Dave Martella, Radio Shack; Norman Goldberg, Cablevision/The Wiz; Donna Thomas, Discovery Networks; Giuseppe DiGesu, Time Warner

**FRIDAY, NOV. 30**

**General Session** ........................................... 9-10:30 a.m.
Speakers: Lee Masters, Liberty Digital; Ann Winblad, Hummer Winblad Venture Partners; Geraldine Laybourne, Oxygen Media; Mel Harris, Sony Pictures Entertainment; Frank Biondi, Waterview Advisors LLC

**One-On-One With John Chambers**

Room 403 B .................................................. 10:40 a.m.-12 noon
Moderator: Spencer Kaitz, California Cable Television Association

**Franchise Renewals in the New Millennium**

Room 404 A/B .................................................. 1:45-3 p.m.
Moderator: Gary Matz, Time Warner Cable
Speakers: Adrian Herbst, The Baller Herbst Law Group PC; Sheila Willard, Comcast; Gardner Gillespie, Hogan & Hartson LLP; William Marticorena Esq., Rutan & Tucker LLP

**The Competition Speaks Out**

Room 408 A .................................................. 1:45-3 p.m.
Moderator: Larry Aidem, Sundance Channel
Speakers: Evie Haskell, Executive Vice President, Media Business Corp.; Chris Walczak, Pegasus Communications Corp.; Lew Scharberg, RCN; Michael Thornton, DirectTV Inc.

**The View From the Street**

Room 406 A/B .................................................. 1:45-3 p.m.
Moderator: Willow Bay, CNN's Moneyline News Hour
Speakers: Doug Shapiro, Bank of America Securities; Jessica Reiff-Cohen, Merrill Lynch; Tom Eagan, PaineWebber Inc.; John K. Martin Jr., ABN AMRO Inc.

**Does That Click Mean Cash?**

Room 409 A .................................................. 1:45-3 p.m.
Moderator: David Wicks, Cablevision Systems
Speakers: John Engel, e-Media; Matt Kay, Commerce.TV; Richard C. Fickle, AT&T Headend in the Sky; Robert Rosenblat, Cablevision Systems

**Sharing the Big Fat Pipe: Implementing Access Over Cable's Broadband**

Room 408 B .................................................. 1:45-3 p.m.
Moderator: Tom Feige, Time Warner Communications
Speakers: Cynthia Brumfield, Broadband Intelligence Inc.; Tom Andrus, EarthLink; Jeffrey Campbell, Core Networks; Susan K. Marshall, AT&T Broadband

**Convergence, International Style**

Room 406 A/B .................................................. 3:15-4:30 p.m.
Moderator: David Van Valkenberg, Balfour Associates
Speakers: Geoffrey Roman, Motorola; Michael T. Fries, UnitedGlobalCom Inc.; John O'Farrell, Excite@Home; George E. Voncrihaarm, Convergys Corp.

**Customers-On-Demand: The Rewards of VOD**

Room 409 A .................................................. 3:15-4:30 p.m.
Moderator: Kim Kelly, Insight Communications
Speakers: Holly Leff-Pressman, Universal Television & Networks Group; Henk Hanselaar, DIVA Systems; Que Spalding, Starz Encore; Tom Jokirst, Charter Communications

**Will Cable's Telephone Ring Off the Hook?**

Room 408 A .................................................. 3:15-4:30 p.m.
WORLD WRESTLING FEDERATION®

The Best-Built Action-Adventure, Variety Shows On Television!

#1 SHOW ON CABLE TELEVISION

#1 SHOW WITH TEENS & YOUNG ADULTS ON

#1 SHOW ON UPN

THURSDAY, NOV. 30

Moderator: Steve Craddock, Comcast Corp.
Speakers: Tom Wolzien, Sanford Bernstein & Co.; Bart Bartolozzi, Net2Phone; John Sievin, Lucent Technologies; G. Murthy Vangala, AT&T Broadband

The Line-Up: How Programming Decisions Are Made and Why
Room 408 B ...........................................3:15-4:30 p.m.
Moderator: Decker Anstrom, The Weather Channel
Speakers: Fred Dressler, Time Warner Cable; Matt Bond, AT&T Broadband; Pam Euler-Halling, Insight Communications

Law & Public Policy Roundtables
Room 403 A ...........................................3:15-4:30 p.m.
Poles, Interconnection, Municipal Telecommunications Franchising and Rights-of-Way Issues
Facilitators: Lesa Lehtonen, California Cable Television Association; Paul Glist, Cole, Raywid & Braverman

Digital and Analog Must-Carry, Retransmission Consent and Music Licensing Issues
Bruce D. Sokier, Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, PC; Seth A. Davidson, Fleischman & Walsh, LLP; Diane Burstein, National Cable Television Association

Intellectual Property in the Digital Age
Christopher J. Harvie, Mintz, Levin, Cohn, Ferris, Glovsky & Popeo PC; Matt Zinn, TiVo; Bill Roberts, U.S. Copyright Office

Facing MMDS, SMATV, DBS and Telco Video Competition and the MDU Inside Wiring Rules
Michael A. Morris, Urban Media; John Seiver, Cole, Raywid & Braverman

FRIDAY, NOV. 30

Digital Workshops
Room 408 A ...........................................9-10:15 a.m.

OpenCable Progress and PODS
David Broberg, CableLabs

Working in a Multiple-ISP Environment
Jeff Walker, RiverDelta Inc.; Luisa Murcia, AT&T Broadband

VOD: Killer App, But When?
Bethany Gorfine, Federal Hill Communications; Charlie Tritschler, Liberate Technologies

DOCSIS on a Chip
Rouzbeh Yassini, YAS Corp.

Broadband in the Whole House
Don Apruzzese, ShareWave
Meet the interactive cable guys

Western Show 2000
Nov 29 - Dec 1
Hall B, Booth 3230

The digital cable revolution is happening now. That's why you should meet NDS today.

NDS brings you the interactive and security solutions you need to attract new subscribers and keep them spending more: interactive television, personal television services, targeted advertising, efficient use of bandwidth, T-commerce, Personal Video Recorder functionality and solutions to help securely deliver Video on Demand.

Making staying in, the new going out.

NDS understands the business of cable and delivers technology that helps you succeed. Technology designed to be open and work with leading suppliers to give you the right solution. Today - and tomorrow.

Visit us at the Western Show 2000, Hall B Booth 3230 and see why NDS is proud to bring you the new interactive cable guys.
Too big to ignore

Television warms up to women with growing list of nets

By Deborah D. McAdams

Suddenly, it's tres chic to be she TV. The clamor surrounding the launch of Oxygen and the climb of Lifetime has embodied an unprecedented expansion of networks with female appeal. Lifetime's self-branded movie net nearly tripled in size. Disney's SoapNet will end its first year with 8 million subscribers. Lifetime Movie Network, SoapNet and Rainbow's Romance Classics have pulled in 32 million subscribers between them in the past year.

Everyone has a different theory about the growth spurt.

"The rush usually comes when someone, anyone, announces the launch of a new service," said a cable-programming executive.

Lifetime Movie Network was launched two years ago, but the network added 8 million of its 11 million subscribers this year, much of it thanks to retransmission leverage exercised by parent partner Hearst.

"We created Lifetime Movie Network based on viewer demand," said Rick Haskins, executive vice president of marketing. "For three years in a row, LMN was the No. 1 choice for a new network in Beta Research. What Oxygen did is to put emphasis on women ... and bring noise to the category."

Kate McEnroe made noise about the need for more women's networks when Romance Classics was first announced back in 1992, when advertising geared toward women was still pretty much limited to hygiene and housekeeping. Only in the past couple of years have the big-bucks advertisers, like automakers and financial institutions, come to recognize that women buy cars and manage money, McEnroe said.

Now three years old, Romance Classics has about 34 million subscribers—pretty much where Oxygen will be three years out. Unlike Oxygen, Romance Classics did not light a fire under the category, because not all women craved romance, McEnroe discovered. More of them wanted a back rub and a good glass of Chablis.

"We underestimated the stress women were going through," she said. "The sense of how they wanted the network to be was this oasis."

Romance may actually be renamed Oasis at the Western Show, if a deal can be ironed out with Oxygen TV, a small new-age network based in Beverly Hills, Calif. Oasis Chairman and CEO Robert Schnitzer said he'd met with Rainbow executives several times, but a deal was not yet sealed at press time.

For women who do crave romance, at least in the chiseled-chin, bed-hopping, back-stabbing form of soap operas, there's SoapNet. Launched Jan. 24, SoapNet reaches about 8 million subscribers, 90% of them analog. SoapNet gained notoriety as a rerun network foisted by ABC on cable operators in heated retransmission negotiations. But even with retransmission chips mostly spent, Anne Sweeney, president of ABC Cable Networks, said she still expects SoapNet to reach full penetration and to eventually have its own shows.

"It's the last genre to go to cable," she said, "and I believe, in time, it will make its own exclusive soaps."

Sweeney likes to say that SoapNet is a "genre, not a gender network," but the audience is around 75% women, and that's the demo advertisers will see. Between Lifetime, Romance, Oxygen and more than eight other major cable channels skewing more than 60% female, advertisers already have plenty of choices to reach women.

The market won't support many more, said Tim Spengler, executive vice president and director of national broadcast at Initiative Media. "As the number of choices proliferates, you're going to see them cut into one another."
Where there is chaos and confusion, there is also mind-blowing potential.

Find out why forward-thinking companies like American Airlines, AT&T Broadband, Bloomberg, Coca-Cola, Ford, HGTV, Showtime and Tribune trust us with their enhanced TV initiatives. We'll lead you to that place of calm, clarity and control you need to become an interactive powerhouse. Our mission is to help you turn interactive chaos into interactive payoffs.

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OR IF YOUR SCHEDULE'S A WHIRLWIND, GIVE US A CALL AT 415-522-5260 OR VISIT US AT WWW.RESPONDTV.COM.

ENTER THE “i” OF THE INTERACTIVE STORM.
Even more reality TV

Just when one thought programmers were through with the genre, they come up with still more ideas

By Susanne Ault

With CBS' Survivor II, ABC's The Mole, The WB's Popstars and UPN's Road Rage all coming down the pike midseason, programmers have to be running out of room for any new riffs on reality TV.

Guess again. Modern Entertainment, the U.S. sales arm of Stockholm-based Strix (the production company behind Scandinavia's Expedition Robinson, a precursor to Survivor), thinks it can tempt TV executives with a lot more spins of the genre.

Modern Entertainment just sold Strix's format, Trading Places, to The WB. While the network hasn't slotted a definite spot for Trading Places (the project: switching the lives of two completely different families for a week), Modern believes The WB pickup proves that it hasn't missed the boat on the trend in the U.S. It's currently in development.

To demonstrate to The WB, "We took a family that works and lives at the Salvation Army and transplanted them with a family of motorcycle riders," explains Michael Weiser, Modern Entertainment's president and CEO. "The bikers have to collect donations from the street, and the Salvation Army family has to learn how to run a garage—it's true, fish-out-of-water stuff, and a lot of fun to watch."

Admittedly, "you won't have a truck driver or a CEO of a billion-dollar company change jobs," says Weiser. "But there are hundreds of possible combinations for the show," which debuted in Sweden last year.

Although Modern seems a little late getting in on the U.S. reality-format game, its producing partner Strix does know how to pick them—it acquired the idea for Survivor from producer Charlie Parsons a full four years before Mark Burnett (behind CBS' Survivor and Survivor II) did the same.

Prior to Burnett smelling success, Strix had already launched versions of Survivor in Norway, Denmark, Germany, Austria and Belgium. Also, Burnett nabbed Strix to act as paid consultants for the U.S. version of Survivor.

"If everyone knew Survivor was going to be such a big deal, they would have bought it before we did," says Weiser.

Another format Modern is shopping to network, cable and syndication outlets is The Bar, which Modern bets can do even better than Survivor.

Following 12 strangers trying to turn a fledgling bar into a moneymaking business, "The Bar is the most successful show we have produced since Expedition Robinson, so it has the potential to be every bit as big as Survivor," Weiser contends.

The Bar calls for contestants to compete to be the best servers, cooks and bartenders for prize money. Viewers must frequent The Bar.
"The Betacam SX laptop editor is my secret weapon."

— Rick Minutello, Operations Director, WPXI-TV Pittsburgh

"Nobody in town beats us in spot news," says Rick Minutello, "and Sony's DNW-A225 laptop is a big reason why. The Betacam SX laptop editor enables us to edit breaking stories anywhere, getting us on-air that much faster."

Minutello also cites the Betacam SX editor's versatility. "It's perfect for flyaway packages. The crew can shoot all day and log tapes in the hotel room after dinner. Journalists can sign out A225's to log footage at home. We even use them to record clean camera feeds when we broadcast live events."

Sony's Betacam SX format was an obvious choice, according to Minutello. "Betacam SP" equipment always stood up to punishment. Our DNW-7 camcorders bring that same reliability into the digital domain.

And our DNW-A100 and DNW-A45 studio VTRs are compatible with all our Betacam SP acquisition tapes, show tapes, air masters and edited packages. I can't go out and burn all those tapes. With Betacam SX VTRs, I don't have to."

Betacam SX equipment completes the picture for WPXI, helping get news on the air faster and better than the competition. Says Rick Minutello, "This is my edge."
to generate its profits and viewers ultimately select the show’s final winner.

Sweden’s won $10,000 but Modern says the U.S. top dog would likely net $500,000 and an ownership stake in the restaurant. Also, for the U.S. version, Modern hopes to partner with such popular eateries as TGI Friday’s or Hooters.

“The biggest kick to this is they’re not just sitting in an apartment, but they’re working, they’re running a business. It’s one of the few reality shows where contestants interact on a regular basis with the real world,” says Weiser. “Plus, The Bar is already airing in Scandinavia, and it’s crushing Big Brother, which it runs against.”

Yeah, but how hard is it to beat the critically panned Big Brother?

Over there, “Big Brother did not do badly at all,” insists Mark Itkin, senior vice president at the William Morris Agency.

DIC departs from Disney

Major producer of animated series buys back its assets and goes it alone

By Joe Schlosser

DIC Entertainment has left Disney World. The Hollywood-based animation studio, with the financial help of equity firm Bain Capital Inc., finally bought back its own assets from The Walt Disney Co. last week—a move long anticipated in the kids programming industry.

DIC, the producers of such animated series as Inspector Gadget, Sonic The Hedgehog and Madeline, is now free to produce and distribute its fare to all comers outside and even inside the Disney gates. The studio had been partnered with Disney since 1995 and will continue to co-produce for them.

DIC Chairman and CEO Andy Heyward led the buyback from Disney, a “complicated” deal that he says will include future development and licensing efforts between the two studios. Neither side commented on the financial aspects, but it’s believed to be worth well over $100 million.

“We spent five years with Disney and during that time we got a lot of things done. I think we still have about one-third of the schedule on Toon Disney, we do a lot of videos with Buena Vista Home Video and we have things with ABC,” Heyward says. “So there are a lot of good things there, but at the same time, there were things that we couldn’t do because Disney was so busy building and will always be busy building and supporting the Disney businesses. I understand that, but I think all of us yearned to be in a more entrepreneurial environment and now we are.”

As part of the ongoing association between the two companies, Disney has renewed Sabrina, The Animated Series on ABC and has ordered another 26 episodes of Madeline for The Disney Channel. The two sides are also co-producing two animated direct-to-video films through Buena Vista Home Video and are doing a sequel for the movie Inspector Gadget.

Outside of its co-productions with Disney, Heyward says the studio is currently in production on new series Poor Richard’s Almanac for PBS and four other individual series, including a Sabrina spin-off. Heyward says the animated spin-off, Salem, will be ready for next season.

Also on DIC’s platter is an animated project with Mary-Kate and Ashley Olsen (aka the Olsen twins), the animated series Super Duper Sumos and another project based on a “major motion picture.” DIC also wants a future in the international marketplace, where it has not been able to sell outside of the Disney-family.
A modern jumbo jet has an intricate hydraulic system, 171 miles of electric wiring, 8 redundant computer systems, 57,000 gallons of jet fuel, 420 passengers, 6 tons of food and a ground speed of 600 MPH.

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For hundreds of leading stations and networks around the world, ENPS means better ways of writing, editing, and production.

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In increasingly complex environments, if your best people are distracted by technology, it's even harder to stay on course. With ENPS, reporters report, producers produce, editors edit, engineers engineer. The bottom line: You can't do more with less.

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It's all about control.
Closer look at TV news

Behind the numbers, Pew study finds many stations are sacrificing quality, creativity for high profits

By Dan Trigoboff

is the commitment to maintain sky-high profit margins causing local television to abandon its commitment to the elements that created those profits—to the industry's own detriment?

In its third annual report on local news, released earlier this month (B&C Nov. 13, p. 21), the Project for Excellence in Journalism, which is affiliated with Columbia University's Graduate School of Journalism and funded by the Pew Charitable Trusts, drew that conclusion. "[T]he business is cutting back on precisely the elements that attract viewers—including enterprise, localism, breadth, innovation and sourcing." The majority of stories studied this year, said the project, "were either feeds or footage aired without an on-scene reporter."

Most of the 50 stations in the 15 markets surveyed were considered mediocre, including Boston, New York City, Los Angeles, Minneapolis, Chicago, Sioux Falls and Wichita. (The chart does not include survey results for morning newscasts in Birmingham, Ala.; Detroit; and Portland, Ore.)

"If the industry does not begin to change," say study leaders Tom Rosenstiel, Carl Gottlieb and Lee Ann Brady, "if it continues to insist on profit margins that can be sustained only by gutting newrooms, the evidence strongly suggests the biggest loser in the Internet revolution will not be newspapers but local broadcast television news."

And, for the third time in three years, the survey pounded out the notion that quality—as it defines quality: longer, locally focused, more enterprising, better sourced and better balanced stories—leads to greater success in local TV. "Enterprise sells. Depth sells.

What they're doing right—and wrong

<table>
<thead>
<tr>
<th>Station</th>
<th>Grade</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATLANTA</td>
<td></td>
<td>&quot;Very local. Needs better sourcing, more balance, enterprise. News director promoted to WUSA.&quot;</td>
</tr>
<tr>
<td>WXIA-TV</td>
<td>A</td>
<td>&quot;From F to B in two years; new ownership. Good on breaking news. Best in town for balance.&quot;</td>
</tr>
<tr>
<td>WGCL(TV)</td>
<td>B</td>
<td>&quot;Solid in other timeslots. Ratings hurt by declining Fox lead-in. Too many feeds. Good at ideas/issue stories.&quot;</td>
</tr>
<tr>
<td>WAGA(TV)</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>BOSTON</td>
<td></td>
<td>&quot;Best in Boston dropped to C from B. Good localism. Ratings on the right track.&quot;</td>
</tr>
<tr>
<td>WBZ-TV</td>
<td>C</td>
<td>&quot;Racy presentation, but most issues in town. Good at breaking news, sourcing. Could be more local. Up from D to C in a year.&quot;</td>
</tr>
<tr>
<td>WCVB-TV</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>CHICAGO</td>
<td></td>
<td>&quot;Carol Marin's experiment hasn't matured and may not get the chance to be a survivor.&quot; (The experiment was terminated.)</td>
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<tr>
<td>WBBM-TV</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>DENVER</td>
<td></td>
<td>&quot;Best in Denver shows ratings weakness. More breaking news, coverage of civic institutions would help.&quot;</td>
</tr>
<tr>
<td>KUSA-TV</td>
<td>B</td>
<td>&quot;Decent station slipping in ratings. Best in Denver at sourcing, breaking news. Needs more localism.&quot;</td>
</tr>
<tr>
<td>KMGH-TV</td>
<td>B</td>
<td>&quot;Highest story count, most local coverage in town. Low on ideas/issues. Too many unnamed sources.&quot;</td>
</tr>
<tr>
<td>KCNC-TV</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>LOS ANGELES</td>
<td></td>
<td>&quot;High on issues and ideas, low on crime. Covers L.A. well, could improve sourcing. Dismal ratings.&quot;</td>
</tr>
<tr>
<td>KCBS-TV</td>
<td>A</td>
<td>&quot;Ratings king at 6. Very local, lots of human interest, breaking news.&quot;</td>
</tr>
<tr>
<td>KABC-TV</td>
<td>B</td>
<td>&quot;Tabloid formula: lots of crime, unusual events, feeds. Poor sourcing, least local coverage&quot;</td>
</tr>
<tr>
<td>KNBC(TV)</td>
<td>D</td>
<td>&quot;Best of 10 p.m. in L.A., but loses UPN audience. Good sourcing, issues. Low on crime and high on series.&quot;</td>
</tr>
<tr>
<td>KCOP(TV)</td>
<td>C</td>
<td>&quot;Decent expert sourcing, poor mix of opinions. Local, good on breaking events.&quot;</td>
</tr>
<tr>
<td>KCAL(TV)</td>
<td>C</td>
<td>&quot;Just missed a C. Good sourcing, lots of crime. More localism would help. Fox lead-in hurts.&quot;</td>
</tr>
<tr>
<td>KTTV(TV)</td>
<td>D</td>
<td>&quot;Worst in L.A. Proof that tabloid can succeed. But can you sell Hal Fishman to the Dawson's Creek crowd?&quot;</td>
</tr>
<tr>
<td>KTLA(TV)</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td>KSTP-TV</td>
<td>B</td>
<td>&quot;Down a grade from last year, ratings follow. Good sourcing, least local coverage.&quot;</td>
</tr>
<tr>
<td>KARE(TV)</td>
<td>C</td>
<td>&quot;B last year. Best sourcing, investigations at 10. Strong breaking news, could be more local.&quot;</td>
</tr>
<tr>
<td>WCCO-TV</td>
<td>C</td>
<td>&quot;Second-best prime show in study. Lots of sources, mix of opinions. Low on crime, local institutions.&quot; (9-10 p.m.)</td>
</tr>
<tr>
<td>KMSP-TV</td>
<td>B</td>
<td>&quot;Is this the same station that airs the one-hour show? Lots of feeds, horse-race politics.&quot; (10-10:30 p.m.)</td>
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Business as Usual

FROM INDUSTRY CONSOLIDATION AND REGULATORY CHANGE TO TECHNOLOGICAL ADVANCEMENT AND ECONOMIC UNCERTAINTY, THESE ARE CHANGING TIMES FOR THE COMMUNICATIONS INDUSTRY. FOR THE FINANCIAL INNOVATORS AT FINOVA, IT'S BUSINESS AS USUAL. SINCE 1987, FINOVA HAS BEEN THERE FOR ITS CLIENTS, SERVING THE NEEDS OF ADVERTISING AND SUBSCRIBER-SUPPORTED BUSINESSES WITH INNOVATION, SUPERIOR SERVICE, RELIABILITY, AND LONG-TERM INDUSTRY COMMITMENT. FOR CUSTOM-TAILORED CAPITAL SOLUTIONS, YOU CAN DEPEND ON FINOVA.
Breadth sells. Courage sells,” the authors say.

But the authors say some stations are more interested in selling out. A third of the responding news directors reported that they were discouraged from covering stories due to concerns about sponsors.

Since its inception, news directors have suggested that the study takes an ivory-tower view of the news.

In Phoenix, Bob Morford, KNXV-TV news director said that sometimes a newscast has to find its own niche to attract an audience. As KNXV-TV’s is the newest newscast among the five Phoenix stations, he notes, “If you’re a heavy TV news viewer, you made your choice 10 or 15 years ago. I believe our product has a specific value in our marketplace to attract low-use TV news viewers. We’ve created a newscast that has the goal of broad coverage.”

Dennis Leonard, general manager of WBBC-TV Birmingham, Ala., which received an F grade for its morning newscast, said he believed that most of his station’s newscasts were following the criteria of the study, but that in the morning, its audience wanted a focus on weather and traffic.

On the other hand, some stations like the results just fine. Tucson emerged as the best market for local news. According to the study, KGUN-TV got the only A given, both KOLD-TV and KVOA-TV earned high Bs and were within a handful of points of A grades.

Under Forrest Carr, KGUN-TV news director, the station has posted a Viewer Bill of Rights on its Web site, which addresses some of PEJ’s priorities in its approach to covering crime and investigative reporting, but also promises positive, ethical and solution-oriented news gathering. “I think the definition of quality should include a dialogue with the community,” said Carr.

KTVK(TV) Phoenix, WMAA-TV Atlanta, KCBS-TV Los Angeles, and KTVU(TV) San Francisco also received A grades. In fact, in the three-year history of the study, no station has received higher grades than KTUU-TV, the Cox-owned station in the Bay Area.

News Director Andrew Finlayson passes off most of the credit to his predecessor Fred Zehnder, who led the news department for 20 years. “The people in this newsroom and the job they do reflect Fred’s years of thoughtful and concerned leadership, said Finlayson. “I reissue Fred’s memo.”

Yet, the stability indicated by Zehnder’s 20 years, Finlayson’s 10 years, anchor Dennis Richmond’s 24 years and General Manager Kevin O’Brien’s 14 years at the station is rare in the TV business. Finlayson believes that stability has helped the station promote localism. KTVU, Finlayson says, also directs strong effort to speak to all communities in the diverse Bay area.

And it is not the best-equipped station; it has neither a news chopper nor a satellite truck. In the survey, Finlayson joked that “we couldn’t cover a car chase even if we wanted to.”

<table>
<thead>
<tr>
<th>Station</th>
<th>Grade</th>
<th>Comment</th>
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</thead>
<tbody>
<tr>
<td>WABC-TV</td>
<td>B</td>
<td>“From worst to first in N.Y. Best half-hour in town for issues, investigations, sources. Light on breaking news.”</td>
</tr>
<tr>
<td>WNCH(TV)</td>
<td>B</td>
<td>“Solid station. Bouncing back at 11 p.m. Good expert sources, mix of opinions. Could be more local.”</td>
</tr>
<tr>
<td>WCBS-TV</td>
<td>C</td>
<td>“Launching, but long way to go. No investigations, lots of everyday incidents.”</td>
</tr>
<tr>
<td>WNYW(TV)</td>
<td>C</td>
<td>“Just missed a B. Big on issues, breaking news, expert sources. Decent localism. Slipping in the ratings.”</td>
</tr>
<tr>
<td>WPIX(TV)</td>
<td>C</td>
<td>“Beats market/nation for mix of opinions. Most multiple sources. Least coverage of metro area.”</td>
</tr>
<tr>
<td>WWOR-TV</td>
<td>C</td>
<td>“Heavy ideas/issues, light on breaking news. Most investigation at 10 p.m. Many feed stories.”</td>
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<tr>
<td>PHOENIX</td>
<td></td>
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<tr>
<td>KTVK(TV)</td>
<td>A</td>
<td>“Best in Phoenix. Most investigations, expert sources. Half the national average for unnamed sources. Stories really well done.”</td>
</tr>
<tr>
<td>KPHO(TV)</td>
<td>B</td>
<td>“Almost an A. Big on breaking news and horse-race politics. Coverage too one-sided.”</td>
</tr>
<tr>
<td>KPNX(TV)</td>
<td>C</td>
<td>“Good station in ratings war. Best at breaking news. Makes national news locally relevant.”</td>
</tr>
<tr>
<td>KNXV(TV)</td>
<td>F</td>
<td>“Lowest score in three years. Lots of stories, no depth. Promo: ‘We won’t waste your time. They do.”</td>
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<tr>
<td>SF/OAKLAND</td>
<td></td>
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<tr>
<td>KTVU(TV)</td>
<td>A</td>
<td>“Best score ever in study. Twice national average for issues, experts, balance and relevance. Proof quality sells.”</td>
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<tr>
<td>SIOUX FALLS</td>
<td></td>
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<tr>
<td>KELO-TV</td>
<td>A</td>
<td>“Ratings slippage despite monster tune-in. Covers state well, but too many stories with no sources.”</td>
</tr>
<tr>
<td>KSFTV(TV)</td>
<td>C</td>
<td>“Too many unnamed-sources, one-source stories. Not much breaking news or issues. Ratings loser.”</td>
</tr>
<tr>
<td>KDRT(TV)</td>
<td>D</td>
<td>“Last place but climbing. Lots of news conferences. Best in town for issues. Covers Sioux Falls and its institutions.”</td>
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<tr>
<td>TUCSON</td>
<td></td>
<td></td>
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<tr>
<td>KOLD(TV)</td>
<td>A</td>
<td>“Almost an A. Ratings cold. Needs investigations, more breaking news. Broad coverage of Tucson.”</td>
</tr>
<tr>
<td>KVOA(TV)</td>
<td>C</td>
<td>“Longtime market leader, good station challenged. 40% news conferences. Many one-source stories.”</td>
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<tr>
<td>WICHITA</td>
<td></td>
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</tr>
<tr>
<td>KSNW(TV)</td>
<td>C</td>
<td>“Superficial, no investigations or tough interviews. Good expert sourcing and regional coverage.”</td>
</tr>
<tr>
<td>KWCH-TV</td>
<td>D</td>
<td>“Longtime ratings leader halting slide. Only investigation in market. Low on expert sources.”</td>
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REALLY ARRESTING DEVELOPMENTS

WCSC-TV Charleston, S.C., has had two staffers arrested this month. Veteran News Director Donald Feldman was charged by local police with forging a station check to cover a credit-card payment. Within a day, the station’s morning weatherman, Aaron Brillhart, was arrested by the FBI in an apparently separate investigation. Staffers at the market’s top-rated station are in shock.

Brillhart, who had been with the Charleston station only briefly, is accused of sending threatening e-mail to a Pennsylvania television station where he once worked. Jerry Tretyl, news director for WHP-TV Harrisburg, told reporters he could not discuss the e-mail in detail but said it was disturbing enough to warrant contacting the FBI. Brillhart had worked for the station earlier this year. According to reports, Brillhart surrendered to authorities in Charleston on an indictment from a Pennsylvania grand jury and was released on bond.

Police say Feldman used an $11,500 check to cover an American Express payment. WCSC-TV General Manager Rita O’Neill said she could not comment except to confirm that Feldman was no longer with the station as of Wednesday, and that Assistant News Director Mary Rigby is running the news department. Feldman was a 15-year employee of the station.

Neither he nor his attorney was available for comment.

WJLA-TV LOSES SUIT

After a three-week trial, a Fairfax County, Va., jury found WJLA-TV Washington liable for $2.5 million in damages to a Virginia orthopedist who said he had been defamed by a station report. According to newspaper reports from the trial, Dr. Stephen Levin’s lawyers argued that his stretching and muscle manipulation treatment was medically recognized and his patients consented. In making the seven-figure award, the jury reportedly found that the station knew the defamatory statements were false and acted recklessly and with disregard for the truth. The station plans to appeal. In fact, the station may have been penalized more because of the promos than because the story. Even WJLA-TV reporters who worked on the story would not say the promos were fair. Station attorneys suggested the jury was confused over a procedure that might be appropriate when performed by an obstetrician-gynecologist to relieve back spasms but not when performed by Levin.

ANCHOR ANSWERS BACK, PLANS SUIT

Fired Spokane, Wash., anchor Randy Shaw has issued a statement denying his former station KHQ-TV’s allegations of sexual harassment and says he plans to sue the station. In the statement, Shaw—one of the market’s most popular media figures—said he was harassed himself because of concern he’d expressed over the performance of a co-worker who later filed harassment charges against him. The co-worker is no longer with the station.

Station management said Shaw was fired earlier this month, after being taken off the air, because of unacceptable behavior that he refused to address.

WEATHERMAN UN-RETIRÉS

Popular longtime Tucson, Ariz., weatherman Michael Goodrich was brought back to local television in part by a “where-are-they-now” piece done not by his old station but by KGUN(TV) Tucson, now his home.

Goodrich, 61, had retired to Oklahoma in 1998 after more than 20 years at KVOA(TV) Tucson. It was not as idyllic as he’d imagined.

While there, he’d been tracked down by former rival KGUN-TV for an update.

“After a while, it became apparent for personal and financial reasons that I should go back to work. I wanted more FM radio, more TV and more volleyball” than Oklahoma offered. “I felt like I still had a lot of energy left and wanted to meet people and have a good time. When I decided to come back, I called KGUN-TV,” he said. “It was either that or stand on a street corner holding up a sign that said ‘Will Work for Viagra.’” Actually, Goodrich said, he’d worked for KGUN-TV 30 years ago, before he got to KVOA. “It just fell into place. I still show up well in the research.”

Think locally, act globally

KCAL(TV) Los Angeles offered a serious approach to sweeps, sending reporter Pat Harvey to Africa for stories on the spread of AIDS there and on female genital mutilation. Although there are some local ties, News Director Dennis Herzog said, the stories’ strength will be in their “global proportion. I think it will be a compelling story.” Harvey and her crew were in Africa for 10 days, producing reports carried over six nights.

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This Blind Date was no dud

Relationship strip attracts competition from Paramount, Columbia and Warner Bros.

By Susanne Ault

Universal has struck sparks between singles with its relationship strip Blind Date and has fired up flirtation from several competing syndicators.

On deck for possible fall 2001 launches are Paramount’s Rendez-View, pitched as a cross between Blind Date and Politically Incorrect; Columbia TriStar’s Shipmates, described as Love Boat meets Blind Date; and Warner Bros.’ Elimidate, which is sort of a beefed-up Blind Date (one guy or gal with four potential suitors).

Everyone knows that imitation is the sincerest form of flattery, but can Blind Date stand up to the new competition next year?

“Usually, the first in the genre survives,” says Katz TV’s Bill Carroll. “It’s the survival of the imitators that’s something to look out for.”

It’s true that no one has knocked Judge Judy or Oprah off their No. 1 perch, but relationship shows sometimes follow a different pattern. “Love Connection got on the air, but after [Warner Bros.’] Change of Heart got on, Love Connection didn’t return,” remembers Carroll.

However, the overriding sense from stations is “they’re placing Blind Date as the primary show and positioning the others as its complements,” he says.

Even if Blind Date is still on good terms with stations, Universal is mounting a strike against new rivals with its own companion to Blind Date, The Fifth Wheel.

Hosted by comic Aisha Tyler and produced by Blind Date producers David Garfinkle, Jay Renfroe and Thomas Klein, Fifth Wheel puts two guys and two gals into a limo, later introducing a fifth person into the group date.

“This could possibly be an ex, who upsets the romantic binds that have started to form,” says Matt Cooperstein, Universal Worldwide Television’s senior vice president of domestic distribution.

No deals have been announced for the show, currently being shopped to stations, “but the reception for it has been extremely positive,” he says.

And all of these Cupid’s arrows flying around haven’t exactly punctured Cooperstein’s spirit. “Blind Date was a hit in a new genre, so we knew there was going to be [more spins on the format]. But we were the first mover in the genre, and we’ll be the second mover with The Fifth Wheel.”

Ned Nalle, president of Universal Worldwide Television, believes the rollout of Fifth Wheel shortly after Blind Date will echo the studio’s launch of Xena: Warrior Princess as a companion to Hercules: The Legendary Journeys. In 1998, Studios USA acquired the action hours, but Universal still sells them overseas.

“As we told [Hercules’ producers], we told [Blind Date’s Garfinkle, Renfroe and Klein] that we need to evolve the form for creative and defensive reasons,” says Nalle. “And they have. We are taking Blind Date to the next threshold.”

Now in its sophomore season, Blind Date has secured such recent upgrades as a double run at 5:30 p.m. on KBHK-TV San Francisco and a second airing at 12:30 a.m. on KPRC-TV Houston.
1999’s saga: Slow and sad

Revenue-growth rates decelerate in broadcast TV, cable and radio, but Internet keeps rising

By Steve McClellan

Slow revenue and profit growth was the story for TV, cable and radio last year, according to a new report that crunched all the 1999 financial numbers for communications companies in the public sector.

The television broadcasting industry posted revenue growth of 7.4% (to $31.6 billion) in 1999. And while that’s not bad, it’s the lowest rate of growth the industry has produced in five years. From 1995 through 1999, the compound annual growth rate for the industry was 10.4%.

Revenue for the cable and satellite TV sector in 1999 climbed 14.2% to $45.5 billion. Double-digit growth is always good but for cable and satellite it was, like broadcasting, also well below the sector’s five-year growth rate of 16.6%.

For radio it was the same trend: 1999 revenues were up 20% to $8.1 billion, but the growth was well below the five-year annual growth rate of 37.6%.

That’s according to Veronis Suhler & Associates, the New York media investment banker and consultant, which just issued its annual Communication Industry Report. The report tracks all the 1999 financials for publicly traded communications companies along with a five-year trend analysis.

The results are in line with a forecast that VS&A issued last August that predicted slower growth for the broadcasting and cable industries from now until 2004 (B&C, Aug. 14).

Meanwhile, Internet revenue growth continued to soar last year. VS&A said the Internet sector continued to grow in 1999 at a pace that exceeded the annual growth rate for the last five years. Revenues for the sector last year totaled $9.6 billion, up 69%. The five-year average growth rate for the sector is 65%.

**BROADCAST TV**

The report states that broadcasters benefited from a robust economy in 1999 that fueled a 4.4% gain in total ad spending, despite the fact that the industry was coming off an Olympics and midterm election year in 1998.

TV station revenues tracked by the report increased 10.2% to $7.4 billion, outpacing the TV networks, which posted a combined 6.5% revenue gain to $24.4 billion.

Operating income for the TV sector slowed dramatically last year, to a mere 0.7%, which VS&A attributed to declines at ABC and Fox as well as at numerous local stations around the country. By comparison, operating income for the TV sector was up 4.7% in 1998, while over the past five years, operating income has grown an average of 14.5%.

Operating-profit margins continued to shrink in 1999 as well, to 18.7% from 19.9% in 1998 and 20.9% in 1997. The total asset value of the public companies in the broadcasting sector was $75.7 billion, up 20% from 1998.

VS&A said that the four major networks each generated between $3.5 billion and $7.5 billion in revenue in 1999. ABC parent Walt Disney Co. generated the most TV revenue of any company, with $7.5 billion last year, up 52%.

General Electric’s NBC ranked second...
average growth rate.

Total operating income for the cable sector dropped sharply in 1999, down 53% to $1.6 billion. VS&A said the declines were largely due to one-time charges to earnings taken by AT&T; the subtraction of gains of sales of assets by Time Warner; and losses racked up by DBS operators.

Operating-profit margins dropped to a five-year low for the cable and satellite industry, to 4.6%, down from 12.5% in 1995.

Looking just at service providers (excluding network-programming services), cable-system operators (MSOs) posted $27.8 billion in revenues last year, up 10.5%, below the sector’s 11.8% five-year growth rate. Direct Broadcast Service operators posted $6 billion in revenue, up 55% but below the DBS five-year growth rate of 70%. DBS operating losses almost doubled to $907 million.

Cable MSO operating income rebounded somewhat last year, totaling $2.5 billion, essentially flat versus the previous year. But that’s better than a five-year income-growth rate of -1%. In 1998, profits for the MSOs were down a combined 21%.

On the cable network side, VS&A said that Time Warner and Viacom accounted for the lion’s share—$9.2 billion—of the $11.2 billion in revenue generated by basic and premium cable channels in 1999. Time Warner’s cable networks (CNN, HBO Cinemax, TBS, TNT, Cartoon and Turner Classic Movies) generated revenues totaling $6.1 billion, up 14%, with a 24% gain in operating income to $1.2 billion.

Viacom’s cable networks (MTV, VH1, Showtime, The Movie Channel) posted revenues totaling $3 billion, up 16.8%, with a 25% gain in operating income to $932.4 million.

RADIO
Operating-income growth continued to slow in the radio sector in 1999. The industry generated just over $1.4 billion in operating income last year, a gain of 11.4%. But that was about two-thirds below the industry’s five-year profit growth rate of 34.3%.

About half of the industry’s operating income—$741 million—was generated by Viacom’s Infinity Broadcasting. Clear Channel was second with $189 million, followed by Cox Radio, with $118 million.

VS&A attributed the slowing profit growth in radio to higher charges for depreciation and amortization and asset write-ups resulting from acquisition activity. Profit margins for the sector slipped 1.4 percentage points to 17.4%.

But cash-flow growth for the radio industry remained robust, climbing 33% last year to just over $3 billion. VS&A attributed the strong gains to both revenue growth and operating-cost reductions. Again, Infinity was the leader, accounting for about one-third of the industry’s cash flow with just over $1 billion in cash flow, followed by Clear Channel with $339 million.

INTERNET
On the Internet front, although companies continue to drive revenues to record heights, the sector also continued to gush red ink. Operating losses blossomed to $3.9 billion in 1999, more than double the $1.5 billion in losses for 1998.

VS&A attributes the losses to several factors, including the growing number of companies trying to make a go of it in that industry.

In addition, VS&A said, Internet companies have been struggling mightily to come up with profit-making business models. “Development of business models is time-consuming as well as expensive,” the report states, “due to the costs incurred for research, development and implementation of necessary technological infrastructure.”

In 1999, America Online was the leading Internet Service Provider (ISP) with $4.8 billion in revenue and operating income of $458 million. The second-ranked ISP last year was the Earthlink Network with $670 million in revenues and an operating loss of $195.7 million.

Among content providers, C/Net led with 1999 revenues of $112 million and an operating loss of $60 million. Second was ZDNet with revenues of $104 million and operating income of $1.2 million.

In its communications forecast issued last summer, VS&A predicted that online advertising will soar six-fold to $24.4 billion by 2004, surpassing cable advertising and growing at a remarkable 39.5% annually. In 1999, online advertising jumped 140%, to $4.6 billion, from $2.0 billion in 1998. VS&A said advertisers began moving from online banner ads to “permission-based” e-mail and other delivery mechanisms “in order to better measure effectiveness.”
**Changing Hands**

**TVs**
51% of KPPX(TV) Tolleson/Phoenix, Ariz.

**Price:** $6.6 million

**Buyer:** Paxson Communications Corp., West Palm Beach, Fla. (Lowell W. "Bud" Paxson, chairman/owner; Jon Jay Hoker, president, TV group); owns/is buying 68 other TVs, including KPPX(TV) Phoenix. Note: Paxson already owns 49% of KPPX

**Seller:** Hector Garcia Salatiaire, Phoenix; no other broadcast interests

**Facilities:** Ch. 51, 4,875 kW visual, 487 kW aural, ant. 1,749 ft.

**Affiliation:** Pax TV

**Broker:** Kalil & Co. Inc. (seller)

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**COMBOS**

**KWKY(AM) Kingston, WRRR(FM) (formerly WDSF) Arlington/Middletown, WEOE(AM)-WPHD(FM) Poughkeepsie, WCGX(FM) Hyde Park/Poughkeepsie, WPDQ(FM) Jeffersonville/Poughkeepsie, WOLL(AM)-WRRR(FM) Middletown/Poughkeepsie and WZAD(FM) Wurtsboro/Poughkeepsie, all N.Y.

**Price:** $53 million cash

**Buyer:** Aurora II LLC, Stamford, Conn. (Frank D. Osborn, president/owner).

Osborn is president/79% owner of Aurora Communications LLC, which owns WCCX(AM) Bridgeport, WINE(AM)-WWEI(FM) Brookfield, WRED(FM) Westport, all Conn., and WPAT(FM) Mount Kisco, WPTU(AM)-WAXH(FM) Patterson and WFAS-AM-FM White Plains, all N.Y. Osborn also owns 33.3% of KRCB(TV) Bellingham/Seattle, Wash., and 20% of WRTV(TV) Jackson/Lansing, Mich.

**Sellers:** WPAS: Michael J. Harris (75% owner) Poughkeepsie; no other broadcast interests

**Facilities:** WBNY: 1490 kHz, 1 kW, WBNB: 96.9 MHz, 3 kW, ant. 1,010 ft.; WBNV: 1390 kHz, 5 kW day; WBNX: 101.5 MHz, 4.5 kW, ant. 1,540 ft.; WCNX: 97.7 MHz, 300 W, ant. 1,030 ft.; WBNQ: 106.1 MHz, 1.6 kW, ant. 627 ft.; WBNR: 1340 kHz, 1 kW; WBNR: 92.7 MHz, 3 kW, ant. 300 ft.; WBNZ: 97.3 MHz, 620 w, ant. 718 ft.

**Format:** WBNY: AC, WBNB: progressive alternative rock; WBNV: MOR; WBNX: AOR; WCNX: oldies; WBNQ: AOR; WBNR: news/talk; WBNR: alternative rock; WBNZ: oldies

**KQSC(AM)-KZTS(FM) Cortez, Colo./Farmington, N.M.

**Price:** $675,000

**Buyer:** AGM-Four Corners LLC, Bakersfield, Calif. (brothers Anthony S. and L. Rogers Brandon, each 25% members; Edward B. Hutton, 50% member).

Brands own/are buying 17 FM's and nine AM's, including KENX(AM)-KWNN(AM) KFQG/FM Cortez and KQKX(FM) Farmington, KZTS-FM/ Cortez and Farmington's seller's lists. Each also owns 25% of AGM Nevada LLC, which owns/is buying seven AM's and four AM's

**Sellers:** AGM-Rocky Mountain Broadcasting Inc, Bakersfield (Brandons own each 50%); owns five Colorado FMs

**Facilities:** KVFC: 740 kHz, 1 kW day, 250 W night; KRTZ: 98.7 MHz, 27 kW, ant. 2,900 ft.

**Formats:** KVFC: oldies, sports; KRTZ: country

**FM's**

69% of WKRR(FM) Asheboro/Greensboro and WKZL(FM) Winston-Salem/Greensboro, N.C.

**Value:** $35 million (worth of shares being redeemed by seller)

**Buyer:** James A. Dick Jr., Greensboro, N.C.; already owns 30.9% of WKRR and WKZL

**Seller:** Dick Broadcasting Co. Inc., Greensboro (Charles Arthur Dick, 30.8% owner; Emily D. McAlister, 29.8% owner; Jeanette D. Hundleby, 8.4% owner); no other broadcast interests

**Facilities:** WKRR: 92.3 MHz, 100 kW, ant. 1,275 ft.; WKZL: 107.5 MHz, 100 kW, ant. 994 ft.

**Formats:** WKRR: classic rock; WKZL: hot AC

**Price:** $12 million

**Buyer:** Beasley Broadcast Group Inc., Naples, Fla. (George G. Beasley, chairman; Bruce Beasley, president, Radio Group); owns/is buying 15 AMs and 21 other FMs, including WCHA-FM, WGAC(AM) and WROW(AM) Augusta, WGGR(FM) Martinez, Ga./Augusta, WXYM(FM) New Ellenton, S.C./Augusta and WRFN(FM) Waycross, Ga.

**Sellers:** George H. Buck Jr., Atlanta; owns four other FMs and 13 AMs

**Facilities:** WSLT: 98.3 MHz, 2.8 kW, ant. 484 ft.; WKXC-FM: 99.5 MHz, 22.5 MHz, ant. 728 ft.

**Formats:** WSLT: soft AC; WKXC-FM: country

**Broker:** Bergner & Co.

51% of KATY-FM Idylwild/San Bernardino, Calif.

**Price:** $2.5 million

**Buyer:** All Pro Broadcasting Inc., Idylwild (Willie D. Davis, president/60% owner); owns KCMX(FM) Lake Arrowhead/San Bernardino, Calif.; 50% of two Wisconsin FMs and one Wisconsin AM Note: All Pro already owns 49% of KATY-FM

**Sellers:** KATY-FM LLC, Temecula, Calif. (Cliff L. Gill and Kay Sadlier-Gill, principals); no other broadcast interests

**Facilities:** 101.3 MHz, 1.15 kW, ant. 731 ft.

**Format:** AC

**Price:** $1.3 million

**Buyer:** Clear Channel Communications Inc., San Antonio (L. Lowry Mays, chairman; Randy Michaels, chairman, Clear Channel Radio); owns/is buying 19 TVs and 1,111 other radio stations, including KXIF(AM)-KATX(FM) and KMBX(AM)-KFM(AM) Yakima and KQPN(FM) Toppenish/Yakima, Wash.

**Sellers:** Butterfield Broadcasting Corp., Bellevue, Wash. (Gregory J. Smith, vice president/31.2% owner); owns KZAM(FM) Dayton/Weston, Ore., and KZTS(AM)-

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Ken Maness, CEO
Bloomington Broadcasting Company

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Facilities: 99.3 MHz, 950 W, ant. 830 ft.
Format: Variety
WINL(FM) Linden/Demopolis (near Meridian, Miss., and Montgomery, Ala.), Ala.
Price: $1.28 million
Buyer: West Alabama Communications Inc., Demopolis (Amy Ross Douglas, 35% owner; Randall W. Douglas, 30% owner). Principals also own WXAL(AM)-WZNI(FM) (formerly WZNI) Demopolis
Seller: Radio Communicators Inc., Meridian (David Majure II, president); no other broadcast interests
Facilities: 98.5 MHz, 100 kW, ant. 817 ft.
Format: Young country
KAZX(FM) Kirtland/Aztec/Farmington, N.M./Durango, Colo.
Price: $1.26 million cash
Buyer: Clear Channel (see krew-fm Naches/Yakima item, above); owns/is buying kdag(fm) and ktan(fm) Farmington, KCL(AM) Aztec/Farmington and kdg(fm) Bloomfield/Farmington, N.M.; is selling KGGO(AM)-KJTE(AM) Durango, KENN(AM)-KRNW(FM) and KNN(AM)-Farmington and KISFM-FM Cortez, Colo./Farmington
Seller: Radio Properties Inc., Farmington, N.M. (Richard Thomas, owner); no other broadcast interests
Facilities: 102.9 MHz, 100 kW, ant. 1,007 ft.
Format: Top 40
KRLA Pasadena/Los Angeles and KRAK Sacramento, Calif.
Price: $68.31 million cash ($65 million for KRLA; $3.31 million for KRAK)
Buyer: ABC Inc., New York (Robert A. Iger, president; John Hare, vice president/president, Radio Division [Walt Disney Co., parent (Robert Iger, president)]); owns/is buying 10 TVs, 17 FMs and 33 other AMs, including KABC-TV-AM, KDIS(AM) and KLOS(FM) Los Angeles
Seller: Infinity Broadcasting Corp., New York (Mel Karmazin, CEO; Dan Mason, president; Viacom Inc., majority owner [Karmazin, chairman]); owns/is buying 132 FMs and 49 AMs, including KCBS-FM, KFWB(AM), KHTK(AM)-KNCI(FM), KSFM(FM), KXXJ(AM)-KXMY(FM) and KZOO(AM)-Sacramento. Viacom owns 39 TVs, including KCBS-TV-DT-Los Angeles and KMAX-TV Sacramento; is selling WBGR(AM)
and WMBD(AM) Baltimore and KHVN(AM) Fort Worth, Texas (see next two items).

Note: Under this deal, Infinity keeps KRAK and KRLA offices and studios. Also: Radio-station divestitures were required in Sacramento and Los Angeles to gain federal approval of Infinity parent CBS Corp.'s merger into Viacom.

Facilities: KRLA: 1110 kHz, 50 kW day, 20 kW night; KRAK: 1470 kHz, 3 kW day, 1 kW night

Formats: KRLA: talk (to be sports, including ESPN Radio); KRAK: country

Broker: Media Venture Partners Inc. (buyer)

WBGR and WMBD Baltimore

Price: $5.4 million cash

Buyer: Expanse Communications Inc., Columbia, Md. (Jeanell J. Hines, president); no other broadcast interests

Seller: Infinity Broadcasting (see preceding item); owns WJFK(AM)-WLF(AM), WWAX(FM) and WXYV(FM) Baltimore and WQSR(FM) Catonsville/Baltimore, Md. Viacom owns WIZ-TV Baltimore

Facilities: WBGR: 860 kHz, 2.5 kW day, .066 kW night; WMBD: 750 kHz, .7 kW day

Formats: WBGR: gospel; WMBD: Christian

Broker: Minority Media and Telecommunications Council

KRVN Fort Worth/Dallas and construction permit to build expanded band

KOME

Price: $4.7 million

Buyer: Trumpet Broadcasting System Inc., Heath, Texas (Claire McLaughlin, president/36.6% owner); no other broadcast interests

Seller: Infinity Broadcasting (see preceding two items); owns/is buying KLUV-FM, KKBV(FM), KLDD(AM) and KYNG(FM) Dallas, KOA(AM) Fort Worth/Dallas and KDLN-FM Highland Park/Dallas; is selling KQIO(AM) (formerly KLUV) Dallas. Viacom owns 39 TVs, including KXTV-TV and KTXA(AM) Dallas/Fort Worth, requiring spinoffs of KRVN and KQIO.

Facilities: KRVN: 970 kHz, 1 kW day, .27 kW night; KOME: 1630 kHz, 10 kW day, 1 kW night

Format: KRVN: gospel

Broker: Minority Media and Telecommunications Council

Construction permit for KXDG Julian (near sacramento), Calif.

Price: Cost of obtaining CP

Buyer: Jeffrey N. Eustis, Palo Alto, Calif.; has applied to build four AMs in four states (none California)

Seller: Edward L. Berkowitz, Norman, Okla.; no other broadcast interests

Facilities: 890 kHz, 250 W day, 330 W night

—Compiled by Elizabeth A. Rathbun

The relationship: Three years.

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In fact, they brought us the idea to invest in the first place. They also provided capital and supported us all the way through.

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Steve Gormley, Managing Partner
Great Hill Partners

Management, Great Hill Partners and First Union Capital Partners

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Sesame Street and other digital programming from 132 public broadcasting stations will be carried by the nation’s second-largest cable operator.

Digital, courtesy of the letters TWC

PBS, Time Warner do carriage deal; interactive TV isn’t part of it

By Paige Albiniak

Public broadcasting stations have completed a carriage deal with Time Warner Cable, with 132 PBS member stations signing on.

Most of the deal’s details will remain private, but Time Warner Cable spokesman Mike Luftman says the nation’s second-largest cable operator plans to carry all PBS’ digital programming as soon as stations offer a digital signal.

“We have long been a believer in HDTV,” Luftman says. “It’s a technology that is a very powerful viewing experience. We think people will ultimately gravitate to it once prices come down.”

Time Warner’s 750-MHz systems carry analog signals on the lower 80 channels and digital signals on the upper 120, Luftman said. PBS stations that offer both analog and digital signals will be carried on both tiers for as long as both signals are offered. Luftman says system capacity is not an issue for Time Warner with regard to carrying digital signals during the transition.

“We do have enough capacity for the digital feeds of all the popular local broadcast signals,” he says. “We are anxious to be able to carry them.”

What Time Warner doesn’t want to have to carry are all the “lightly viewed” stations, such as local religious broadcasters and home shopping channels.

Time Warner Cable has proved its interest in broadcasters’ digital offerings by leading the industry in signing digital carriage deals. So far, besides PBS, it has agreements in place with ABC, CBS, Fox, NBC and Belo Corp. Time Warner still must work out arrangements with the other major broadcast groups, such as Tribune, Luftman says.

PBS says the deal will help it move forward with digital transition, which by law must be completed by May 1, 2003.

“This is a groundbreaking collaboration between public television and Time Warner Cable,” says Sidney Topol, a member of the PBS board of directors. “The agreement assures that millions of Americans will have access to expanded programming and education services on their local public TV stations’ digital signal.”

With Time Warner trying to complete its merger with AOL, critics are watching very closely any deals the company closes.

PBS has been in the forefront of developing high-definition programming, multiplexed channel offerings and enhanced television, which can deliver CD-ROM-like data to television sets through special set-top boxes. But PBS’ agreement with Time Warner does not include enhanced or interactive television, says Ed Caleca, PBS’ senior vice president of technology and operations.

Sources believe that the deal structure demonstrates how the new AOL Time Warner would try to force programmers to agree to allow content to be kept within a so-called “walled garden” that would be accessible only over Time Warner Cable systems and would not link with the rest of the Internet.

But Caleca is more sanguine. “We’re working with them separately on interactive TV. There’s no specific reference to interactive TV per se. But whatever we put on the 6 MHz of spectrum, they will take.” He says PBS will soon finish deals with two other cable companies.

PBS is negotiating with Time Warner to have its interactive- and enhanced-TV products included in trials and later on cable systems. “We continue to work with Time Warner and others on understanding what it is that we need to get accomplished in interactive TV in current and future generations of set-top boxes,” Caleca says.
Cable’s set-top set-to

Retailers accuse operators of dragging their feet over deadline for separating security protection and interactive-TV functions

By Bill McConnell

The cable industry is squaring off again with retailers and consumer-equipment makers over digital set-top boxes.

In the latest round of acrimony, cable companies are trying to fight off a push to move up the government’s 2005 deadline for banning MSOs’ sale or lease of set-top boxes that integrate security protections with channel-surfing and interactive-TV functions.

Retailers such as Circuit City and consumer-equipment makers, on the other hand, say the FCC should move the date to 2002, arguing that the cable industry is delaying development of open standards needed for manufacture of competing set-top boxes.

By slowing competitors, say retailers and their allies, cable companies can give themselves a crucial lead in introducing new TV services that competitors will have a hard time surmounting.

“The commission must require the cable industry to remove major barriers to the development of a commercial market for navigation devices as soon as possible,” Consumer Electronics Association officials told the FCC in comments filed Nov. 15.

The cable industry, CEA said, is determined to control “virtually every aspect” of the delivery of cable services, violating the intent of the 1996 law that forced cable companies to make security-protection devices that are compatible with retail set-top boxes available by July 1 of this year.

Although the FCC has no official numbers on the availability of retail boxes, a coalition of retailers asserts that none of the devices are yet on the market. That’s particularly galling, equipment makers say, because cable broadband modems are increasingly available in stores. “Cable MSOs already ‘own’ the market for navigation devices” but have turned to retailers to help establish a cable market for broadband data modems, wrote officials for the Consumer Electronics Retailers Coalition, a group comprising Circuit City, Best Buy, Radio-Shack, and Sears.

The retailers also argue that CableLabs, the cable industry’s development arm, has been slow to develop standards that will be used by all cable systems for channel surfing and interactive services such as electronic program guides and are asking the FCC to set specific interoperability rules.

But cable industry officials say the complaints are unfounded and urge the FCC to eliminate the ban on integrated boxes altogether. With separate security devices on the market now, traditional cable industry suppliers such as Scientific-Atlanta are ready to build retail set-top boxes based on CableLabs’ specifications, said officials from the National Cable Television Association.

“To NCTA’s knowledge, no retailer has placed an order or made even a conditional commitment to purchase the manufacturers’ host devices,” the trade group wrote.

Furthermore, cable companies are rushing to get retail products on the market so they can compete with the retail offerings of direct broadcast satellite providers.

“AT&T must establish a retail presence in order to remain competitive in this hotly contested marketplace,” wrote its attorneys.

By accelerating the ban, the FCC would actually slow the development of Interactive services, cable companies and their allies wrote, because they will be forced to shift their attention from developing new services just to get separate but very basic channel surfing boxes out the door. Such a decision “would impede technical innovation and slow the growth of the interactive and enhanced TV market,” wrote Worldgate, a developer of interactive services.
In many respects, the 2000 presidential election was a coming-out party for TV-news-related Web sites. After all, in 1996, their online plans were based on much smaller staffs and much smaller anticipated audiences.

Needless to say, after days, of chad, dimples and debates over exit polling, it’ll be interesting to see in 2004 how the 2000 election affects online coverage and traffic control. Obviously, one thing going through everyone’s mind will be to expect the unexpected.

“We couldn’t dust off the last presidential-election plan because there was none and the user universe has exploded in four years,” says Steve Jones, executive producer, ABCNews.com. “We honestly had no idea what sort of traffic to expect, but, technically, we did well.”

Scott Woelfel, president and editor in chief of CNN Interactive, says that, if there was one overriding lesson that came out of the election coverage it was that planning must be the priority, including planning for all types of scenarios. “Even when unpredictable news breaks out, you need to have a plan about how to deal with it.

“Second,” he continues, “simplify the content. In addition to making it technically leaner, you need to make it easier to understand so that your audience can skim and digest it.”

Woelfel’s last lesson concerns the issue of “stickiness” and the need to demonstrate why your site is better than the competition and why the user should come back when the big story is over. “If the first steps are followed, however, this should be the result,” he points out.

“We never expected the rush of visitors to maintain this pace, or the election process to take this long,” says MSNBC.com General Manager John Nicol. “We’ve implemented a number of
longer-term enhancements instead of the short-term election-night modifications in order to handle the on-going traffic.”

One specific enhancement he cites is the integration of additional data-center servers into a second data center. But he gives much credit to the network’s publishing system, Windows 2000 server OS, and partner relationships.

MSNBC.com sent more cached content than usual out to partners like Akamai. “That reduced our server load and our load on our connection to the Internet,” Nicol says. “We can take ASP story pages, which are pages produced on the fly by pulling many sub-components into the story like Live Votes or stock quotes, and convert those pages to HTML files, flat pages that take little processor time.”

One of the solutions ABCNews.com implemented tapped into ESPN.com’s servers to help alleviate the load. Also, more headends were dedicated to election traffic. According to Jones, ABCNews.com dedicated 54 servers to election traffic, where they usually would use 15. The other Walt Disney Internet Group properties, and their servers, came in handy in a pinch: “We split that access across five networks to provide additional redundancy.”

This election also saw a jump in demand for streaming video for MSNBC.com. “On Election Day, more than 2 million people accessed our live video page,” says MSNBC.com Editor-in-Chief Merrill Brown. “To us, that demonstrates that, when big events occur, consumers are coming to their PC for a converged experience in significant numbers.”

Nicol points out that there is somewhat less flexibility in dealing with adjusting bandwidth requirements for streaming content vs. Web pages. “But, actually, handling streaming video isn’t any more challenging than flat content, because the same concepts apply when it comes to adding servers on the backend and distributing the load to partner providers around the Internet, like iBeam.”

Since the launch of MSNBC Cable and MSNBC.com in July 1996, Brown says, there has been an enormous amount of energy focused on the development of video products. “Media streaming is a critical part of the convergence mission of MSNBC, critical in our ongoing invention of Internet news, critical for our efforts to build savvy promotion strategies, critical to building audience, and fundamentally at the heart of our mission. The PC is a huge market for video news that never existed before.”

ABCNews.com’s e-mail feature also saw a jump in popularity, typically sending

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**INTERACTIVE MEDIA**

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**TV NEWS SITES**

October 2000

Ranked by traffic

<table>
<thead>
<tr>
<th>SITE</th>
<th>Unique visitors (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 NBC*</td>
<td>14,657 up</td>
</tr>
<tr>
<td>2 MSNBC.com</td>
<td>9,454 up</td>
</tr>
<tr>
<td>3 CNN.com</td>
<td>8,023 up</td>
</tr>
<tr>
<td>4 Weather.com</td>
<td>7,646 down</td>
</tr>
<tr>
<td>5 ESPN*</td>
<td>7,140 down</td>
</tr>
<tr>
<td>6 EOnline.com</td>
<td>3,900 up</td>
</tr>
<tr>
<td>7 Discovery.com</td>
<td>3,722 up</td>
</tr>
<tr>
<td>8 ABC*</td>
<td>3,308 up</td>
</tr>
<tr>
<td>9 MTV.com</td>
<td>2,931 down</td>
</tr>
<tr>
<td>10 CBS.com sites*</td>
<td>2,855 down</td>
</tr>
<tr>
<td>11 PBS.org</td>
<td>2,616 up</td>
</tr>
<tr>
<td>12 CartoonNetwork.com</td>
<td>2,119 down</td>
</tr>
<tr>
<td>13 FoxNews.com</td>
<td>2,007 down</td>
</tr>
<tr>
<td>14 Fox.com sites*</td>
<td>1,269 up</td>
</tr>
<tr>
<td>15 FoodTV.com</td>
<td>1,230 up</td>
</tr>
<tr>
<td><strong>Total WWW</strong></td>
<td><strong>78,534 up</strong></td>
</tr>
</tbody>
</table>

Source: Media Metrix

* = Statistically insignificant traffic

**TOP CABLE AND NETWORK SITES**

October 2000

Ranked by traffic

<table>
<thead>
<tr>
<th>SITE</th>
<th>Unique visitors (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 NBC*</td>
<td>9,103 up</td>
</tr>
<tr>
<td>2 MSNBC.com</td>
<td>8,073 up</td>
</tr>
<tr>
<td>3 CNN.com</td>
<td>6,425 up</td>
</tr>
<tr>
<td>4 Weather.com</td>
<td>5,911 down</td>
</tr>
<tr>
<td>5 ESPN*</td>
<td>6,058 up</td>
</tr>
<tr>
<td>6 EOnline.com</td>
<td>3,481 up</td>
</tr>
<tr>
<td>7 Discovery.com</td>
<td>3,222 up</td>
</tr>
<tr>
<td>8 ABC*</td>
<td>4,530 up</td>
</tr>
<tr>
<td>9 MTV.com</td>
<td>2,931 down</td>
</tr>
<tr>
<td>10 CBS.com sites*</td>
<td>2,855 down</td>
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<tr>
<td>11 PBS.org</td>
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<tr>
<td>13 FoxNews.com</td>
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</tr>
<tr>
<td>14 Fox.com sites*</td>
<td>1,269 up</td>
</tr>
<tr>
<td>15 FoodTV.com</td>
<td>1,230 up</td>
</tr>
<tr>
<td><strong>Total Cable and Network Universe</strong></td>
<td><strong>38,805 up</strong></td>
</tr>
</tbody>
</table>

Source: Media Metrix

* Represents an aggregation of commonly owned/brand-ed domain names.

Up/down compared to last month.

Media Metrix definitions:

Unique visitors: The number of total users who visited the reported Web site or online property at least once in the given month. All unique visitors are only counted once.

Cable and network universe: The total number of unique pages viewed on the sites belonging in the cable and network TV category of Web sites.

Sample size: Approximately 60,000 individuals throughout the U.S. participate in the Media Metrix sample.

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**THE SAME SPOT ADVERTISERS.**

Call 877-9-SpotOn or visit www.spoton.tv.
EXCITED ABOUT CABLE DOWNLOADS
Excite@Home is launching a new broadband application that will allow users to download various software programs via a subscription (about $10 per month) or pay-per-usage option (around $3 for 48 hours).
Into Networks will offer its PlayNow services, and Media Station will make SelectPlay services available. Education and entertainment titles will account for the majority of the service offerings.

TV GUIDE, ICTV SIGN INTEGRATION PACT
TV Guide International and ICTV have signed an integration agreement that will allow for the switching between TV Guide Interactive and various ICTV applications.
The integrated system will work with any GI set-top, and ICTV CEO Robert Casen says it will allow cable MSOs to add an Interactive Program Guide, an e-mail client, television commerce and broadband content into their systems.

CANAL+ U.S. TO OPEN VIEWING LOUNGE
Canal+ U.S. Technologies will introduce at this week’s Western Show in Los Angeles the first Universal Music Group (UMG) product to be ported to interactive television set-top boxes.
The Viewing Lounge (TVL), a program from UMG’s debut network of broadband music programs, allows viewers to create personalized, custom blocks of music-video programming.
With the service, viewers can watch and navigate, via remote control, full-screen TV-quality music videos.

OUT two e-mails a day. “E-mails are a terrific way to enhance our relationship with our audience,” Jones says. “They serve to keep our users updated on major stories, and I emphasize the word ‘major.’ We don’t barrage our users with irrelevant developments.”
The breaking-news e-mail has been offered for a couple years, but it was only recently that ABCNews.com upgraded the service and emphasized its value to users.
One great thing about the nature of the Internet is that it allows the network to get a much stronger handle on how the viewer demands the content. Where the television side of things can’t tell if someone is watching the program intently or watching while ironing, the same can’t be said of the Internet. “When any significant announcement was made by NBC News or MSNBC Cable, we would see a sudden influx of visitors to our Web,” says Nicol. “It was apparent that people were both watching TV and checking the Internet, very much in parallel.”
He adds that MSNBC also realized that visitors tended to hit “refresh” over and over, greatly increasing page views and site load.
“There are ways that we could create an even better experience for our users under those conditions. Success on the Internet is all about learning and evolving. We will continue to do both.”
Learning and evolving aside, if the election and the days that followed demonstrated anything, it was that the Internet is already established as a leading information medium.
“The election offered an opportunity to demonstrate just how well it can convey certain types of information,” says Woelfel, “despite the ready availability of similar information in other media, including television.”

Zap2it zips to set-tops
AT&T Broadband will distribute movie service to digital customers

By Richard Tedesco

Tribune Media Services is set to start sending its Zap2it localized movie service through digital set-top boxes, with AT&T Broadband as its first customer.
AT&T will start distributing Zap2it Movies to all its digital cable customers early next year, according to an AT&T spokeswoman, who declined to put a date on the rollout.
What they’ll be seeing is an enhanced form of what Tribune now produces on the Web: Zap2it movie listings, organized according to release dates, with thumbnail descriptions of the films and local-theater screen times. Customers will be able to view the information on their TV screens and order tickets.
Tribune splits the revenues from ticket sales and e-commerce, such as T-shirts and other merchandise, with affiliated cable operators, who will be able to sell their own local ads around the content. “It’s a very good arrangement between us and the operator for a produc-
If I had my own channel I would only put on shows that depict strong, independent women so I could see how they do their hair.

You won’t believe what you can do with ReplayTV. It’s not a VCR — it’s a digital video recorder, so you can actually pause live television and do your own live instant replays. It also has a search engine, so you can punch in a keyword, say, “Golf,” and it will find and record any golf program that comes on — all without videotape. If you’re away from home, no problem — just go to MyReplayTV on Yahoo! (tv.yahoo.com) where you can find and record shows on your ReplayTV from anywhere. All this and a free file box subscription are why ReplayTV is the critics’ choice. Call us at 877-replaytv or visit www.replaytv.com.

Available at Best Buy, Sears and 800.com


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BMG TAPS VIRAGE
BMG Entertainment is using the Virage Internet video-application platform to syndicate music videos on the Internet. Virage's SmartEncoder services and Syndication Manager software will be used by BMG to make music videos available in streaming form to both internal and third-party syndication partners.

MUSIC CHOICE ONLINE
Music Choice, known for its digital cable music service, has signed syndication deals with three online sites: Medium4, Whiskey-A-Go-Go and Ocean Pacific (OP).
Under the agreements, Music Choice will provide commercial-free digital-music programming targeted to each site's audience.

RESPOND TO PBS
The Public Broadcasting Service has tapped RespondTV to be its preferred enhanced-TV provider.
RespondTV will support and develop walled gardens and program-synchronous-enhanced broadcasts for participating PBS member stations, program sponsors and educational products.
The company will also become a member of PBS Technology Alliance Partner Program.

STREAMSEARCH Shifts WITH LAYOFFS
Multimedia search engine StreamSearch.com is laying off 25% of its 200-person staff as it focuses on business-to-business functions and de-emphasizes the consumer side, according to a company spokesman.
The St. Louis-based firm will demonstrate a version of its search engine for interactive TV with ICTV at the Western Cable Show, and will recast its site for that purpose.

This is going to be a beneficial way for [movie screens] to promote their movies, because they'll be able to deliver video clips.

—Barbara Needleman, Tribune Media Services

Bubble bursts for Burst.com

Another video streamer showed signs of buckling last week. Burst.com laid off 80% of its workers.
Citing the downturn in marketplace conditions for the cost-cutting move, Burst.com President and CEO Doug Glen said the company had raised new equity financing from SBC Communications.
In a prepared statement, he also reported that Burst.com had reduced its projected "burn" rate to $500,000 per month, from $1.5 million per month.
Cutting 77 of 95 positions—mostly in marketing and sales—was Burst's remedy for a high burn rate. "Our prudent action will impact the ability of Burst to author and fully develop on its own the future generations of its current suites of products," Glen said, adding that he is confident the company will still be able to work with SBC and other "large strategic partners" with which it is in ongoing talks.
Burst reported a $4.7 million loss for its third quarter on revenues of nearly $95,000, compared with a loss of $4.9 million for the same period a year ago, when it had no rev-

ises to report. It lost $14.7 million on revenues of $450,000 for the first nine months of the year. As of Sept. 30, it had about $3.2 million in cash on hand.
The company game plan remains the same: Deploy its patented Burstware software on its own network to enable efficient delivery of "TV-quality" video and audio on the Web. To date, Burst has been a host for video streams from rock star Neil Young and a few small, independent content providers. —R.T.
A canoe on the Pacific?

To become an ocean liner on the Web ocean, aggregate and affiliate

Longer ago than I care to admit, a bunch of my cerebral college buddies and I used to get together once a week and discuss the problems of the world. Before the beer buzz set in, we'd manage to fix a few.

I've been pleased to engage in some philosophical but practical discussions with some of you as well. I've had a few similar phone and e-mail conversations with such folks as Uli Haller, manager of the local affiliate program for MSNBC.com.

Not only is MSNBC.com the Web presence for MSNBC, but it provides content for, and acquires content from, local NBC affiliates. Given this two-way door, I asked Haller what he felt the relationship should be between a national news-aggregator site and affiliates.

Haller favors an aggregator-partner approach to the national site-affiliate relationship. "Local stations can do it on their own, as many have proven, even with cutting-edge technologies like streaming. "Nevertheless," he told me recently, "the Web is a medium of partnerships, where even the strongest individual sites ultimately benefit from having a variety of relationships. It is why they call it a 'Web,' after all." Haller doesn't believe that, just because you have a great local site, with great technology, on-air promotion and search engines require to index your content to a more geographically diverse audience.

"The local/national relationship is a reversal of the traditional broadcast partnership, where the local station is the distributor of the national signal. On the Web, the national site is often the distributor of the local content to audiences beyond those reached by the local site itself," said Haller. "Hooking up with successful content aggregations is the next step in building a powerful distribution network, both within your traditional market and beyond."
NCC connects Northeast

Rep firm launches CableLink for local-ad insertion in three markets

CableLink leverages two-way VSAT technology to deliver spots and verify their playback.

By Glen Dickson

Extending big-market convenience to midsize markets, cable-rep firm National Cable Communications has successfully launched advertising interconnects in Providence, R.I.; New Bedford, Mass.; and Hartford-New Haven, Conn. New York-based NCC, which manages digital interconnects in Chicago, Detroit and Washington, is due to launch a third “CableLink” interconnect in Buffalo, N.Y., next Monday.

CableLink Interconnects, formerly NCC’s Consolidated Interconnect Division, uses dedicated file servers to connect to operators’ existing local-ad-insertion gear, creating a fully functional interconnect that allows national advertisers to easily place a spot across an entire DMA.

NCC, which is owned by AT&T, Time Warner Cable, Comcast Cable, Cox Communications and Katz Media and also works with Charter Communications and Adelphia Cable, has been developing CableLink since March 1999.

“At that time, each of the MSOs sent their chief ad sales engineers to form a technical committee, and we worked with them to identify the best possible platform to achieve maximum consolidation,” says Ken Little, NCC executive vice president of technology. “We landed on the current technology platform early in 2000, and now we’ve begun to deploy it.”

In addition to the MSOs’ agreeing to pursue regional interconnects, a technical breakthrough in early 1999 helped make CableLink possible: the ability of local-ad-insertion equipment to handle two sets of files, both national and local spots. Server vendors SeaChange and nCube came up with software modifications to make that possible, says Little (SeaChange provides most of the digital file-server technology for CableLink, but some customers’ nCube servers are also used with the help of middleware from Video Networks Inc.).

At the core of CableLink is two-way VSAT satellite technology from Hughes Network Systems, which allows NCC not only to deliver spots and schedules but also to receive confirmation of their receipt and playback.

“You have to have universal verification running at each headend,” says Little. “That’s where the VSAT platform comes into play. We send the video out with the schedule, and the VSAT backhaul gives us verification that the data got there and verification that the spot played at the right time.”

CableLink’s architecture is based in Bloomfield, N.J., where NCC receives spots at its Operations Center. Spots are
compressed in the MPEG-2 format and stored in SeaChange's Spot Master Video Library, which interfaces with CCMS' Novar traffic and billing software. Spots and schedules are then sent as IP files to cable headends, where they are received and managed by SeaChange servers and database software. Although NCC tracks spot playback on a headend-by-headend basis in a market, CCMS has modified its software to generate a single marketwide affidavit for customers.

The Providence-New Bedford interconnect currently reaches about 470,000 cable subscribers, connecting Cox Cable Rep's Providence systems with AT&T Media Services' systems in New Bedford and Taunton, Mass. Hartford-New Haven's system, which connects AT&T, Cablevision, Charter, Comcast, Cox and Tele-Media operations, reaches 810,000 subscribers. Buffalo's CableLink, which will combine Adelphia and Time Warner systems, will reach some 470,000 subscribers.

"There's tremendous cost savings passed on to the ad agency," says Little. "When an agency wants a spot, they just send media to Bloomfield, and we can multicast that across every single network and every system."

ACTV targets spot market

Aims to change the way cable subscribers watch commercials

By Glen Dickson

Casual followers of the interactive-television scene may remember ACTV as the company that teamed with Fox Sports Southwest to produce enhanced sports broadcasts with reels of stats and a Star Cam focusing on marquee players. Convergence enthusiasts might be familiar with HyperTV, ACTV's technology for linking Internet content to television programming.

But few industry watchers may be aware of ACTV's ambitious effort to transform the way cable subscribers watch commercials. Through a subsidiary named Digital ADCO, which counts Motorola and OpenTV as investors, ACTV wants to deliver individualized commercials, so that a family gets a minivan ad while a bachelor gets one for a sports car.

The software-based system, branded SpotOn, is designed to work with existing digital set-tops such as the Motorola DCT-1000 and DCT-2000 models. It will begin testing in January at AT&T Broadband's system in Aurora, Colo. ACTV has also picked up advertising firms Grey Global Group and CYLO as SpotOn partners.

"For the first time, we're going to be able to give the consumer more relevant ad copy to the household," says Marc Favaro, vice president of national advertising sales for AT&T Broadband. Using ACTV's One-to-One TV software, AT&T will experiment with both presenting viewers a choice of advertising and using the intelligent memory in the set-top box to allow viewers to select relevant commercials.

"If we've got the ability to overlay some content to the customer, you're going to see a commercial message from Ford Motor Co., where you could pick 'a' for Windstar or 'b' for Excursion," says Favaro. "But we want to make it as relevant as we can for the consumer. Over time, if they click on 'a' for

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but a great partner never hurts
Ford Windstar, we may offer up [additional] commercial copy that’s more relevant to that choice of ad, such as commercials for diapers or baby food.”

The basic premise of SpotOn is that the process is transparent to the TV viewer. And that’s where ACTV’s “seamless-switching” technology comes into play. According to ACTV President David Reese, the software can switch from one MPEG-2 stream to another, at the set-top, without any channel latency (otherwise known as “acquisition time,” the momentary delay while a digital set-top box tunes in a new MPEG-2 stream).

“I would argue that you significantly reduce the effectiveness of a targeted ad if you get any video effect [to indicate] that anything happened,” says Reese. “This application ensures that the appropriate segments are delivered to the set-top box.”

ACTV’s “pin-switching” technology, he says, can be used to target commercials within an operator’s analog or digital tier. “The channels don’t have to originate in the digital channels. We can take an analog channel and virtual-channel-map a commercial to a digital channel.”

ACTV is also bringing its One-to-One TV technology to pay-per-view sports through an agreement with iN Demand and Liberty Media, which is ACTV’s biggest investor (subsidiary Liberty Digital owns more than 25% of ACTV). The concept is that a pay-per-view customer could watch different views of a sporting event or receive enhanced content, such as highlight packages, stats or instant replays.

ACTV isn’t backing away from convergence applications such as HyperTV, which is used to distribute enhanced programming daily for The Box Music Network and has also been used by New Line Television, TBS and Starz Encore. The company has also acquired Silicon Alley firm Bottle Rocket to target Internet gaming and has partnered with Sportvision to develop “two-box” applications that marry television and Internet sports coverage. Eventually, those applications are expected to meld in TV via next-generation set-tops.

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**Technology**

**Production facility in Dallas has extensive satellite uplink capabilities.**

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**Primedia launches production arm**

**Publishing giant redirects assets to enhance digital video**

By Glen Dickson

After announcing last summer that it would use its considerable magazine assets to springboard into digital video, publishing giant Primedia has advanced those plans by forming a full-service production company.

Primedia Productions, a division of Primedia Digital Video, isn’t necessarily a new entity as much as a strategic reorganization of existing Primedia assets, according to Primedia Digital Video President Bruce Gamache. It comprises existing production facilities in Dallas, the home of business-television effort Primedia Workplace Learning, and in Los Angeles, where teenage-news network Channel One Network has space in Raleigh Studios.

But taken in sum, Primedia Productions' holdings include an area of more than 200,000 square feet, more than 100 production employees, nine studios, satellite uplink capability, nonlinear editing, graphics, and digital media services such as encoding, Webcasting, hosting, streaming and digital-content management.

Primedia Productions will both support Primedia's digital video initiatives and will also handle outside business, particularly in its full-blown digital production facility in Dallas.

Primedia Production's initial focus, he says, will be on companies that are entering the "broadband area" and looking for production and digital media services. Primedia already handles production, encoding and streaming for outside clients.

"We can do a production from scratch and get it up on a Web site in a couple days," says Gamache.

But, while Primedia Productions will handle a lot of Internet-related business, Primedia Digital Video's target is the television set-top box, not the PC.
HAUPPAUGE SHIPS PVR FOR PCS
TV tuner-board manufacturer Hauppauge Digital is shipping its "WinTV-PVR-pci," a hard-disk recording device designed to bring personal video recording technology to the PC. The $249 device features a built-in MPEG hardware compressor that facilitates the recording of television shows to a computer’s disk drive. WinTV-PVR-pci allows PC users to watch TV in a window or in full-screen mode on their PC monitor, pause live TV and record shows in Video CD format onto a CD-ROM disk for playback in a DVD player. It also includes an infrared remote control and a built-in FM radio receiver for radio listening through the PC.

SGI POWERS NETS ELECTION GRAPHICS
All the major news networks relied on SGI’s computing power to drive real-time graphics during Election 2000 coverage on Nov. 7. The most prolific user was NBC, along with its cable networks MSNBC and CNBC, which relied on nine SGI Onyx2 servers with Discreet’s Frost graphics software and on 40 SGI 230 visual workstations, which were used to take in poll data and send it to the Onyx2 servers.

CBS used five Onyx2 systems and O2 visual workstations, both with Vi[z]l’s Viz software, to play back and preview graphics and an Origin 2000 server to run the database that pulled information from Voter News Service and sent it to the Onyx2 servers. And ABC, CNN and Fox News Channel all used multiple Onyx2 systems with Discreet’s Frost software for their real-time graphics.

VNI GETTING NEW-FUNDING, NAME
Video-distribution firm Video Networks Inc. (VNI), which delivers news segments for NBC Newschannel and cable spots for Charter Communications and AT&T, closed a $66 million equity round last week and announced that it is changing its name to Pathfire.

The new funding was led by a $20 million investment by media and communications specialists Quadrangle Group. Other new investors include Enron Broadband Services, Halpern Denny & Co., PanAmSat, Reuters, Riggs Capital Partners and Sand Hill Capital. Previous investors who participated in this funding round include Alliance Technology Ventures, AT&T Ventures, Bank of America Capital Investors, Institutional Venture Partners, Kinetic Ventures, Monarch Capital Partners, Noro-Mosely Partners, UPS Strategic Enterprise Fund and U.S. Venture Partners.

Robertson Stephens served as the agent for the financing, which will help VNI place more of its receive servers at broadcast stations for the delivery of ads and syndicated content, says VNI president and CEO Michael Eckert. VNI is also targeting the video-on-demand and streaming markets.

Eckert says Pathfire typifies what VNI does well: “We fill the bandwidth with content and fire it up.”

OMNIBUS, QUANTEL IN CANADIAN DEAL
Automation firm Omnibus Systems and graphics-and-server supplier Quantel have teamed on a $1.3 million deal to install the Inspiration integrated news-production system at Canadian television network Radio Canada.

Inspiration will support the news operations of both Radio Canada, Canada’s largest French television network, and the RDI 24-hour news network as part of a new Montreal studio called the News Complex.

Inspiration, a solution jointly developed and marketed by Omnibus and Quantel, couples Quantel’s Clipbox and Cachebox video servers with Omnibus browse software and automation technology to support embedded editing, journalist browsing and editing, transmission automation and story preparation.

AT&T TO TEST REPLAYTV
AT&T Broadband and ReplayTV will start a joint marketing trial of ReplayTV’s personal video recorder (PVR) system to AT&T digital cable subscribers in Boston and Denver later this month.

The ReplayTV devices, which will be standard ReplayTV units with AT&T branding, will be marketed directly to AT&T customers at a “special offer” price, according to ReplayTV Vice President of Business Development M3 Sweatt. The units will be sold to up to 5,000 customers in each market for use with their existing Motorola DCT-2000 digital set-tops.

“We hope to mutually gain insight as to how the ReplayTV system adds value to digital subscriptions and impacts the retention and satisfaction of individual customers,” says Sweatt. ReplayTV is also involved in PVR trials with Time Warner Cable and Comcast and has formed a joint venture with Charter Communications, Motorola and Vulcan Ventures to integrate PVR functionality into cable set-tops.
We cover NATPE

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This Week

Nov. 28  **CTAM Pre-Western Show luncheon.** Los Angeles Convention Center, Los Angeles. Contact: Seth Morrison (703) 549-4200.

Nov. 28-Dec. 1  **California Cable Television Association** Western Show. Los Angeles Convention Center, Los Angeles. Contact: Paul Fadelli (510) 428-2225.

Nov. 29-Dec. 1  **SCTE 2000 Western Show** (The technical sector of the show above). Los Angeles Convention Center, Los Angeles. Contact: Caroline Croley (610) 363-6888.

Nov. 30  **CAB Local Sales Workshop.** Los Angeles Convention Center, Los Angeles. Contact: Jill Schneider (212) 508-1237.

December


Dec. 13  **IRTS Annual Christmas Benefit Luncheon.** Waldorf-Astoria Hotel, New York City. Contact: Marilyn Ellis (212) 867-6650, ext. 303.


January 2001

Jan. 8-10  **SCTE Conference on Emerging Technologies.** New Orleans Hilton Riverside Hotel, New Orleans. Contact: Alex Springer (800) 524-5040, ext. 252.


Jan. 22-25  **NATPE 37th annual Conference and Exhibition.** Las Vegas. Contact: Lana Westermeier (310) 453-4440.


**February 2001**


Feb. 6  **CAB Cable Advertising Conference.** New York Marriott Marquis, New York. Contact: Joleen Martin (212) 508-1214.

Feb. 8-10  **CAB Cable Sales Management School.** Orlando Airport Marriott, Orlando, Fla. Contact: Nancy Lagos (212) 508-1229.


Feb. 21-23  **BCCA Credit Conference.** Omni Houston, Houston. Contact: Mary Teister (847) 296-0200.

Feb. 21-25  **IRTS Foundation** Faculty/Industry Seminar. Marriott East Side, New York City. Contact: Michelle Marsala (212) 867-6650, ext. 303.

Feb. 23  **IRTS Foundation Newsmaker Luncheon.** Waldorf-Astoria, New York City. Contact: Michelle Marsala (212) 867-6650, ext. 303.


—Compiled by Beatrice Williams-Rude (bwilliams@cabners.com)
Burning Stern
The shock jock who gets his jollies taunting dwarves and women is facing his own public skewering. Howard Stern, his ratings falling by double digits in New York, Los Angeles and other cities where his radio show airs, is feeling his own pain, according to the December issue of Details magazine.

What happened? Stern’s recent breakup with Allison, his wife of 20 years, has made him considerably less intriguing—just a dirty old man, according to the magazine—and his audience is either moving beyond his brand of humor (that is, growing up) or going for young upstarts like Opie and Anthony. Stern’s contract with Infinity Broadcasting is up at the end of December, and, suddenly, he’s seemingly not as hot as he used to be.

Tell it to a judge
Peter Brennan, executive producer for Judge Judy, is suing the show’s distributor Paramount, its producer Big Ticket and their umbrella company Viacom, the lawsuit claiming that, “acting in a common conspiracy, … these entertainment companies are scheming … to cheat Brennan.” According to his contract, he pockets 12.5% of the defined revenues from Judge Judy. He alleges that the defendants are “refusing to disclose information necessary to determine his rightful compensation,” thereby low-balling the sum Judge Judy generates. Representatives of Paramount and Judge Judy declined to comment.

THE REAL GOLDEN GIRLS
Mama said “marry rich,” and they did just that. Babe Mortimer Paley, Betsey Roosevelt Whitney and Minnie Astor Fosburgh were the Cushing Sisters, daughters of a prominent Boston surgeon, and they’re focus of a film now in development at Lifetime Television.

Rita Wilson, who worked with Lifetime on last year’s The Invisible Child, was a catalyst for the project’s launch. “Rita became fascinated with the Cushing sisters and did extensive research before pitching it to us,” said Lifetime VP of Original Movies Laurette Hayden. “It is a sweeping piece. Their story covers the ’40s, ’50s and ’60s in New York.”

Wilson has her heart set on playing Babe Paley, who wed CBS czar William S. Paley in 1947 after her divorce from a wealthy socialite. Following her marriage to the high-profile Paley, she was in the media spotlight, and her personal taste was applauded and imitated by influential fashionistas, socialites and wannabes.

Wilson is executive-producing, along with Michael Besman (Bounce). The Cushing Sisters debuts on Lifetime in 2001.

The current growth of Hispanic television and radio stations, and the continued growth of black-oriented radio, recalls that, in the mid-’30s, the migration of Europeans to the United States was causing a similar demographic upheaval in the nation’s biggest cities.

In the Dec. 1, 1937, edition of Broadcasting, an ad by a group of Chicago radio stations noted that, in planning an ad strategy for a big car show in the Windy City, executives checked data on who had bought cars recently, and “we were struck with the amazing fact that the PREPONDERANCE HAD NAMES DIFFICULT TO PRONOUNCE! We had the idea instantly—the facts were clear that a great percentage of motor car sales in Chicagoland were made to foreign-born persons or persons of foreign parentage!”

The ad noted that two of three Chicagoans were either foreign-born or first-generation Americans.
FATES & FORTUNES

Broadcasting
Raymond W. Mirabella, general sales manager, KPIX-TV Portland, Ore., joins WHNS-TV Asheville, N.C., as VP/GM.

Lynne Edwards, marketing manager, KCNC-TV Denver, named director of sales.

Jess Sessoms, local sales manager, WXIA-TV Atlanta, joins WTLV(TV) Jacksonville, Fla., and WJXX(TV) Orange Park, Fla., as general sales manager.

Appointments at WPBH-TV Philadelphia: Patrick Loftus, local sales manager, KSAS-TV Phoenix, Ariz., joins as general sales manager; Gunnar Rieger, engineering/IT manager, W1TV-TV Cambridge (Boston area), Mass., joins as director of engineering.

Cable
David L. Wargo, director of operations, Bridgeport division, Conn., Cablevision Systems Corp., named managing director, Connecticut division.

Programming

Joe Lupariello, VP, development and production, Leeza Gibbons Enterprises, Burbank, Calif., named president.

Steve Veisel, manager, current programming, UPN, Los Angeles, named director, comedy development.

Jay Switzer, VP, programming, CHUM Television, Toronto, Canada, named president of the company.

Appointments at Universal International Television, Universal City, Calif.: Steven Jarmus, VP and co-head, named co-president; Philip Schuman, executive VP, named co-president.

John Honeycutt, VP, post production operations, Fox Cable Networks Group, Los Angeles, named senior VP, broadcast operations.

Andrew Hunter, account director, MTV, New York, named VP, network development, MTV2.

Rick Alessandri, GM, SportsTicker, Jersey City, N.J., named VP, assistant to the president, ESPN, New York.

Ian M. Parmiter, VP, marketing, 7 UP Brands, Cadbury Schweppes, Dallas, joins Discovery Networks U.S., New York, as VP, advertising sales marketing and partnerships.

Sarah H. Beatty, VP, trade marketing and global branding, MTV, New York, joins USA Network, New York, as senior VP, marketing.

Appointments at National Geographic Channel, Washington D.C.: Deborah L. Acklin, executive producer, WQED(TV) Pittsburgh, joins as senior news producer; John S. Bowman, director of post production, named executive producer, production; Jason K. Eustace, senior financial analyst, international division, named finance director; Ben Kretchmar, assistant chief engineer, WUSA(TV) Washington, joins as director of technical operations; Amy Outman, senior manager in programming and scheduling/manager of program evaluation and scheduling, named director of scheduling and evaluation; Margaila Mirabella.

Kretchmar, director of international network operations, Discovery Communications, Bethesda, Md., joins as VP, operations for the National Geographic Channel, Los Angeles.

Journalism
Darryl Tardy, senior reporter and anchor, Time Warner Communications, Rochester, N.Y., joins WTLV(TV) Jacksonville, Fla., and WJXX(TV) Orange Park, Fla., as co-anchor, Good Morning Jacksonville/Saturday.

Virg Jacques, reporter, WBAL-TV Baltimore, joins WUSA(TV) Washington, as reporter/anchor.

Jana Shortal, morning anchor and reporter, KRCG-TV Jefferson City, Mo., joins WDNY-TV Kansas City, Mo., as reporter.

Tammie Souza, chief meteorologist, WJTV-TV Milwaukee, joins WMAQ-TV Chicago as weekend weather anchor.

Keith Yaskin, reporter, WXIN-TV Winston-Salem.
N.C., joins KSA2(TV) Phoenix, as general-assignment reporter.

Amell DiMaandal, reporter, KMPH(TV) Visalia (Fresno area), Calif., joins KUSI(TV) San Diego, as general assignment reporter.

Chris Pollone, reporter, WTV(TV) Jackson, Miss., joins WVTM(TV) Birmingham, Ala., as reporter.

Appointments at Harmelin Media, Bala Cynwyd, Pa.: Russell Sullivan, media assistant, named junior planner/buyer; Gail Doyle, media assistant, named junior planner/buyer; Erik Brooks, media assistant, named junior planner/buyer; Jamie McCallins, media assistant, named junior planner/buyer.

Internet
John Conway, director of new media, WRAL OnLine, Raleigh-Durham, N.C., joins Internet Broadcasting Systems Inc., as director of TV and Web integration, there.

Radio
George Laughlin, acting GM, KHKS(FM) Dallas (Dallas area) Texas, joins KBBF(FM) and KJOI-AM Dallas as GM.

Appointments at Premiere Radio Networks: Tim Kelly, executive VP/director of programming, Los Angeles, named executive VP/GM; Roby Wiener, senior VP, marketing, New York, named executive VP, marketing.

Steve Shaw, president, Christal Radio, New York, joins Katz Radio Group, New York, as president.

John Rozz, program director, WRXX-FM Bonita Springs (Fort Myers area), Fla., also joins WJBX-FM Fort Myers, Fla., as program director.

Jerry Smokin' B., program director, WHXT-FM Orangeburg (Columbia area), S.C., joins WHTA-FM Atlanta, as program director.

—Compiled by Beth Shapouri 212-337-7147 bshapouri@cahners.com

Obituaries
Sharon Chalfin, the country’s first female general sales manager of a network affiliate, died Nov. 7 in her home in Carmel, Ind. She was 59. She joined WRTV(TV) Indianapolis in 1966 and spent 30 years in various positions, including general sales manager and director of station projects.

In 1991, she was awarded the American Women in Radio and Television's TV Sales Management Professional Achievement Award and, in 1995, received the American Advertising Federation’s Silver Medal Award.

She is survived by her husband, James; children, James Jr., John, Jerilyn and Jennifer; and seven grandchildren.

Eugenia Rawls, a theater and soap-opera actress, died on Nov. 8 at 87. Although perhaps best-known for her friendship with and stage portrayal of Tantalus Bankhead, she starred in As the World Turns and Guiding Light later in her life.

She also read the signature work of Lillian Smith for Memory of a Large Christmas for PBS in 1996.

She is survived by her husband, Donald Seawell; children, Brook and Brockman; a granddaughter; two brothers and a sister; and two great-grandchildren.
Making a pest of himself
Phone-company gadfly turns his attention to the cable business

Consumer advocate Mark Cooper has long been a major pest to the Bell telephone companies. Now, he's buzzing around the cable-television business. Since AT&T's breakup in 1983, the Consumer Federation of America's research director has cajoled regulators tirelessly in local rate cases and in the Bells' attempts to get into the long-distance-telephone business. The regulators held the line against the Bells, in no small part because they agreed with Cooper's argument that the phone companies have failed to open local markets to competition.

During the past two years, he has brought similar aggravation to cable companies by preparing much of the economic analysis that consumer groups use in their fight to make MSOs open their broadband platforms to rival Internet providers. And he has played the same role in efforts to apply open-access rules to interactive TV in the America Online-Time Warner merger.

"Mark Cooper is the consumer community's one-person research department," says Center for Media Education President Jeff Chester. "He is one of the most dedicated advocates to ensuring that we have both competition and democracy in our media system."

As Cooper sees it, the transition to digital will alter the TV industry radically. The new interactive services, he says, will generate new revenue for cable systems and broadcasters through enhanced home shopping and new businesses, such as marketing of viewer data.

AOL and Time Warner, along with the rest of the cable industry, have vociferously fought restrictions that they say could hinder development of new digital services.

Cooper, however, says now is the time for regulators to establish an open architecture and to set clear privacy protections for consumer data. Otherwise, he believes, operators will try to trap customers in proprietary programming and selling environments that block, or at least hinder, viewers' access to interactive content from unaffiliated networks or the Internet.

Broadcasters generally have been supportive of greater controls on cable interactive capabilities—in large part because they fear that MSOs will restrict stations' own interactive services once digital broadcasts go mainstream.

But over-the-air services will face restrictions, too, if Cooper gets his way. "Broadcasters are going to discover that consumers want different kinds of rights because stations are selling stuff and gathering information."

Two mentors were especially influential in Cooper's forswearing a university career for consumer advocacy: Juan Linz, a political scientist who helped write the constitutions of Spain and Portugal when those countries shed military dictatorships, and Malcolm Kerr, who was assassinated after leaving a UCLA post to become president of the American University in Beirut.

"They were academic political scientists who ended up actually practicing politics," he notes.

Despite often opposing corporate interests, Cooper insists that he's a die-hard capitalist—and that means fighting monopolies. "Reconciling the progressive and the democratic with capitalism creates a really nice place to live. But you have to fight for that stuff, because it is not the natural state of affairs."

Critics, however, dismiss Cooper's claim to being a democratic freedom fighter. They note that some analyses penned in fighting the Bell companies were paid for by their rivals, AT&T and MCI.

"That taints his consumer-advocacy positions," says BellSouth spokesman Bill McCloskey. "The Consumer Federation of America has a bad track record of predicting the sky is falling. He said people would be dumped from the local phone network in droves and prices would go up. But no areas have lost phone service, and prices are flat."

Cooper insists that only two of his past projects received corporate support and now he refuses all corporate money. "This is not simply an academic exercise. It's the democratic process we fight for."—Bill McConnell
**Classifieds**

**Management Careers**

**TWO GENERAL MANAGERS WANTED**

Belo and Time Warner Cable, two leaders in local television news coverage, have partnered to develop and launch 24-hour local cable news channels in the Houston and San Antonio, Texas markets. These local news channels are based on the success that both companies have enjoyed in the creation of new local news outlets across the country.

We are seeking two leaders who will have the unique opportunity to help create and then manage the operations of innovative local newrooms in two of the nation’s best television markets. Candidates should have an extensive knowledge of television news and a working knowledge of all facets of television station operations. At least seven years of senior television management experience is required, with a proven ability to lead a young staff and grow a new business. The ability to work with the two partner companies in this joint venture, via a board of directors is a key requirement.

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

General Manager Search
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**National Sales Manager**

Gannett's NBC affiliate station, WBIR-TV, Knoxville, TN, is looking for a DSM who will be responsible for achieving National budget and maximizing National and station revenue opportunities through interfacing with AE's and Managers employed by Petry in the capacity of providing up-to-date station information, setting rates and gathering data as it relates to revenue production; working with GSM and LSM in determining pricing strategies, controlling inventory and budget preparation; meeting regularly with Petry reps, agencies and clients; setting up local client contacts to complement the Petry/buyer relationship; working with GSM, LSM and local AE's to determine most effective sales-person assignment; working with and providing guidance for national sales assistant; being responsible for National expense issues. Job requires 2-3 years experience as local or national account executive, good written and verbal skills, proven negotiation skills, computer skills, firm knowledge of Nielsen Ratings and ability to travel frequently. Send resume to General Sales Manager, WBIR-TV, 1513 Hutchinson Ave., Knoxville, TN 37917. EOE

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**Creative Services**

**Creative Services Director**

KVUE-TV, a subsidiary of Belo, has an opening for a Creative Services/Promotions Director to develop and direct the overall promotion and marketing efforts of the station. This person will assign, supervise and approve all projects administered by the Creative Services department. They will develop and execute all promotion and advertising for KVUE-TV including news & programming promotions, station image, special event and sales promotions. Metered marketing experience preferred. Minimum of 3-5 years experience in broadcast promotion required. Must have management experience and be able to work with people in and out of the station. Send cover letter and resume to: Human Resource Manager, KVUE Television, 3201 Steck Ave. Austin TX 78757. Drug Screen required. EOE

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**Promotion Careers**

**Promotion Writer/Producer**

WBDC-TV, Tribune Broadcasting's rapidly growing WB affiliate in Washington, DC is searching for a dynamic individual with distinctive and creative promotional ideas to write and produce original spots, including station image, off-net sitcoms, movies, local spots and much more. Maintain station website. Position requires strong writing and organizational skills, and the ability to work and think independently. D-Vision or similar non-linear editing experience required! Familiarity with MS FrontPage, PhotoShop, Adobe After Effects and Enterprise Traffic System a plus. Send non-returnable tape, cover letter and resume to: Human Resources Dept., WBDC-TV, 2121 Wisconsin Avenue, NW, Suite 350 Washington, DC 20007 Fax: 202-955-7403.

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**WNEM 5**

**Creative Services Director**

We are the market's news leader and a station that "gets it". The best candidate will be able to coach and lead a team of six. You will be responsible for the execution of our brand strategy as well as our entire graphic look. You must be a team player with the ability to work closely with news and sales. As the CSD, you are responsible for station community relations/events and key sales/station promotions. This individual is also responsible for managing our robust Internet site. Non-linear editing skills are a plus. College degree preferred. Strong writing/communications skills are essential. Please send a cover letter, resume and a five-minute VHS tape of your best stuff to Robin Gover/Business Office, WNEM-5, 107 N. Franklin St., Saginaw, MI 48607. EOE

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**Meredith**

**Local Sales Manager**

WBIR-TV, Knoxville's #1 station in the #4th Market, is looking for a LSM to direct all operations of the Local Sales Department, including managing all account executives and local sales assistants. Must work in conjunction with GSM and DSM, developing pricing strategies, controlling inventory and budget preparation. Candidates must have ability to lead and motivate sales team to achieve revenue goals, special selling goals and professional development. Must demonstrate proven ability to prepare, present and close local sales opportunities, have extensive knowledge of inventory and traffic functions, and have experience using Leigh Stowell or related research data. Must have working knowledge of vendor support and retail marketing plans and have personal computer skills with Microsoft Office experience. College degree preferred and 2-3 years experience and management experience required. Submit resume to: General Sales Manager, WBIR-TV, 1513 Hutchinson Ave., Knoxville, TN 37917. EOE
THE MASLOW MEDIA GROUP, a leading recruiter in the Broadcast Industry seeks the following candidates:

1. VP PROGRAMMING/WASH D.C.: Seeking visionary to lead the media division of a corporation into the new century with new technologies, diversified programming, strategic planning and implementation. Background in public broadcasting desirable.


Contact: Stephen Mostow, Sr.Recruiter
MASLOW MEDIA GROUP INC.
2134 Wisconsin Avenue NW
Washington, DC 20007
(ph): 202 965 1100
(fax):202 965 6171

fulltime@maslowmedia.com
MORE JOBS LISTED ON
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WJW FOX 8 CLEVELAND is searching for qualified applicants for the following positions:

• GENERAL ASSIGNMENT REPORTER
3-5 years news reporting experience including live shots

• WEEKEND SPORTS ANCHOR/REPORTER
2 years anchoring and 3 years sports reporting experience including live shots

• NEWS PRODUCER
at least 2 years experience as a line producer

• SPORTS PRODUCER
at least 2 years producing experience, strong knowledge of sports and show production

• ASSOCIATE PRODUCER
at least 1 year experience writing television news, small market producer experience preferred

Send your resume to: resume@cahners.com or fax to: (214) 523-5916 Attn.: Guadalupe Diaz
Equal Opportunity Employer

Contact
Kristin Parker
or Neil Andrews
to place an ad in the
Broadcasting & Cable’s
Classified Section.
Call 617-558-4532
or 617-558-4481

AZTECA AMERICA, a nationwide Spanish-language television network to be launched in 2001, starts its Network Operations Center in Dallas. Azteca America is an alliance between TV Azteca of Mexico, the second largest producer of Spanish programming in the world, and Pappas Telecasting Companies, the largest privately held owner of TV stations in the US. We currently have the following bilingual openings at our Network Operations Center:

Immediate opening
  Operations Manager

Openings - Jan - Feb
  Production Manager
  Local Sales Manager (Various Markets)
  Senior Editors
  VTR Maintenance Engineer
  Satellite Uplink Engineer
  Video Engineer

Openings - Feb - March
  Master Control Operators
  Editors

AZTECA AMERICA, una nueva red nacional de televisión en español cuyo lanzamiento se proyecta el próximo año, abre su Centro de Operaciones en Dallas, Texas. Azteca América es el resultado de una asociación entre TV Azteca de México, la segunda productora de programación en español más grande del mundo, y Pappas Telecasting Companies, la empresa privada de estaciones de televisión más grande de los Estados Unidos. Actualmente, tenemos vacantes los siguientes puestos bilingües en nuestro Centro de Operaciones:

Vacante inmediata
  Gerente de Operaciones

Vacantes - enero - febrero
  Gerente de Producción
  Gerente de Ventas Local (Varios Mercados)
  Editores de Rango Superior
  Ingeniero de Mantenimiento en equipo de grabación VTR
  Ingeniero de Satélite
  Ingeniero de Video

Vacantes - febrero - marzo
  Operadores de Control Maestro (Master Control)
  Editors

Send your resume to: resume@cahners.com or fax to: (214) 523-5916 Attn.: Guadalupe Diaz
Equal Opportunity Employer

Send your Classifieds to
138 Broadcasting & Cable/11-27-00

Broadcasting & Cable Classifieds
E-mail your ad to:
kbparker@cahners.com
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Classified Section.
SYX/WTTE is offering an outstanding opportunity for a proven, aggressive and dedicated General Manager. Individual is needed to oversee joint operations of two major network affiliates. Extensive knowledge of Sales, Promotion, and News are required as is a strong working knowledge of all station operations. This position is for a people-oriented sales professional with a vision for the future. Five years General Manager experience is required. Qualified applicants send resume and cover letter to WSYX/WTTE, P.O. Box 718, Columbus, OH 43216, Attn: Human Resources.

 Sinclair Broadcast Group, Inc. owns or programs 82 TV stations in 40 markets and has affiliations with all 6 networks. We reach nearly 28% of the U.S. and aggressively lead the evolution of broadcasting in technology, programming, promotions, and sales. Sinclair is proud to be an Equal Opportunity Employer and a Drug-Free Workplace. Women and Minorities are encouraged to apply.

MARKETING & RESEARCH DIRECTOR

Major market CBS affiliate looking for sharp, analytical mind with creative marketing approach. 3 years experience in broadcasting, advertising, marketing or research. Nielsen ratings, Excel and PowerPoint knowledge is vital. Knowledge of CMR, Scarborough and TV Scan preferred. Responsible for creation of sales packages, computer-based presentations & ratings analysis. Must have excellent written and verbal communications skills. Fax cover letter and resume to Sales Manager at 715-264-9808.

DIRECTOR OF NON-TRADITIONAL REVENUE AND SALES PROMOTIONS

This person will oversee the development of our non-traditional revenue creating total marketing packages while maintaining our on-going projects. We need a strong leader who is creative and demonstrates drive, determination and a sense of urgency in helping the community and clients meet their needs. The ability to build strong relationships with current and new clients is also essential. Applicants for this position must have a solid background (minimum of 3 years) in media and/or event marketing sales. Send resumes to: Jeff White, General Sales Manager WISH-TV 1950 N. Meridian Street Indianapolis, IN 46202. WISH-TV is an Equal Opportunity Employer, M/F.

ASSIGNMENTS EDITOR

KHWB-TV, a Tribune Broadcasting station in Houston, has an immediate opening for an Assignments Editor. The successful applicant will develop stories, track ongoing coverage, dispatch crews, make beat checks, monitor scanners and respond to breaking news. This position involves working closely with producers, reporters and photographers. Candidates should be motivated, detail-oriented and able to handle numerous responsibilities at the same time. An even temper, patience and sound news judgment are essential. Two years desk experience is preferred. We are seeking a person who can make solid news decisions and has outstanding people skills. KHWEB is an EOE and Drug Free Workplace. You may fax to 713-781-3609, e-mail to sliu@tribune.com or mail resumes to KHWB, HR, 7700 Westpark Dr., Houston, TX, 77063.

SALES CAREERS

ABC7 Los Angeles is seeking an individual with strong administrative skills to assist in the Sales Department. Ideal candidate should have previous sales assistant experience with excellent written and verbal communication skills. Excel and Word proficiency is a must. Familiarity with Donovan Systems and AVN is a plus. Please send resume to: ABC7 Los Angeles, Attn: Kimberly Castillo, Dept. SA/26C, 4151 Prospect Ave., Los Angeles, CA 90027. Or email us at: KABC-TV.Resumes@ABC.com Equal Opportunity Employer.

SALES ASSISTANT
Univision Television Group, Inc.
KWX-TV 41
San Antonio, TX

The leader in Spanish Language Television is looking for:

Sales: Account Executive

Job Duties: Develop new business, increase shares of business with established client base. Utilize available research tools to develop strong written and verbal presentation. Plan, track and achieve aggressive quarterly sales goals.

Qualifications: Strong written and verbal skills must be demonstrated, knowledge of MS Word, Excel and Power Point required. Proven track record of sales growth and new business development a must. Complete knowledge of NSI Television ratings essential. Experience with Scarborough, Simmons, and Claritas mapping and research tools a plus. Computer friendly and must be willing to learn new software packages. Bilingual (Spanish/English) preferred.

Education: College Graduate Degree.

Experience: 4 years Media Sales experience.

Excellent company benefits including Health; Dental; 401K with company match. Don't miss this chance to work for a growing and dynamic company. Compensation based on experience and skills.

Apply in person with Resume: KWX-TV 41
411 East Durango Blvd
San Antonio, Tx. 78204
(210) 227-4141

Univision is an Equal Opportunity Employer
Women and Minorities are encouraged to apply.

ACCOUNT EXECUTIVE
We're Nielsen Media Research, the famous TV ratings company. As the leading provider of television information services in the US and Canada, we look for bright, motivated individuals who can uphold our longstanding tradition of quality and service. We currently have an opportunity for an Account Executive (sales and servicing) in our San Francisco office.

This position involves negotiating long-term station contracts with top-level station and agency executives, aggressively selling numerous proprietary software systems to stations and agencies, and consulting with clients to determine their specialized data needs. It also entails researching, analyzing, and presenting responses to client data inquiries. The person in this position will also be providing impeccable service to our clients by training their personnel on various Nielsen products and services. A minimum of 5 years media experience, sales presentation skills, and relevant experience analyzing Nielsen data is required. Other requirements include excellent written and verbal skills and the ability to handle multiple priorities. Some travel is required.

We offer competitive salaries and an excellent benefit package. Send resume, including salary requirements to: Attn: HR/CH, Nielsen Media Research, 299 Park Avenue, 22nd Floor, New York, NY 10171. Or fax to (212) 708-7533. Or email to MarketSFN@tvratings.com Equal Opportunity Employer

CREATIVE PRODUCER
Established television program is looking for a Creative Producer to be part of a new and exciting effort to redesign its promotional strategy and obtain new corporate sponsorship. The perfect candidate will need to demonstrate ingenuity coupled with a solid record in the television industry. Send your cover letter, resume and salary requirement to POB 90709 Wash., DC 20090.

ASSOCIATE PRODUCER
(KJO #200HS)

WBNS-TV is seeking a Part-Time Associate Producer to produce segments for different shows, interview subjects for stories, and produce packages for the anchors. Will also be a "producer-in-training", helping WBNS grow our next newscast producer internally. Must have a college degree or previous newsroom producing/writing experience. WBNS-TV is an Equal Opportunity Employer and provides a Smoke-and Drug-Free Workplace.

EXECUTIVE PRODUCER
FOX 13 (FOX O & O) in Memphis seeks an EXECUTIVE PRODUCER to coordinate and oversee 2.5 hours of live morning newscasts. Must have a vision for our morning newscasts. Be able to help others see that vision, and make it a reality. Need 3 yrs television newscast exp as line producer. Send resume and cover letter describing your morning newscast philosophy. WHBQ-TV, Human Resources, 485 S Highland, Memphis, TN 38111. EOE

EXECUTIVE PRODUCER
KFSN-TV, THE Disney/ABC Owned and Operated station in Fresno, California has an immediate opening for an Executive Producer. We're a dominant #1 station looking for someone to take charge of our day to day news operation. Duties include overseeing daily news coverage, the assignment desk, reporters and producers. Our Executive Producer also clears KFSN-TV and works closely with our newsroom computer system. Qualified candidates should have a 4-year college degree and a minimum of 5 years experience in news production. Previous management experience is a plus, but we will consider someone with a strong producing background looking for their first management job. Please send a tape of your newscast along with a resume and news philosophy to: KFSN-TV, Dept BC JOB 01-01, 1777 G Street, Fresno, CA 93706. ABC, Inc. is an Equal Opportunity Employer. Women and minorities are encouraged to apply.

ASSOCIATE PRODUCER
One of the country's most dominant stations needs an experienced News Producer. Two Satellite trucks; five ENG vans; new chopper with gyro zoom, DC bureau...we have whatever you need to blow away the competition. No excuses! If you're ready to own the 34th market, send a cover letter and resume to: WBNS-TV, Human Resources; Job # 200JU, 770 Twin Rivers Drive, Columbus, OH 43215. WBNS-10TV is an EQUAL OPPORTUNITY EMPLOYER. WE ARE A SMOKE-FREE AND DRUG-FREE WORKPLACE.

NEWS PRODUCER

One of the country's most dominant stations needs an experienced News Producer. Two Satellite trucks; five ENG vans; new chopper with gyro zoom, DC bureau...we have whatever you need to blow away the competition. No excuses! If you're ready to own the 34th market, send a cover letter and resume to: WBNS-TV, Human Resources; Job # 200JU, 770 Twin Rivers Drive, Columbus, OH 43215. WBNS-10TV is an EQUAL OPPORTUNITY EMPLOYER. WE ARE A SMOKE-FREE AND DRUG-FREE WORKPLACE.

ASSOCIATE PRODUCER
A chance to join a terrific news staff in one of West Michigan's leading broadcast journalism organizations. We're looking for a person who writes sparkling news copy, making connections with words and video to help our viewers understand what's happening in the world. This is an entry-level position that leads to the producer ranks. Television or radio newscast experience is a plus. This position can include some research, editing and assignment desk work depending on the needs of the newscast. Please send resume and cover letter to: Margie Candela, Human Resources, WMWM-TV, WMWM-TV, 590 West Maple Street, Kalamazoo, MI 49008. WMWM-TV is a Freedom Communications station, honored by the MAB as "Television Station of the Year."

CLASSIFIEDS

140 Broadcasting & Cable / 11-27-00
MANAGING PRODUCER

Starz Encore Group LLC, the nation’s largest provider of cable- and satellite-delivered premium movie networks, now seeks a creative individual with the ability to manage our entertainment-based movie channels. You’ll successfully oversee a creative team in the production of entertainment and promotional interstitials. Duties include conceiving ideas, developing strategies, budgeting, staffing, and coordinating administrative functions. We require superior producing and writing skills, experience producing on-location shoots, and proven ability to manage a creative team. We also prefer a Bachelor’s degree and 3-5 years’ experience in promotion department of a broadcast station or programming supplier. Please send cover letter, resume and salary history to: G902, Starz Encore Group LLC, P.O. Box 6942, Englewood, CO 80155; Fax: 303-267-5891; E-mail: jobs@encomedia.com. Successful candidate will be subject to a drug test. www.starzencore.com. EOE

TECHNICAL/CAREERS

ENGINEER

DIRECTOR OF ENGINEERING

Bring your strong supervisory skills to USA NETWORKS, a leading broadcast entertainment organization, featuring the highly acclaimed USA Network and the Sci-Fi Channel. Currently, we are seeking an accomplished professional to assume an important managerial role at our Operations Center in Jersey City, NJ.

Reporting to the VP of Engineering and Maintenance, the successful candidate will manage the day-to-day operation of the Engineering Dept. Diversified responsibilities include the implementation and design of new technologies; administering accounts payable for the dept and performing front-end office duties; and interfacing with contractors and vendors to insure seamless Network Operations.

The experienced professional we seek should possess a strong background in broadcast engineering and a BSEE Degree or equivalent experience. Prior supervisory experience and strong management and interpersonal skills are also most important. Advanced computer skills plus UNIX/IRIX, MacOS, Win NT, etc.

USA Networks offers a competitive salary and benefits package. Please send/fax your resume with salary requirements (only resumes with salary requirements will be considered) to: B. Giaccio, USA Networks, 525 Washington Blvd., Jersey City, NJ 07310, Fax: (201) 653-2970. NO PHONE CALLS, PLEASE. AN EOE M/F/D/V

Engineering Opportunities

As a premiere provider of home entertainment services, Intertainer, Inc., is defining the convergence of entertainment and interactive technology. Intertainer is the Broadband Entertainment Network, (TM) giving you movies, music, TV shows, concerts and shopping on-demand delivered through the new high-speed broadband networks. Due to our tremendous success, we’re currently offering the following exceptional opportunity:

Senior Engineer, Cable- You will be responsible for working with our partners to deploy the Intertainer entertainment on-demand services into the Cable headends and hubs. The engineer will be responsible for the physical installation of the hardware, integration into the MSO’s architecture, and any troubleshooting required ensuring a successful and complete installation. The engineer will serve as the lead technical contact for the MSO throughout the deployment process. The engineer will also participate in the architecture design, testing, and R & D efforts surrounding the Intertainer service, which includes maintaining internal Motorola (Gi) and SA headends, running and maintaining vendor video servers, and testing cable related activities such as satellite content distribution. Some travel is required.

Must have complete understanding of CATV operations and HFC infrastructure. Previous installation and design experience digital video systems. Strong understanding and experience with Motorola (Gi) and SA headend installation and design. Excellent LAN/WAN knowledge as well as experience with Windows operating systems (NT and W98). Proven track record in troubleshooting hardware, software, cabling, and network related problems in a cable environment. Strong interpersonal and communication skills required as well.

Response code BC-GE

We offer a highly attractive compensation package including medical benefits. For immediate consideration please send resume, indicating Response Code of position desired and salary history to Jake@intertainer.com or Fax (310) 202-2929. Please visit our website www.intertainer.com. Intertainer is an Equal Opportunity Employer.
TECHNICAL CAREERS

STUDIO DIRECTOR

With more than 800 editors and reporters in 78 bureaus worldwide, Bloomberg News is the premier source for financial and business information. We are the definitive business-information source for investors, financial advisers, and entrepreneurs who rely on us as an invaluable aid to critical business and financial decision-making. Experience the future of business with the fastest growing financial TV news company.

You will be the link between the editorial and technical aspects of the program. Working with the Executive Producer, the creative team and our technical staff, you will oversee the coordination of graphics, promos and set designs, make sure that the technical aspects of the program are all in place, and consult with the editorial staff to ensure that the content is correct.

At least two (2) years of experience as a television studio director is essential for your success in this position. Bring your familiarity with the editorial aspects of programming television, as well as the technical considerations to ensure the programming is up to Bloomberg’s standards. Travel is required, as there are over 20 Bloomberg TV bureaus. Bachelor’s degree or equivalent work experience is necessary.

It is Bloomberg’s policy not to interview employees of our customers without the customers’ knowledge and permission. For immediate consideration, please send your resume to:

Bloomberg L.P.
Attn: J. Firstenberg, SD-NY
499 Park Avenue
New York, NY 10022
Fax: 917-369-6163
E-mail: broadcast@bloomberg.com
No phone calls, please.

Bloomberg is proud to be an Equal Opportunity Employer M/F/D/V committed to workforce diversity.

DIRECTOR OF ENGINEERING

A.F. Associates, one of the worlds leading systems integration and engineering firms, is seeking a motivated professional to join our team and help us manage considerable growth opportunities. This new position will be responsible for the ongoing development and day-to-day management of AFA’s design engineering team, including recruiting new staff, allocation of engineering resources, and design supervision and review.

As an integral member of the company’s leadership team, you will be a key player in strategic decision-making, and work closely with high-level contacts of some of the industry’s leading organizations, including broadcast and cable networks, new media companies, broadcast stations, and technology innovators. A minimum of ten years of engineering experience is required, including significant involvement with advanced digital technologies; you will have a proven track record of management and personnel development skills; be an energetic “self starter” who thrives in a fast-paced environment; and have exceptional communication and intra-personal skills. BSEE preferred.

This position is located in AFA’s headquarters, in Bergen County, New Jersey. Comprehensive benefits include 401(k) plan, medical/dental PPO plan; life and disability insurance. We are an Equal Opportunity Employer. Send resume to:

HR Manager, A.F. Associates, Inc.
100 Stonehurst Court, Northvale, New Jersey 07647
Email: HR@afassoc.com Fax: 201-750-3046
No phone calls please.

TELEVISION ENGINEERING

We are a leader in the design and construction of many of the most prestigious broadcast television facilities in the nation. The explosion in electronic media and the digital revolution has dramatically impacted our growth opportunities. As a result, we are seeking a number of highly-motivated people to help us grow. Opportunities exist for Senior Project Managers, Engineers, Applications/Proposal Engineer, Support Specialists, Computer System/Network Engineers with video experience, Installation Personnel and Supervisors for permanent or freelance positions. If you have experience in television engineering or a related discipline and would like to join a dynamic company, we would like to hear from you. Please send your resume and a letter describing your career interests to: Employment Manager, A.F. Associates, Inc. 100 Stonehurst Court, Northvale, NJ 07647. Fax: 201-784-8637 or e-mail: hr@afassoc.com (No attachments please). No phone calls please.

We are an Equal Opportunity Employer.

TECH CREW NEEDED FOR NEW CABLE MUSIC CHANNEL

Looking for technical/production crew for full time positions, Mon - Fri with vacation/benefits package for start up of a new cable network located in New York City. Must have at least 3-5 years experience, E.I.C.-Engineer In Charge, Video Engineer, Technical Director, Audio Mixer, Audio Asst. Camera Operators, Chyron Maxline/Still Store Operator, Tape Operators, Lighting Director, Utility/Gaffer, Prompter Operator, Online Editors, Online Playbacks and Non-Linear AVID Symphony Editors & Digitizer/Loaders. Experience in After Effects, Photoshop, Illustrator a plus. Please send resume to: MK, P.O. Box 125, 847A Second Avenue, New York, N.Y. 10017.

STUDIO MAINTENANCE ENGINEER

Must be able to perform the following duties: install and maintain studio transmission equipment including video switchers, audio consoles, DVE, CG, SS, cameras, and robotics. Familiarity with automation systems and master control environment. Should possess a general computer/networking background. Must be able to work on a rotating shift schedule. Candidate should have an engineering degree or equivalent technical training, SBE/FCC certification a plus. If you want to be a part of the exciting transition to HDTV in the most exciting city in the world, please send your resume and cover letter to: Kurt Hanson, Chief Engineer, WABC-TV, 7 Lincoln Square, New York, NY 10023. No telephone calls or faxes please. We are an equal opportunity employer.
DIRECTV – AN ENTERTAINING PLACE TO WORK!

DIRECTV is the first entertainment service to deliver multi-channel TV programming on an 18-inch satellite dish. In our first two years, DIRECTV became the fastest selling consumer electronics product introduction in US history, surpassing product launch sales of the VCR and CD player. Now with 9 million customers, we’re planning our next step on the digital frontier and with your skill and ideas, there’s no limit to how far we can go.

Our Broadcast Interconnection & Field Operations Department is currently establishing a team to operate and maintain a communications network that will bring audio, video, and data services from geographically diverse points throughout the continental US to DIRECTV broadcast facilities. This venture requires the skills of the following professionals.

DIRECTOR, BROADCAST INTERCONNECTION

We’ll rely on you to oversee the scheduling and fulfillment of preventive and emergency maintenance actions that support the network. Your department will also work closely with DIRECTV broadcast centers to determine and fulfill requests for occasional backhaul services, full-time local loops, and interface links as well as providing liaison with DIRECTV broadcast centers and other internal organizations. Successful candidates will have a BS in Communications, Television or Broadcasting (MS or MBA desirable) and 15 years in the broadcast industry in the area of broadcast/technical operations. The ability to lead, motivate, train, and develop a team of highly skilled broadcast professionals and excellent communication and organizational skills are essential. Experience with the transmission of video/audio with scheduling/traffic operations is highly desirable. Moderate domestic travel will be required. Ref#20719A/ TM/SO

DIRECTOR, FIELD OPERATIONS

We seek a proven leader to oversee the day-to-day operation and maintenance of the network. Your Department will also act as the technical and operational liaison with over 400 local TV stations while working directly with vendors providing backhaul and maintenance services. We’ll rely on you to also work closely with peer departments to establish preventive maintenance procedures that ensure rapid failure restoration and adhere to timely emergency maintenance policies. Successful candidates will have a BS in Engineering, Computer Science or Physics (MS or MBA desirable) and 15 years in the broadcast and/or telecommunications industry in the area of technical/field operations and maintenance. The ability to lead, motivate, train and develop a team of highly skilled internal and external maintenance professionals and excellent communication and organizational skills are essential. In-depth knowledge of video/audio compression systems and techniques as well as experience with the transmission of audio, video and data via fiber, coax and RF are highly desirable. Moderate domestic travel will be required. Ref#20719B /TM/SO

DIRECTV offers you the opportunity to work for a high-growth company, which is delivering the future of entertainment today! For consideration, email your resume, (text format only, no attachments), to resume@directv.com, Job Code (Ref#), or mail to DIRECTV, Inc., Job Code (Ref#), PO Box 915, El Segundo, CA 90245. EOE M/F/D/V

Check out our website at www.directv.com.

ART DIRECTOR

Tribune Broadcasting’s KH WB-TV, Houston, is looking for a leader for the Art Department. Applicants should be fluent in both Mac & PC formats. Quantel Paintbox and After Effects. Applicants should also have a minimum of five years working in television graphics including news production & print experience. Flexible start date. Resume & demo reel to: HR, KH WB-TV 7700 Westpark Dr., Houston, TX 77063.

MAINTENANCE TECHS

FOX 13 (FOX O & O) in Memphis needs two MAINTENANCE TECHS to repair/maintain broadcast equipment. Must have exceptional knowledge of television theory, latest solid-state technology, and possess excellent computer skills. Need 3 yrs exp in maintaining all categories of broadcast equipment. Send resumes to: WHBQ-TV, Human Resources, 485 S Highland, Memphis, TN 38111. EOE M/F/D/V

STUDIO TECHNICIAN

Our leading telecommunications and entertainment company has an excellent position for a hands-on technician with the ability to repair and maintain broadcasting equipment and facilities.

A minimum of 2 years broadcast experience or electronic maintenance required. Proven background in repairing/aligning production equipment including computers, editing field production trucks, and test/alignment equipment required. Knowledge of video/audio signals and analog/digital circuitry highly desired.

Cablevision offers excellent benefits including medical, dental, vision, 401k, tuition assistance, cable TV and internet service (where available). Please mail or fax your resume, which must include Ref #2017089MUP to: Staffing Department, CABLEVISION, 20 Cross Street, Norwalk, CT 06851. Fax: 203-354-0926.

Job Hotline: (800)233-5054
Visit our website at: www.cablevision.com

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GETS RESULTS!

EXECUTIVE CAREERS

PRESIDENT

IOWA PUBLIC TELEVISION FOUNDATION

The Iowa Public Television Foundation is currently seeking a President to be responsible for leading the organization in the fund-raising, awareness building, volunteer support, and other functions that may be needed by Iowa Public Television.

Responsibilities: lead the organization in the creation, development, and implementation of the organization’s vision and constantly review its initiatives and assure that they are consistent with the established purpose, principles, and vision of the organization. Hire, supervise, evaluate, and direct the day-to-day operations of professional staff. Maintain financial responsibility for the organization and adequate funding levels for IPTV activities.

Qualifications: Bachelor’s degree is required; a Master’s degree is desirable and five years of successful senior level leadership experience, including both the supervision and motivation of people, as well as program development and implementation. Experience and/or familiarity with public broadcasting is desirable.

Position offers competitive salary and benefits. Review of applications will continue until the position is filled. Please send letter of application and resume to Molly Phillips, President of IPTV Foundation Search, Iowa Public Television, PO Box 6450, Johnston, IA 50131. Each applicant will also need to submit a paper answering specific fund-raising questions. Please see our Web site at www.iptv.org to receive those instructions. EOE/AAE.
Classifieds

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Southeast AZ AM-FM
Southeast GA AM-FM
Rated MI 2FM 1AM
Southeast KY mini-cluster
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4 stations in Northern MI/WI, $1.3M
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several operating as a network.
Call (401) 454-3130 for more information.
NMTX Border, 5 station cluster,
positive cash flow
North central OR, 5 station cluster,
strong market position
Call (415) 289-3790 for more information.
Salt Lake metro AM, $1.0M
Call (435) 753-8090 for more information.
LPTV in FL rated market.
Call (804) 282-5561 for more information.
Top 20 Southwest market AM, $5.0M
Southwest NM FM, $550K
Los Angeles Big Power AM,
favorable dial position, all new facility
San Francisco, AM
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Suburban Philadelphia/Wilmington AM
w/ property & tower rental income
Call (415) 924-2515
MEDIA SERVICES GROUP, INC.

SALESCAREERS

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Broadcasting's oldest promotion company.
Community Club Awards, seeks aggressive
regional sales agent for presentations to radio,
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Academic

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Journalism Department seeks a full-time
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is highly desirable.
Broadcasting is one of three specializations
offered for journalism majors. The department
runs the two campus broadcast media: a year-
round FM station and TV facilities with a weekly
newscast.
Applicants must have a minimum of an M.A. in
journalism or related field. Bachelor's accept-
able with substantial recent experience in a
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"The network set up a new subscription number—1-800-COMING-OUT—and distributed premiere party kits to gay and lesbian college groups. (Though one hopes any self-respecting homosexual would take a pass on party tips from a TV company.) But Showtime had a hard time recruiting actors from big agencies, fearful of their clients being typecast as gay. Several fashion designers (of all industries!) even refused to have their products placed in the series."

—Time magazine reporting on Showtime's new graphically frank fictional series about gays, As Queer as Folk, debuting this Sunday at 9 p.m. ET. The pay service hopes QAF will do for it what Sex and the City did for rival HBO.

"He's clearly using the prestige and the name of his office to enrich himself financially. ... And even if that's not illegal, I find it very troubling."

—Minnesota Democratic State Sen. John Marty on Jesse Ventura as XFL's new color commentator, as reported by the AP.

"I realize the value of entertaining a person as well as informing them—which is something I'll probably get clobbered for saying, but is true."

—Melinda Chait, a new news producer at WBAL-TV Baltimore, trying for a full-time position, made difficult because, in the past, she was a producer for Jerry Springer. Reported by David Folkenflik in The Baltimore Sun.

"I will always remember the First Father of the First Family, who is responsible for setting a national example, brought shame and public humiliation on his wife, his daughter and his country by marital infidelity and lying under oath—right into the camera, looking straight into my face! I take it personally."

—TV and radio talk-show host Dr. Laura Schlessinger, in Time magazine, about what she'll remember about the Clinton White House.

"Early in the story, news crews staked their claim on the sidewalks across from the courthouse. Crews used duct tape to box off 3- to 6-foot sections. They then branded the sidewalk with their station's call letters.

'Most crews abide by it,' said freelance cameraman Tony Long. The tape is usually good for the entire story, so turf doesn't need to be reclaimed every day. But if things really start shaking and you leave your square, people will pull up your tape and move in.'"

—How television crews methodically set up shop in West Palm Beach to cover the election recount fracas, from Jim Romanesko's MediaNews at Poynter.org.
Hooray for the girls!

TV has finally realized the attraction of good female characters

By Tom Lynch

As the creator of several “girl-approved” leading and supporting female characters, people often ask me, “How can a fortieth-year-old Irish-Catholic man with four sons be in touch with his feminine side?” Nowadays, my standard response is: “I don’t even try anymore.”

You see, I like to tell stories about the magic of the human experience, with all its highs and lows, and challenges and triumphs. Stories, that regardless of gender, we can all relate to because we’ve all been in similar situations at some time in our lives.

For example, most of us have felt “less-than” or unlovable. On the other side of the coin, we’ve all felt on top of the world. There’s no gender bias in any of those experiences.

Next, I try to develop characters with distinct traits, attributes and motivations. Bold, funny, sensitive, silly, carefree, irresponsible—I’ve known both men and women who fit that description. I don’t think either sex has ownership over a particular emotion or feature.

Finally, after I’ve got a pretty good mental picture of the character, I then audition actors and actresses to see who best interprets my vision for the part. And that’s the moment of truth.

I didn’t always do it that way, of course. My friends Geraldine Laybourne, who is the founder of Oxygen, and Herb Scannell, the current president of Nickelodeon, both deserve a lot of the credit for my enlightenment.

Back in 1993, Gerry was running Nickelodeon, and Herb was the network’s head of development. I presented Herb with a pilot script about a tween-age boy who is accidentally doused with a mysterious chemical that gives him superpowers-like being able to morph into an oozing blob of goo. (By the way, most of my material is autobiographical to some degree. My father was a chemist. He was always conducting these weird experiments with all these exotic-looking chemicals, and as a kid, I wondered what would happen if I messed with his materials in some way.)

Herb loved the concept, but, at the time, Gerry was on a mission to find shows with high appeal to tween-age girls—an audience that was highly underserved in the early 1990s. It’s hard to believe, I know, but 10 years ago, there wasn’t one children’s program airing that starred a female lead on any of the networks.

Knowing Gerry’s plans, Herb gave me the best advice possible: Change the lead character from a boy to a girl.

At first, I was concerned. I wasn’t sure I could write a convincing female lead, especially since the series was based on my own rough-and-tumble boyhood adventures. However, this was my first big break at Nickelodeon, so after about a minute or so of hesitation, I, of course, agreed to the change.

But when I initially began to rewrite the pilot, I found myself overdoing the girlfriend thing a bit—overcompensating, I guess, for my lack of estrogen. I tried all kinds of research, like reading Seventeen magazine and hanging out at The Limited in the mall. (Just kidding!)

Actually, I realized early on that nothing was going to make me write more feminine. It just wasn’t possible with my particular DNA. So instead, I focused on writing a really good, strong leading part. I made Alex smart, independent, energetic, brave and loyal to her friends and family, among other traits. I also made her feel like an outsider because she had this strange power within her.

Next, I cast a really great, young actress, Larisa Oleynik, who made the part come alive; she even put a little of young Tommy into it without even realizing it. And the rest, as they say, is history. The Secret World of Alex Mack had four enormously successful seasons on Nickelodeon and continues to do well in reruns.

Now, I’m proud to say that I’ve got a whole bunch of great female characters, and actresses to portray them, on the air this year, in NBC’s Just Deal, Disney Channel’s The Jersey, Nick’s 100 Deeds for Eddie McDowd and Nick’s Caitlin’s Way. Each one is unique—not necessarily because she’s a girl—but because she’s an individual. And that goes double for racial stereotypes. But that’s another column. …

Tom Lynch, the creative force behind the Tom Lynch Co., was honored last week by Girls Inc. for all the positive and inspiring role models that he has created for young girls.
ADS 'R' NOT US

Editor: Harry Jessell's column ("Commercial Overload," Nov. 6) cited the work of an assistant professor at Salem State College, Judi Cook, who made claims about the frequency of children's underwriting on PBS member station wgbh-tv Boston. The column also quoted the researcher's disparaging conclusions about public television.

Unfortunately Ms. Cook's research is based on faulty methodology and her conclusions are not supported by either the data she gathered, or by the laws and regulations governing underwriting on public television. Her observations were based upon only one "composite" day of programming, which was not representative of wgbh-tv's schedule. It did not include the "Newshour With Jim Lehrer, NOVA, Masterpiece Theatre" and other pillars of the PBS schedule.

Ms. Cook does acknowledge that "the total amount of time attributed to underwriting appears small (2%)" and "roughly half ... of the underwriting spots included statements of support of PBS or learning in general." Such findings would seem to contradict her dire conclusions relating to public television's approach to children.

Underwriting on PBS member stations is fundamentally different from advertising on commercial television. Federal law and regulations prohibit underwriting messages on public television that contain a specific call to action, superlative descriptions, qualitative claims, price information or inducements to buy, all of which are staples of commercial advertising. PBS' guidelines for children's underwriting are even more strict, limiting messages to those which support public television or promote learning and education. In addition, national underwriting credits on PBS may not exceed 15 seconds and do not interrupt programs.

We are proud of our service to children, with a distinctive lineup of award-winning educational programs that kids love and parents trust. We would like nothing more than for noncommercial sources of funding to grow so that corporate support became less essential in paying for this unique and important service to children. Until that day arrives, however, we must and will continue to seek support for our children's programs from public-spirited corporations, and we will acknowledge their contributions in an appropriate manner as required by law. —Tom Epstein, VP, communications, PBS, and Jeanne Hopkins, VP, communications, wgbh-tv.

Cook responds: PBS may be following the rules governing public television, but that does not negate the fact that these underwriting spots look and feel very much like real commercials. Gone are the days of static images of underwriters' logos. I challenge your readers to watch a few hours of children's television on PBS and draw their own conclusions as to whether or not children are being targeted as consumers.

Editor: I just finished reading ("Commercial Overload"). I must take exception to your comparison of the underwriting spots on PBS children's programs to the type of advertising spots found around commercial children's fare. I would be astonished if you could find any public station in this country that aired 12 minutes of spots per hour as commercial stations are allowed to.

Judi Cook's assertion that "this appears to be the wave of the future," is, unfortunately, partially correct. Programming is expensive to produce. In an ideal world, we would find funding mechanisms to provide the dollars to produce quality children's entertainment that could run without annoying commercials ... or disturbing underwriting spots.

Commercial broadcasters pay for their children's programming by selling commercials. At least public broadcasters have specific guidelines that limit the amount of time that may be devoted to underwriting spots in a program (usually 60 seconds for an one hour period), and some local stations sell additional underwriting around programs to defray their costs of acquiring that show. To compare that attempt to cover costs as the equivalent of the endless stream of commercials for ridiculously priced toys that children are encouraged to "need, want and demand" is ludicrous. —Guy Senumgard, production manager, wive(ty) Peoria, Ill.

Editor: Harry Jessell's column raised some provocative questions about the state of U.S. children's media including, "Isn't there something creepy about grown-ups who go to work each day to study children so that they can better sell them stuff?" With all due respect, the answer is a qualified yes.

What really is creepy is that despite years of research examining young children's inability to distinguish programmatic from commercial content, we still have no significant national funding in place to provide our most vulnerable audiences with regularly scheduled educational programming. Public broadcasting stations, via their TV and online services, do yeoman's work on limited budgets—work that both crosses the screens and extends beyond them into the daily lives of children, parents, caregivers and teachers. To blithely damn public media's commitment to not only noncommercial distribution, but also noncommercial development, without acknowledging the economic realities of production and distribution is counterproductive.

At the end of his column, Jessell tells children's marketers to "get a real job." Here's a thought: With all the influence BROADCASTING & CABLE and Cahners publications have in the industry, why not dedicate a regular feature to the research and information that could both drive noncommercial, creative development and attract the financing to produce and distribute it? Now, that's what I would call a real job. —Alice Cohn, managing director, Interactive Media for Children, The Markle Foundation.

AMEN!

Editor: I'm a high school mass-media teacher ("Commercial Overload"). I always use a similar
(editor's note: see previous page)

Voices

anecdote about my son when discussing commercial advertising. Unfortunately, commercialized television hit him a little earlier—around age 4 or so. My students are always amazed that my son's holiday wish list was very short during his first four years.

Thanks for sharing your own insights on this topic. —Kara Clayton, Redford, Mich.

TAUZIN, GET REAL

Editor: I find Rep. Tauzin's concern regarding the election night calls intriguing (Cableday Fax, Nov. 10). Despite protestations to the contrary, Mr. Tauzin has repeatedly shown disregard for the First Amendment by latching on to easy issues to impress his constituents.

What he really needs to do is work toward dumping the electoral college and moving the nation toward determining this by the popular vote. This would secure the real equality of every citizen's vote, rather than devalue those of voters in less populous states. Of course, that's a real issue a congressman could sink his teeth into rather than sop the local folks. I don't think we can expect Mr. Tauzin to address such a real need. —J. Robert Craig, Central Michigan University, Department of Broadcasting and Cinematic Arts

LITTLE GUY ADVOCATE

Editor: I read with keen interest your report in TV Fax (Nov. 16) on NCTA President Robert Sachs' comments regarding the abolition of must-carry. Mr. Sachs would have us believe that, without exception, broadcasters care only for the money and not for their public-interest obligations; that, if left to themselves, the last thing they would consider is public service.

While I agree there are plenty of folks who fit this category, there are also many of us who take seriously our role to educate, inform and entertain the public. Without must-carry regulations, small stations across this country would have little hope of securing necessary cable channel clearances that guarantee survival in a highly competitive industry.

I, for one, am grateful to those in authority who continue to look out for the little guy, though these individuals are fast becoming an endangered species themselves. We need big business in this industry, it is true; but we also must make room for the up-and-comers.

Preserving must-carry helps level the playing field, and keeps the door open for men and women of passion to come in. It is often from humble beginnings (and small stations) that true passion springs forth.

For the small broadcaster (and for many of the rank-and-file working in television), there's more at stake in must-carry than just a job. There's a portion of the American dream itself.

—Ralph Tobias, manager, programming and promotions, WZAL-TV Chambersburg, Pa.

Editor's note: TV Fax's and BROADCASTING & CABLE's reports on Sachs' speech were slightly in error. Sachs never mentioned must-carry per se. He did, however, question why broadcasters deserve "preferential regulatory treatment" and misrepresented consent and challenged broadcasters' record of public service.

WE HAVE YOUR NUMBERS!

Editor: I am writing in response to your article "Take A Number" (BROADCASTING & CABLE, Nov. 13). Your article suggests that nobody is tracking the number of commercial broadcast stations in the United States. Although the FCC no longer provides the industry with monthly reports of total numbers of commercial broadcast stations, BIA Financial Network (BIAfn) tracks commercial broadcast station information through a database software application titled, Media Access Pro. Currently, there are 4,792 commercial AM and 6,072 FM radio stations and 1,289 commercial television stations. In addition, there are 371 public/education stations. The software is updated daily to provide accurate, timely and comprehensive information on both U.S. television and radio stations.

The program's user-friendly interface allows individuals to analyze revenues, ratings, ownership, transactions, demographics, technical statistics and much more. —Francis S. Moore, communications and media relations manager, BIA Financial Network, Chantilly, Va.

REALITY CHECK

Editor: I probably risk being accused of philistine thinking by the multitude of PDA users, but my Daytimer has, for 25 years, maintained most of the information I need to get along in the world. (P.J. Bednarski's column, "Forswearing Geekiness," Oct. 30).

It's not that I disdain technological advancement. Scratched vinyl and tape hiss, for example, are two things I'm pleased to have left behind in the transition to compact discs. The 3-inch LEDs of my bedside alarm are a vast improvement over semi-illuminescent hands of a traditional clock. Certainly, I appreciate the many benefits of this computer (like being able to send you this note via e-mail in lieu of my illegible scrawl). I'm as grateful as anyone for the continual improvement in broadcast technology.

At the end of the day, however, the penalty for failing to maintain a sense of reality with respect to life's essentials will be finding ourselves slaved to technology that exists for its own sake than anything else. I love the Internet and use it most every day, but I could easily live without it if I had to. —Bill Powers, Lawrenceville, Ga.

WE LIKE LETTERS

BROADCASTING & CABLE welcomes your letters about our coverage, or media issues in general. You may mail them to BROADCASTING & CABLE, Open Mike, 245 W. 17th Street, New York, N.Y., 10011; e-mail to pbbednarski@cahners.com or fax to 212-337-7028.

Please include a daytime phone number. We won't publish anonymous letters, and we have the right to edit them for space and clarity.
Here comes the sun

Our long national nightmare of an election will be one for the history books. And while we all would have preferred a clear winner to the political equivalent of *Survivor*, democracy can be a messy process as practiced by fallible and often partisan humans (the phrases “warts and all” and “making sausage” leap to mind). It can also make for some high TV drama as witness the oral arguments in Florida’s Supreme Court last week.

The much-attended-to sunshine in which Florida conducts its business, including cameras in the courts, has allowed us all to be witnesses to political history in a way impossible just a few years ago. Not impossible because the technology wasn’t available, but because the technology was excluded. The pictures of agonizing canvass-board members and Democrat-appointed judges sharply questioning Bush and Gore advocates told a story more about process than partisanship. We think those pictures were a bright spot in what has become an increasingly ugly battle for the presidency. In a story that has been so much spin and counter-spin, to see some of the legal machinery at work has been reassuring, even inspiring. Millions of viewers were able to render their own verdicts as they waited for the official one. We are certain that the televised proceedings did much to erase the bad aftertaste of the televised OJ Simpson trial.

We need to spread some of that Florida sunshine around. It is past time that the federal appellate courts, including the Supreme Court, allow cameras. It’s already the 21st Century (or almost, if you ask Arthur C. Clark), and the federal courts are still stuck in the 19th. If this election battle moves into federal courts, the shadow of that proceeding will be in stark contrast to the openness of Florida. Along with improved voting procedures and clearer Florida election laws, we’d like to see this legal fight fuel a push for cameras in federal courts. This clouded political picture needs all the silver linings we can find.

P.S. While we’re at it, you’ll notice the Big Three broadcast networks didn’t have to be told to drop their regular fare to carry the oral arguments before the Florida high court. They did so because it was a critical moment in an unprecedented presidential election that had gone deep into overtime without rules. Put simply, it was news. Let’s hope that public-interest advocates who continue to demand free time from TV stations for their own idea of political discourse are watching.

Two-way or the highway

Like the videophone, interactive television has been one of those endlessly-vaulted technologies that just never seemed to pan out. Until now. From the issue of open access to the fight over separating security and surfing functions in set-tops to the growing cottage industry in turning TV sets into PC emulators, two-way cable TV appears to be reaching something approaching critical mass. The battle over two-way access to viewers could well frame the debates in Washington for months if not years to come.

We were struck by the companies lining up at this year’s Western Show in Los Angeles to turn the TV into an e-mail monitor or family photo album, not to mention the interactive games and shopping (OK, we did mention them). Given this multisasking TV scenario, is it any wonder broadcasters are looking at digital business models that incorporate ancillary services. In the world unfolding at the Western Show, the broadcaster model of a single ad-supported channel looks like a Model T.
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“COVERAGE” w/ Paula Zahn vs. “Two and a Half Men” on CBS (M-F 10pm-11pm)

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Program
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**1# NEWS**
Program @ 10PM ET
“Inside Politics - CNN” vs. “The Daily Show w/ Jon Stewart” on Comedy Central (M-F 11pm-12am)

“Special Report w/ Brit Hume” vs. “Inside Politics - CNN” (M-F 6pm-7pm)
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