Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of		
2002 Biennial Regulatory Review—Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 02-277
Cross-Ownership of Broadcast Stations and Newspapers	)	MM Docket No. 01-235
Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets	)	MM Docket No. 01-317
Definition of Radio Markets	)	MM Docket No. 00-244

<u>COMMENTS OF BELO CORP.</u>

Guy H. Kerr
Senior Vice President/General
Counsel & Secretary
BELO CORP.
400 South Record Street
Dallas, Texas 75202

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SUMMARY

Belo has learned through its long history as a newspaper publisher and television station licensee that common ownership of media outlets allows news organizations to provide the highest quality news and information to readers and viewers in their communities. Moreover, as Belo consistently has demonstrated to the Commission—and the economic and ownership studies released in conjunction with this proceeding confirm—these benefits generally are not accompanied by any threats to local diversity or competition. Indeed, the evidence now before the Commission is incontrovertible that both the newspaper/broadcast cross-ownership rule and the existing restriction on television duopolies fail to advance the agency's traditional diversity and competition objectives and cannot be justified in the contemporary marketplace.

In both the 1998 Biennial Review proceeding and the 2001 proceeding on the newspaper/broadcast cross-ownership rule, Belo provided detailed evidence, based on its own experiences, demonstrating that newspaper/broadcast combinations offer superior locally-oriented news and informational services. Using its longstanding ownership of a newspaper/television combination in the Dallas-Fort Worth market as an illustrative example, Belo showed that joint ownership of a newspaper and broadcast station creates synergies and economies of scale that lead to significant public interest benefits for readers and viewers. Importantly, Belo also demonstrated that these benefits are delivered without any corresponding pattern of management-dictated alignment in editorial positions or overall reduction in viewpoint diversity.

Belo's experiences are borne out by the studies commissioned by the FCC in conjunction with this proceeding. The studies verify that broadcasters owned jointly with newspapers offer superior news and information without posing any countervailing threat to viewpoint diversity

and confirm Belo's contentions that permitting the joint ownership of newspapers and broadcast outlets will not threaten competition in local markets. By documenting the tremendous growth in the number of competitors in the media marketplace as well as the high levels of consumer usage of and substitution among a broad range of outlets, the studies also (1) strengthen Belo's arguments that repeal of the rule is necessary to permit newspaper publishers and broadcasters to remain viable competitors in future decades and (2) provide strong support for Belo's position that the newspaper/broadcast cross-ownership rule needlessly inhibits the achievement of important public interest benefits.

The Commission's existing television duopoly rule is similarly ineffective in serving the agency's primary goals of promoting viewpoint diversity and protecting competition. Belo's award-winning television newscasts are operated according to strict journalistic standards that demand fairness and objectivity. Like most local television news operations, Belo's stations strive to present viewers with factually-based coverage that does not rely on the viewpoints of reporters, news directors or, least of all, corporate management. Because television stations compete in a market that highly values bias-free news, the current television duopoly rule protects against an essentially non-existent risk with respect to viewpoint diversity. Indeed, television news coverage is among the most balanced and objective source of news available to consumers today.

In addition, Belo's operation of four television duopolies exemplifies the synergies and viewer benefits inherent in joint station ownership. When Belo acquired these duopoly stations, none provided local news to their communities. Under Belo ownership, however, three of the stations are now, or soon will be, providing daily newscasts. Moreover, the great majority of the Commission's competitive concerns with respect to local television ownership will and should continue to be monitored and addressed through the antitrust review performed by federal and state antitrust agencies. For all of these reasons, Belo submits that the existing restrictions on local television ownership should be modified to eliminate the "eight independent voices" condition. The remaining limitation on "top four" station combinations, together with enforcement of the antitrust laws, will continue to provide protection against excessive consolidation in individual local markets.

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COMMENTS OF BELO CORP.

I. INTRODUCTION

Belo Corp. ("Belo") hereby submits its comments in response to the Commission's September 23, 2002 *Notice of Proposed Rulemaking* ("*NPRM*") in the above-captioned proceeding. As Belo has demonstrated in the FCC's two most recent proceedings addressing the newspaper/broadcast cross-ownership prohibition,[1] and as confirmed in the economic and other ownership studies released in conjunction with this proceeding, the restriction should be repealed. Further, because the current restriction on television duopolies does not further—and, in fact, often hinders—the FCC's diversity objectives and generally is not necessary to protect competition, Belo submits that the restriction should be modified to eliminate the "eight

[1] *See* Comments of Belo Corp. in MM Docket Nos. 01-235, 96-197 (filed Dec. 3, 2001) ("2001 Comments"); Comments of A.H. Belo Corporation in MM Docket No. 98-35 (filed July 21, 1998) ("1998 Comments").

independent voices" condition. The remaining limitation on "top four" station combinations, together with enforcement of the antitrust laws, will and should provide protection against excessive consolidation in individual markets. More generally, whatever regulatory scheme the agency decides to adopt as a result of this proceeding, Belo strongly urges the Commission to maintain absolute consistency with respect to its rules by taking all relevant media "voices" into account for each individual rule and weighing all such voices equally.

II. THE FCC'S ECONOMIC AND OTHER OWNERSHIP STUDIES CONFIRM BELO'S PRIOR SHOWINGS THAT THE NEWSPAPER/BROADCAST CROSS-OWNERSHIP BAN SHOULD BE REPEALED

Belo reaffirms the comments it submitted in both the Commission's 1998 Biennial Review proceeding and in response to the 2001 Notice of Proposed Rulemaking on the newspaper/broadcast cross-ownership rule.[2] Relying primarily on the example of Belo's historical experience as the owner of both WFAA-TV and *The Dallas Morning News* in the Dallas-Fort Worth market, both sets of comments amply demonstrate that jointly-owned newspapers and broadcast stations offer superior locally-oriented programming and enhanced news and informational services in their communities without jeopardizing the market's viewpoint diversity, the "touchstone of the Commission's ownership rules and policies."[3] Moreover, Belo's earlier comments have shown that these programming initiatives and enhanced informational services come without posing any threat to competition. Indeed, repeal of the cross-ownership ban is necessary to allow newspaper and broadcast outlets to remain viable competitors in today's increasingly competitive telecommunications marketplace. The economic

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2 *See generally* 2001 Comments; 1998 Comments.

3 *2002 Biennial Regulatory Review—Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996,* Notice of Proposed Rulemaking, MB Docket No. 02-277 and MM Docket Nos. 01-235, 01-317, and 00-244, ¶ 35 (rel. Sept. 23, 2002) ("*NPRM*").

and other ownership studies released by the FCC in conjunction with this proceeding substantiate Belo's prior showings and confirm that there simply is no legitimate reason for retention of the rule.

A. Belo's Prior Showings—as Corroborated by the Studies Released by the Commission—Demonstrate That Repeal of the Ban Would Lead to Substantial Public Interest Benefits

Belo's newspaper/broadcast combination in Dallas-Fort Worth offers the Commission an apt illustration of the enormous benefits that would be conferred on American viewers and readers if the newspaper/broadcast cross-ownership ban were eliminated. As Belo has explained in detail in prior proceedings, WFAA and *The Dallas Morning News* are highly responsive to the news and informational needs and interests of the Dallas-Fort Worth market. As a result, both outlets have gained ample recognition as community leaders in this regard.[4]

Moreover, in the more than two decades that have passed since the adoption of the cross-ownership ban, Belo repeatedly has experienced what the FCC has acknowledged on many occasions: that the synergies and economies of scale inherent in common ownership of mass media outlets create public service benefits.[5] As Belo described in its previous comments, these

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4 As shown in both the 1998 Comments and the 2001 Comments, *The Dallas Morning News* enjoys an excellent reputation for the high caliber local news and information offered to its community of readers. Among other honors, it has been awarded six Pulitzer Prizes since 1986. Similarly, WFAA has earned seven DuPont-Columbia awards and two George Foster Peabody awards in recognition of its superior journalism. *See* 2001 Comments at 6-7; 1998 Comments at 18-20.

5 For example, in its 1989 *Order* relaxing the one-to-a-market rule, the FCC acknowledged that common ownership of broadcast stations can actually increase the availability of informational programming: "a broadcaster who seeks to operate a second station in the market may, because of economies of scale and cost savings inherent in radio-television combinations in the same market, produce or purchase more informational programming than would two separate stations." *Amendment of Section 73.3555 of the Commission's Rules, the Broadcast Multiple Ownership Rules*, 4 FCC Rcd 1741, 1744 (1989), *recon. granted in part and denied in part*, 4 FCC Rcd 6489 (1989). Likewise, in a 1992 decision granting a waiver of its one-to-a-market rule, the Commission observed that the efficiencies derived from common ownership of same service radio stations in local markets were "presumptively beneficial and would strengthen the competitive standing of the combined stations, a circumstance that would enhance the quality of viewpoint diversity by enabling such stations to invest additional resources in programming and other service benefits provided to the public." *Golden West Broadcasters and KABC-AM Radio, Inc.*, 10 FCC Rcd 2081, 2084 (1995). *See also NPRM* ¶ 82.

efficiencies have allowed it to create a number of additional news outlets, including several cable news channels as well as a Washington, D.C. news bureau.[6] Moreover, while *The Dallas Morning News* and WFAA have separate editorial voices and news staffs, they often exchange information between assignment desks to deliver a wider range of news stories and more innovative new products.[7]

Furthermore, WFAA and *The Dallas Morning News* generally do not coordinate their opinions or viewpoints.[8] As described in the attached statement of Robert W. Decherd, Belo's Chairman of the Board, President, and Chief Executive Officer ("Decherd Statement"), while Belo's Dallas news properties share newsgathering efforts, they do not harmonize—or even consult one another—on their editorial positions.[9] Neither WFAA nor TXCN, Belo's 24-hour regional cable news channel, is privy to proposed editorial positions to be taken by *The Morning News*. As explained in detail below, WFAA's general practice is to eliminate bias or any editorializing from its newscasts.[10] Thus, as Belo already has made known to the Commission, its actual experiences as the owner and operator of a newspaper/broadcast combination

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6 *See* 2001 Comments at 4-6; 1998 Comments at 12-14. For example, *The Dallas Morning News* and WFAA, along with Belo's TV stations in Houston, Austin, and San Antonio, combined resources to launch Texas Cable News ("TXCN"), which serves approximately one million cable customers with around the clock news. TXCN gathers its news from independent news sources, as well as Belo's Texas stations, including WFAA. Thus, TXCN is able to cover a wider range of news and informational topics than any one station could cover on its own. More importantly, TXCN has the flexibility to offer local programming in Dallas-Fort Worth, Houston, Austin, and San Antonio. *See* 2001 Comments at 6.

7 *See id.* at 4-6. Another benefit of common ownership for WFAA and *The Dallas Morning News* is the ability to rely on Belo Marketing Solutions ("BMS"), a sales operation established to provide Belo Corp.'s advertising customers with integrated marketing solutions through its properties in the Dallas-Fort Worth area. *See id.* at 5-6.

8 *See* 2001 Comments at 4; 1998 Comments at 20-22.

9 *See* Decherd Statement at 4.

10 *See infra* Section III(B).

demonstrate that common media ownership does not translate into any material diminution in viewpoint diversity.[11]

The economic and other ownership studies released in conjunction with this proceeding fully substantiate Belo's prior showings. For example, Study #7, *The Measurement of Local Television News and Public Affairs Programs*, confirms that newspaper/broadcast combinations offer superior news and informational content.[12] The Study assessed the local news and public affairs programming of both network owned-and-operated ("O&O") stations and other network affiliates in a wide range of markets. The Study specifically looked at the local news ratings for early evening newscasts (5:30 p.m. and 6:00 p.m.), as well as the number of hours devoted to news and public affairs programming during the November 2000 sweeps period. In addition, the Study counted the number of Radio and Television News Director's Association ("RTNDA") and A.I. DuPont-Columbia Silver Baton awards earned between 1991 and 2001.

In comparing television affiliates owned in common with daily newspapers to all other affiliates, the Study found a "clear variation in performance between [stations] that are owned in common with a newspaper publisher and all other network affiliates."[13] Specifically, compared to stand-alone affiliates, newspaper-owned combinations aired an average of four additional weekly hours of news and public affairs programming.[14] The average ratings for early evening newscasts of newspaper-owned combinations also were significantly higher than for stand-alone affiliates. The average rating of the 5:30 p.m. newscast was 2.2 rating points higher, and the

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11 *See* 1998 Comments at 20-22.

12 Thomas C. Spavins, Loretta Denison, Scott Roberts, and Jane Frenette, *The Measurement of Local Television News and Public Affairs Programs* at Section II, released in MB Docket No. 02-277 and MM Docket Nos. 01-235, 01-317, and 00-244 (September 2002) ("Study #7").

13 *Id.* at Section I.

14 *See id.*

average 6:00 p.m. newscast was 2.8 points higher. The Study thus concluded that newspaper-owned affiliates "experience noticeably greater success under our measures of quality and quantity of local news programming than other network affiliates."[15] Moreover, when compared to the national average for the period measured, newspaper-owned stations earned more than three times as many RTNDA awards and more than twice as many DuPont-Columbia awards.[16]

Newspaper-owned affiliates also performed well on these measures in comparison to the network O&O stations, garnering both higher evening news ratings and substantially more RTNDA awards.[17] More significantly, both the newspaper-owned affiliates and the O&O stations earned drastically higher scores in the Study than the stand-alone affiliates.[18] The clear implication is that group owners with the resources to invest in large newsgathering operations have both the ability and the incentives to provide the public with superior news and informational services.

These outcomes are no surprise to Belo, whose co-owned WFAA is one of the subjects of the Study. Belo is well aware that its television stations consistently outperform their counterparts that are not group-owned or affiliated with a newspaper. The impressive results of the Study suggest, moreover, that Belo's experience as a provider of superior news and

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15 Study #7 at Section I.

16 *See id.* at Section II.

17 Specifically, newspaper-affiliated stations had average ratings of 7.8 and 8.2 for the 5:30 p.m. and 6:00 p.m. newscasts, in comparison to average ratings of 6.9 and 7.4 earned by the O&Os. In addition, affiliates owned by newspapers had a score of 319 for RTNDA awards, compared to a score of 126 for the O&Os. O&Os, on average, aired a slightly higher number of weekly hours of news and public affairs programming (22.8 hours, compared to 21.9 hours) than contractual affiliates and earned a higher score for Dupont awards (337, compared to 200). *See id.*

18 *See* Study #7 at Section II.

informational offerings is not an anomaly, but can be applied on an industry-wide basis to create synergistic combinations that will better serve the public interest.

The studies further verify Belo's previous showings that newspaper/broadcast cross-ownership does not hinder the diversity of viewpoints available to local audiences. Focusing on the 2000 presidential campaign, Study #2—*Viewpoint Diversity in Cross-Owned Newspapers and Television Stations*—measures the extent to which jointly-owned newspapers and television stations speak with a unified voice about important political matters.[19] It analyzes the perceived "slant" of news and commentary during that campaign, with slant defined as an assessment of whether an item would have made a typical undecided voter more or less likely to vote for one of the major-party candidates. The Study concludes that "common ownership of a newspaper and a television station in a community does not result in a predictable pattern of news coverage and commentary on important political events."[20]

In addition, Study #2 found that "[d]ifferent news organizations owned by the same company tended to do things differently."[21] In five of the ten combinations studied, the perceived "slant" of the newspaper's coverage was found to be meaningfully different from the "slant" of the television station's coverage. Overall, the "range of viewpoints in the campaign coverage of the cross-owned media under study tended to reflect the range of viewpoints discussed by the leading candidates for the presidency."[22] Thus, cross-owned newspapers and broadcast stations "covered the campaign in the way that mainstream American news

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19 David Pritchard, *Viewpoint Diversity in Cross-Owned Newspapers and Television Stations: A Study of News Coverage of the 2000 Presidential Campaign* at 6, released in MB Docket No. 02-277 and MM Docket Nos. 01-235, 01-317, and 00-244 (September 2002) ("Study #2").

20 *Id.* at 11.

21 *Id.*

22 Study #2 at 12.

organizations typically cover political campaigns."[23] Moreover, Study #2 found no evidence of owner manipulation of the news in locally cross-owned outlets.[24]

Belo believes that the results of the Study can, in part, be attributed to the fact that daily newspapers and television stations have different objectives with respect to viewpoint presentation. As explained in detail below, while newspapers are in the business of offering clear positions on issues through editorials and other opinion-oriented features, television newscasts tend to provide news and information in a strictly unbiased fashion without the addition of such features.[25] As the Study's author acknowledged, many of the "slants" perceived in the presentation of local news may have been an "objective" response to "the tenor of events," rather than the reflection of an editorial viewpoint or opinion.[26] In any event, Study #2, in conjunction with Study #7, convincingly illustrates that permitting newspaper/broadcast combinations would strongly boost both the quality and the quantity of news and informational programming available to local audiences without posing any countervailing threat to the FCC's viewpoint diversity objectives.

B. The Commission's Ownership Studies Confirm Belo's Prior Contentions That Repeal of the Rule Will Not Threaten Competition and, in Fact, Is Necessary to Allow Newspapers and Broadcasters to Remain Viable Competitors in the Telecommunications Marketplace

Belo demonstrated in both its 1998 and 2001 Comments that, even as it continues to jointly own *The Dallas Morning News* and WFAA, the Dallas-Fort Worth market remains highly

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23 *Id.*

24 *See id.*

25 *See infra* Section III(A).

26 Study #2 at 7. *See also infra* note 43.

competitive.[27] Relying on the example of this robust marketplace, Belo has argued that repeal of the newspaper/broadcast cross-ownership ban would have no appreciable impact on the Commission's competition objectives. Specifically, Belo has showed that, with more than 100 broadcast stations and fifty newspapers vying for the attention of consumers, competition abounds in this market.[28] A range of other outlets, including cable, radio, direct broadcast satellite ("DBS") service, magazines, weekly and specialty newspapers, web outlets, direct mail advertising, and outdoor advertising also compete for readers, viewers, listeners, and advertisers. Indeed, *The Dallas Morning News* and WFAA are but two of hundreds of media outlets that vie for audiences in the Dallas-Fort Worth market. Belo has further demonstrated to the FCC in prior proceedings that in this highly competitive and abundant marketplace, newspapers and broadcasters must be given the same synergistic opportunities as their formidable competitors.[29]

As the studies released by the FCC overwhelmingly show, the number of media outlets has increased significantly not only in Dallas-Fort Worth, but in markets of all sizes across the nation since 1975, the year of adoption of the newspaper/broadcast cross-ownership rule. Study #1, *A Comparison of Media Outlets and Owners For Ten Selected Markets*, documents the enormous growth in the availability of media in ten evenly spread markets since 1960.[30] The Study clearly shows that the media marketplace has changed dramatically since that time. For example, in 1960, cable was present only in two of the selected markets, but now nearly two-

27 *See* 2001 Comments at 8-9; 1998 Comments at 29-32.

28 *See* 2001 Comments at 9; 1998 Comments at 31.

29 *See* 2001 Comments at 10-11; 1998 Comments at 22-28.

30 Scott Roberts, Jane Frenette, and Dione Stearns, *A Comparison of Media Outlets and Owners For Ten Selected Markets*, released in MB Docket No. 02-277 and MM Docket Nos. 01-235, 01-317, and 00-244 (September 2002) ("Study #1"). The Study finds that there was "tremendous" growth in both the number of outlets and the number of owners in the 40-year period studied. The number of outlets grew by an average of nearly 200 percent across all ten markets, while the owner count increased by an average of 140 percent. *Id.* at Section I.

thirds of TV households subscribe to the service. In fact, the Study finds that cable now dominates the market for video delivery in the United States.[31] The Study further shows that technological advances continue to alter the media landscape. DBS, unheard of twenty years ago, is now available nationwide and carrying local television signals. Notably, this Study tracks the "tremendous growth" in availability of media without even taking into consideration other news outlets of great importance to consumers, such as the Internet and weekly newspapers.

By examining the levels of advertising substitutability among local newspaper and broadcast outlets, the studies also shed additional light on Belo's prior showings that permitting newspaper/broadcast combinations will not hinder competition. Study #10—*On the Substitutability of Local Newspaper, Radio, and Television Advertising in Local Business Sales*—analyzes whether there is a single local media market or several distinct markets for newspaper, radio, and television advertising.[32] For a theoretical local business, the Study specifically derives the elasticity of substitution, as well as the cross-price elasticity, between these media. Based on this model, Study #10 concludes that there is "weak substitutability" between newspapers and broadcast outlets for purchasers of local advertising.[33] Because it shows that the actual competition between newspaper and broadcasters for advertising revenue is

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[31] *See id.* at Section III.

[32] C. Anthony Bush, *On the Substitutability of Local Newspaper, Radio, and Television Advertising in Local Business Sales*, released in MB Docket No. 02-277 and MM Docket Nos. 01-235, 01-317, and 00-244 (September 2002) ("Study #10).

[33] *Id.* at 12. Compared to the theoretical limit of infinity, the Study finds that the elasticity of substitution between newspaper retail advertisements and local radio ads is merely 1.17 and that the elasticity of substitution between newspapers and television stations is only .91. The Study notes that while these numbers are "very small," they are statistically significant. *See id.* Similarly, the cross-price elasticity between newspaper retail ads and local radio ads is only .018, while the cross-price elasticity between local radio ads and newspaper retail ads is .098. The elasticities for newspaper retail ads and local television ads are negative. *See id.*

limited, the Study adds substance to Belo's prior evidence that permitting newspaper/broadcast combinations generally will not impede competition.

Moreover, the studies buttress Belo's contention that repeal of the rule is necessary to ensure the continued ability of newspaper and broadcast outlets to serve as vigorous marketplace competitors. As consumers are bombarded by a multiplicity of news and information sources, they are forced to choose between competing outlets. Faced with increasing family and work demands, consumers simply do not have time to add each new alternative source to their daily routines. When forced to choose, consumers inevitably end up substituting one source for another, depending on which would better suit their purposes. In this process, the Internet and cable are gaining audiences at the expense of broadcast television and newspapers.

Study #3, entitled *Consumer Substitution Among Media*, tracks this phenomenon. First, the Study documents the well-known fact that the use of broadcast television and daily newspapers is declining, while the use of cable television, the Internet, and weekly newspapers is increasing.[34] The Study then assessed whether there is substitution among the media by consumers, such that the increased use in one would lead to a decreased use of another. After careful statistical analysis controlling for a number of variables, the Study concluded that there is clear evidence of substitution between Internet and broadcast television for news and between daily newspapers and TV news. There is also evidence of substitution between cable and daily newspapers for news, between radio and broadcast TV, and between the Internet and daily newspapers.[35]

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[34] Joel Waldfogel, *Consumer Substitution Among Media* at 5, released in MB Docket No. 02-277 and MM Docket Nos. 01-235, 01-317, and 00-244 (September 2002) ("Study #3").

[35] *See id.* at 39.

These high levels of substitutability send a strong signal to the FCC that its traditional assumption that broadcasters and daily newspapers are the only true competitors in the media marketplace is hopelessly outdated. Newspapers and television stations must be allowed to compete on an even footing with other media outlets to ensure their continued economic livelihood in future decades. As new media gain popularity and encroach on the audience territories of traditional outlets, television stations and newspapers need to be able to avail themselves of a host of strategic business choices, including combining their businesses in markets of all sizes.

In sum, the record in this proceeding is more than sufficient to support repeal of the newspaper/broadcast cross-ownership rule in its entirety. Adding the Commission's studies to the already extensive record before the agency on the cross-ownership ban, it is now abundantly clear that retention of the rule cannot be justified. The studies corroborate what Belo and many other parties already have amply demonstrated to the Commission: the rule needlessly inhibits the public interest benefits inherent in newspaper/broadcast cross-ownership, without providing any appreciable protection to the agency's diversity and competition goals. The rule should be repealed, and daily newspapers should no longer be considered a factor in the Commission's regulation of media ownership. Further, if the Commission rescinds the rule but chooses to retain other local ownership restrictions, Belo submits that owning a newspaper in a market must be viewed as fully non-cognizable, and should not preclude ownership of any broadcast outlet.

III. THE RESTRICTION ON TELEVISION DUOPOLIES SHOULD BE MODIFIED BECAUSE IT DOES NOT PRESERVE VIEWPOINT DIVERSITY AND IS NOT NEEDED TO PROMOTE COMPETITION

In its current form, the television duopoly rule permits common ownership of two television stations with overlapping Grade B contours within a single Designated Market Area ("DMA") only if: (1) eight or more independently owned, full-power, and operational television stations will remain in the market after the merger; and (2) at least one of the stations is not ranked among the top four in the market based on audience share.[36] The Commission originally adopted restrictions on local television ownership in order to "preserve viewpoint diversity and promote competition in local markets," basing its decision largely on the belief that the agency's "diversity concerns were better promoted by a greater number rather than a lesser number of separately owned outlets."[37] In particular, the Commission believed that restricting local television ownership "would better preserve the possibility for different viewpoints in local news presentation, 'which is at the heart of our diversity goal.'"[38]

Yet, the *NPRM* in this proceeding rightly questions "the extent to which local television stations express viewpoints in local newscasts and, if so, whether, and to what extent, those newscasts provide diverse points of view."[39] The FCC further observes that "TV stations have largely abandoned editorials because they fear that viewers who disagree with the viewpoint expressed will temporarily or permanently elect to watch another channel."[40] The *NPRM* thus recognizes the contention that news organizations "have a strong economic incentive to keep their news coverage and reporting as balanced and unbiased as possible."[41]

Through these observations, the *NPRM* illuminates the fact that the duopoly rule is designed to protect against a "risk" that is essentially non-existent. The simple reality of local

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36 *See Review of the Commission's Regulations Governing Television Broadcasting*, 14 FCC Rcd. 12903, 12931 (1999), *on reconsideration*, 16 FCC Rcd. 1067 (2001) (modifying rule in part) ("*Local TV Ownership Report and Order*").

37 *NPRM* ¶¶ 74, 78.

38 *Id.* (quoting *Local TV Ownership Report and Order*, 14 FCC Rcd at 12933).

39 *NPRM* ¶ 79.

40 *Id.*

41 *Id.*

television news coverage is that biased newscasts alienate viewers. Moreover, the typical focus of local television news on the day's most important events inherently lends itself to fair and balanced coverage of news stories. This unbiased approach to local news is exemplified by Belo, which operates each of its stations according to strict journalistic standards that demand fairness and objectivity. In addition, Belo's operation of television duopolies in several markets demonstrates the clear benefits intrinsic in permitting common ownership.

As a general matter, moreover, the Commission's competitive concerns with respect to local television ownership are and will continue to be monitored and addressed through the antitrust review performed by the executive branch bodies designated to regulate media market consolidation. For this reason and in light of the lack of diversity-based rationales for the current ban, Belo submits that the existing restrictions on local television ownership should be modified to eliminate the "eight independent voices" condition. The remaining limitation on "top four" station combinations, together with enforcement of the antitrust laws, provide protection against excessive consolidation in individual local markets.

A. Because Local Television Newscasts Are Objective and Balanced and the Expression of Viewpoints Is Not a Predominant Characteristic, Promoting Viewpoint Diversity in Local News Is Not a Sufficient Basis for the Duopoly Rule

If local television news programming can be said to have a "slant" at all, it is a slant in favor of fair and balanced news reporting that is free from editorializing or bias. As noted above, station editorials have all but vanished as news programmers have come to realize that viewers seek out local television news not for the opinions of the station, but for the reliable, up-to-the-minute coverage of the day's important news stories.[42] Because nearly all stations share this goal

[42] *See NPRM* ¶ 79.

of balanced news coverage, regulations designed to promote viewpoint diversity have no logical place in the marketplace for local television news.

Belo and many other station owners have found that they can more effectively attract audiences by offering them the tools to develop their own viewpoints, rather than by alienating them with the opinions of station management or reporters. Viewers turn to local television news for its valuable informational content, not for argumentative opinions. Accordingly, local broadcasters overwhelmingly avoid biased news coverage because it generally narrows a station's broad audience base, thereby costing the station viewership and ratings. These are the key determinants of advertising revenue—a station's predominant source of income; therefore, local television broadcasters are highly motivated to capture the widest audience possible by presenting a comprehensive and current newscast that is fair, balanced, and objective.

Then-Commissioner Powell astutely noted these realities of local television news in his Separate Statement accompanying the Commission's report in the 1998 biennial review proceeding:

> Local news programs rarely editorialize, or pick political candidates, or take stands on major issues such as abortion or gun control. The reason is simple enough: because consumers do not pay to watch, broadcasters make money by reaching the largest possible audience. They rarely take the kind of risks that might endear them to some in the viewing area and raise the ire of others. They are not in the "antagonizing" business.[43]

As Belo notes in the attached statement of Mr. Decherd, this approach leaves viewers to choose between competing local news coverage on the basis of the quality of reporting—a basis for decision with which Belo is very comfortable—rather than positions taken on specific issues.

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[43] *1998 Biennial Review—Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, Separate Statement of Commissioner Michael K. Powell*, 15 FCC Rcd 11058, 11149 (2002) ("*1998 Biennial Review Order*").

Academic studies of local television news production support the argument that stations strive to present news stories based on uniform and universal journalistic values. Textbooks and other writings on television news commonly observe that "[u]niversal news values and resources for news gathering are the strongest predictors of coverage."[44] Moreover, Columbia Journalism Review recently conducted a study that consisted of interviews with local television news professionals in an effort to define what makes a "good" television newscast.[45] The report found that a good newscast had, among other things, as many sources as possible and represented multiple points of view.

These core journalistic principles naturally lead to newscasts that are as free as possible from bias or "viewpoint" and thus, in many respects, appear to be essentially uniform within individual local markets.[46] In response to compelling economic and journalistic motivations, television stations produce viewpoint-neutral news coverage, thus ensuring that common

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44 George Comstock & Erica Scharrer, *Television: What's On, Who's Watching, and What It Means* 121 (Academic Press 1999).

45 *See What is a "Good" Newscast*? Columbia Journalism Review (Jan/Feb 1999).

46 As noted above, Study #2, authored by David Pritchard, tracked a "slant" coefficient for local television news coverage of the 2000 election and found that stations did offer viewpoints in their coverage. *See generally* Study #2. The Study noted, however, "that slant coefficients different from 0 should not be construed as evidence of bias on the part of a news organization. Objective news organizations respond to the tenor of events, and the last two weeks of the [2000 presidential] campaign featured a certain amount of news that was almost inevitably anti-Bush." *Id.* at 7. In any event, the average "slant coefficient" for the local television news studied was 7.43 out of 100, a figure that the Study places in the less than mild range. Also, the Study does not compare the "slants" of stations within a single market, which Belo submits would indicate that any existing slant is likely to be shared by all in-market stations based on regionally oriented mores and values. As the 2000 election taught everyone, different states, cities, and even neighborhoods have their own political slants, which all in-market local television newscasts are likely to reflect. Any such slant would therefore be irrelevant when considering viewpoint diversity within a local market. In any event, the Study ultimately shows that ownership does not have an influence on viewpoints presented in television news, and acknowledges that "the news judgments of professional journalists in a community sometimes tend to converge without any influence from ownership." *Id.* at 12. Thus, many of the "slants" perceived in local newscasts are based on the simple facts of the case, rather than any intentional bias or slant to the story.

ownership of television stations at the local level does not hinder the diversity of viewpoints available to consumers.

B. Belo's News Policies Exemplify Balanced and Fair News Reporting

Belo currently operates numerous television stations that epitomize the balanced approach to local television news coverage described above. The attached statement by Mr. Decherd explains how the management of Belo stations ensures fair and balanced reporting—with no room for "slanted" news coverage, and no attempt to achieve coverage that is aligned with a position of Belo management.[47] In fact, Belo management simply requires that its local television newscasts adhere to the Company's core values, which demand objective reporting presenting all sides to controversial issues, free of any specific viewpoint or reporter's opinion. With these values as a starting point, Belo's individual news operations are free to make their own news decisions. Belo has found that balanced and objective reporting in local television news responds best to audiences' preferences and is central to the success of its individual station newscasts.

Belo initiates all of its employees by giving them wallet cards listing the Company's values: Integrity, Excellence, Fairness, Sense of Purpose, and Inclusiveness.[48] The senior executives of Belo ensure that these values are the framework for each station's news operations. This is accomplished not by imposing editorial or content-based decisions on station programming, but by hiring station personnel who embody Belo's values and have strong convictions about fair and balanced newscasts. Each station makes its own news decisions based on the needs and interests of the communities served. Local news directors, under the

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47 *See* Decherd Statement at 2.

48 *See id.*

supervision of the stations' general managers, generally make all daily news decisions at Belo television stations.

A particularly telling example of Belo's approach to local television news is the Company's response to the Commission's now-rescinded "Fairness Doctrine." Under the Fairness Doctrine, the FCC formerly required all broadcast licensees to (1) "provide coverage of vitally important controversial issues of interest in the community served by the licensees" and (2) "provide a reasonable opportunity for the presentation of contrasting viewpoints on such issues."[49] As explained in the Decherd Statement, Belo employed the principles underlying the doctrine long before the FCC adopted mandatory rules. The Company has maintained this doctrine even after its elimination as a regulatory requirement.[50] Belo developed and has consistently maintained its version of the doctrine for the same reason the Commission adopted it in the first place: fair and balanced news reporting that serves the public interest of the communities served.

Belo's long-standing experience in the television business is that viewers want a comprehensive local newscast that offers a balanced recounting of the day's events. The Company has based its approach to local television news on its knowledge that objective, high-quality television newscasts serve different purposes from other types of media. Readers rely on daily newspapers for a wide range of opinions and viewpoints on their editorial pages and from columnists. By contrast, television viewers do not turn on local newscasts to see a Republican or

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[49] *Inquiry into Section 73.3910 of the Commission's Rules and Regulations Concerning the General Fairness Doctrine Obligations of Broadcast Licensees*, 102 FCC 2d 145, 146 (1985).

[50] *See* Decherd Statement at 2-3.

Democratic, liberal or conservative, interpretation of the news. Viewers want their local television news to be informative, not argumentative.[51]

This balanced approach is the key component in the success of Belo's local television newscasts. Belo station newscasts that repeatedly garner high ratings and, consequently, the greatest share of the advertising pie, are generally free of viewpoints. For example, WFAA has consistently been the leading station in the Dallas-Fort Worth market because it delivers a serious, balanced, and accurate account of the day's news. WFAA has earned seven DuPont-Columbia awards (including one earned in 2002) and two George Foster Peabody awards in recognition of its superior news reporting.[52] The central principles underlying the "WFAA News Philosophy"—as spelled out to WFAA newsroom employees—are that all newscasts must be fair, accurate, get both sides of each story, and represent the community.[53] The station's steadfast adherence to these principles has been the major factor in its preference among Dallas-Fort Worth viewers.

C. When Compared to the Range of Other Media Available to Consumers, Local Television News Offers the Most Balanced and Objective News Coverage

As the FCC posits in the *NPRM*, local television stations compete with a host of media outlets.[54] All of the competitors described by the Commission tend to present news and information in a far more viewpoint-oriented manner. Daily newspapers, news and news/talk radio stations, cable news and public affairs programming, weekly newspapers and magazines,

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51 *See id.* at 3.

52 Most recently, it has been announced that the station will earn a 2003 DuPont-Columbia award for its work on "Fake Drugs-Real Lives," a story exposing Dallas police department informants who planted powdered gypsum to arrest poor and immigrant defendants on drug charges.

53 *See* Decherd Statement at 4.

54 *See NPRM* ¶ 84.

and many Internet news sources offer a wide variety of information services intended to provide distinct viewpoints. Television news, on the other hand, strives mostly for balance and objectivity. In light of this distinct difference between local television news and other information sources, it is illogical for the Commission to strictly regulate local television ownership in order to safeguard viewpoint diversity at the same time that these other outlets are either unregulated or are subject to ownership restrictions far less onerous than those currently imposed on television stations. Clearly, these competing viewpoint-geared media are amply represented in all media markets and, in most cases, increasing in number.

As the Commission has recognized, newspapers and other news periodicals have strong incentives and tendencies to express "defined and distinct viewpoints."[55] Newspapers have long offered readers viewpoint-oriented information in the form of editorials, opinion columns, syndicated opinion columns, essays, letters to the editor, and political cartoons. Indeed, the endorsement of newspapers is sought out and battled over by political candidates. Readers purposefully seek out different viewpoints in daily newspapers and often find local papers or columnists whose general editorial perspective matches their own political and social views. By contrast, a half-hour local evening newscast has approximately 22 minutes to bring viewers local and national news, sports, weather, and other features such as consumer alerts or coverage of local cultural events. Packing so much into a short timeframe practically precludes any substantial presentation of opinion, commentary, or editorial statements.

News presented on all-news and news-talk radio stations—the two most common formats for news-oriented programming on radio—is inherently more viewpoint-oriented than local television news. All-news radio stations usually air news 24-hours a day, seven days a week;

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[55] *Id.* ¶ 79.

these stations constantly include opinion, commentary, and editorials. Likewise, news-talk stations are known expressly for opinion-driven pubic affairs programs, whose formats often include hosts, guests, and call-in listeners—all with acknowledged political biases. Three popular national talk show hosts—Rush Limbaugh, Sean Hannity, and Don Imus —deliver very distinct viewpoints to their audiences. Their opinions are the very reason that many (if not most) listeners tune in to these programs.

Similar to radio news stations, cable news channels offer 24-hour continuous news coverage and, often, opinion programming. In questioning the FCC's application of its traditional viewpoint diversity goals to local television news, then-Commissioner Powell observed in the 1998 Biennial Review proceeding that there is "plenty of evidence of opinionated programming [for both cable and network television viewers]: *Crossfire*, *Face the Nation*, *Hardball*, *Larry King Live*, and why not *Jerry Springer*, for examples."[56] Similar to daily newspapers, these programs generally have the resources to diversify subject matter or to focus on specific viewpoints in a manner that is simply not practical for local television news operations. Of course, many Internet news sources also are known specifically for, and attract visitors based on, editorial views.[57]

Among the multitude of information options today's consumers have at their disposal, local television news plays a critical role by offering viewers factually-oriented local news. This distinguishes local television news and, consequently, defines how local stations compete in the marketplace. This role underscores Belo's position that there is simply no rational purpose for

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56 *1998 Biennial Review Order*, *Separate Statement of Commissioner Michael K. Powell*, 15 FCC Rcd at 11149.

57 *See, e.g.*, *Drudge Report* at <www. drudgereport.com> (visited Dec. 20, 2002); *Slate Magazine* at < slate. msn.com > (visited Dec. 20, 2002).

the FCC to use viewpoint diversity goals as the basis for regulating television station ownership more heavily than other media.

D. As Belo's Experience Shows, Modification of the Duopoly Rule Will Enhance the Quality and Quantity of Local Television News and Information Programming

Belo currently owns television duopolies in four television markets: Seattle-Tacoma, Washington; Phoenix, Arizona; Spokane, Washington; and Tucson, Arizona. Belo's operation of these local combinations illustrates the improved news services that joint owners can offer to local audiences. When Belo acquired these duopoly stations, none provided local news to their communities. Under Belo ownership, three of the stations are now, or soon will be, providing daily newscasts.[58] The efficiencies inherent in joint ownership permit the "parent" stations in each market to devote additional resources to the production of high quality, in-depth news coverage and public affairs programming.

Belo's acquisition of KONG-TV in the Seattle-Tacoma market has resulted in an extra hour of news programming during a timeslot in which viewers previously had only one other local news option. When Belo acquired KONG, the station had no news operations. Currently, KONG airs its own local evening news at 10 p.m., an hour earlier than the 11 o'clock news that runs on parent station KING-TV. The KONG newscast is produced by the same staff as KING news, but KONG has its own news producer and frequently leads with or airs different stories.

Operating the Seattle-Tacoma duopoly has permitted Belo to devote a higher percentage of its resources to producing, creating, and airing public affairs-oriented content on both outlets. Running a second station results in substantial savings in overhead and management costs, and Belo has passed these efficiencies through to viewers in the form of additional and improved

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[58] *See* Decherd Statement at 5.

news programming. When Belo owned only one station in the Seattle-Tacoma market, it was unable to devote the resources—or allocate the airtime—to offer programs such as a weekly half-hour public affairs program hosted by Robert Mack, recipient of the Annenberg Center's Cronkite Award. The acquisition of KONG, moreover, has given Belo greater flexibility to fit public affairs programming into its combined on-air schedule. During the last two NBA seasons, KING's commitment to air live basketball conflicted with and prevented it from airing *Meet the Press* at its traditional mid-Sunday morning time. Instead of airing *Meet the Press* at 6 a.m.—the only option it would have had if it owned only one station in the market—Belo opted to offer the program both during the 6 a.m. timeslot on KING and at 10 a.m. on KONG.

After recently acquiring KSKN(TV) in Spokane, Belo began airing a local evening newscast on the station that is produced in conjunction with the evening news of parent station KREM-TV. The KSKN newscast—which is aired an hour earlier than the KREM evening news—has its own anchor and news producer, and relies on the KREM news staff to broadcast its hour-long newscast. Similarly, in Tucson, Belo's recently acquired KTTU-TV plans to air a local newscast, which will have available the resources of Belo's KMSB-TV. In addition, KTTU plans to air Belo's *Good Morning Arizona* program, a news and information show that is originated at KTVK(TV), one of Belo's Phoenix stations.

Belo's ability to own and operate television duopolies also has given the Company the resources to provide a variety of cross-media offerings. For example, in the state of Washington, Belo is the licensee of four television stations as well as the owner and operator of Northwest Cable News ("NWCN"), a 24-hour regional cable news network. Recently, Belo stations KING and KREM jointly produced a half-hour public affairs program dealing with the region's energy crisis, airing the show on all four Belo stations in the state of Washington. After the broadcast, Belo aired a town hall meeting on NWCN that included governors from the states of Washington, Idaho, and Oregon.

Belo has made similar offerings available to viewers through its duopolies in Arizona. In addition to its two Phoenix and two Tucson stations, Belo operates Mas Arizona, a Spanish-language cable news channel that is a joint venture with Cox Communications. In an effort to illustrate volunteering options for viewers in the wake of the September 11 terrorist attacks, last summer Belo aired a public affairs campaign on volunteerism; Belo aired the campaign on all four of its Arizona stations and on Mas Arizona. Belo submits that it would not be feasible for the vast majority of stand-alone independent stations to fund and offer this type of in-depth, regionally-oriented public affairs programming, much less staff and run a Spanish-language cable news channel. The ownership of duopoly stations helps Belo spread its fixed costs and operating capital over a larger number of operating units, thereby permitting the development and production of innovative news products that benefit its duopoly and other television markets.

Belo submits that its duopoly ownership experience is not unique. Strong economic incentives—particularly competition for local advertising revenues—compel most duopoly operators to add news programming to duopoly stations, either repurposed from the parent station in the market or separately produced. Because the goal inevitably is to increase audience share, stations will be motivated, at a minimum, to repurpose newscasts at staggered times, bringing local audiences more viewing opportunities. Furthermore, the highly competitive nature of local newscasts generally will give stations strong incentives to contribute the additional resources garnered from joint ownership to the production of more and higher quality news programming.

The Commission acknowledged in the *NPRM* that the current duopoly rule may be hindering the development of local newscasts for small stations.[59] That observation is entirely accurate. Rather than furthering the FCC's viewpoint diversity goals, the rule often has the opposite effect by precluding growth in the amount and quality of local news programming available to audiences.

E. Competitive Concerns Do Not Present Any Legitimate Basis for Retention of the Duopoly Rule in Its Current Form

Finally, the competition analyses that the FCC currently conducts in its consideration of media transactions are largely duplicative of the market oversight performed by the Antitrust Division of the Department of Justice and the Federal Trade Commission. The FCC's second layer of analysis is often unnecessary to protect consumers and can add uncertainty and delay that frustrates the investment strategies of market players. While Belo believes that antitrust enforcement will and should continue to address the great majority of the Commission's competition concerns in the absence of FCC restrictions on local television ownership, the agency should continue to regulate transactions among top four television stations that would have the potential to vastly increase market consolidation.

IV. CONCLUSION

The Commission's comprehensive review of its ownership rules in light of the realities of today's media marketplace is welcome and timely. The stakeholders are many and varied, and their interests must be carefully considered. Belo submits that, upon conclusion of the debate, the Commission should repeal its long-outdated ban on newspaper/broadcast cross-ownership and substantially relax its existing restriction on television duopolies by eliminating the "eight independent voices" condition. Belo believes that these decisions will serve the public interest

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[59] *See NPRM* ¶ 97.

by creating a level playing field among newspapers and broadcasters and the host of media that they compete with in today's environment. Belo further submits that the Commission's diversity and competition goals, as well as innovation and quality, will most effectively be advanced through both the marketplace and ownership rules that are necessary, fair, clear, simple, and legally enforceable.

Respectfully submitted,

By: /s/

Guy H. Kerr
Senior Vice President/General
Counsel & Secretary
BELO CORP.
400 South Record Street
Dallas, Texas 75202

January 2, 2003

Statement of Robert W. Decherd
Chairman of the Board, President and Chief Executive Officer

I. BELO TELEVISION NEWS

A. Background

Belo has been in the news business since 1842, when it began publishing *The Daily News* in Galveston, Texas. In 1950, the Company acquired its first television station, WFAA-TV, which is licensed to Dallas-Fort Worth. Belo now owns a group of 19 television stations reaching 13.9% of U.S. television households, as well as owning newspapers, cable television news channels, and interactive businesses.

In Paragraph 41 of the Notice of Proposed Rulemaking, the Commission notes that "[V]iewpoint diversity has been a central policy objective of the Commission's ownership rules." Later in the Notice, the Commission asks for "evidence on the extent to which local television stations express viewpoints in local newscasts and, if so, whether, and to what extent those newscasts provide diverse points of view: [A]re different viewpoints explained or represented in their news reporting?" (Para.79). Finally, in Paragraph 81, the Commission inquires whether there is a "connection between ownership and viewpoint expressed via local programming."

As explained more fully below, there is a "connection" between Belo's ownership and its stations' local newscasts, one which connects Belo's operating values to the stations' news operations. Our local television stations make their own decisions in story selection, placement, coverage and presentation. The newscasts are based on Belo's values and operating principles and generally do not reflect any editorial "viewpoint." They are balanced and fair, presenting all sides to controversial issues, free of any Company point-of-view or reporter's opinion.

B. Viewpoints and Newscasts

A discussion of Belo's management of its television news operations begins with a description of the values Belo strives to live by in all of its operations. The Belo values, which are imprinted on a card given to every new Belo employee, are: Integrity, Excellence, Fairness, Sense of Purpose, and Inclusiveness. My role, as well as that of the other senior executives of the Company, is to ensure that these values guide our news operations. We do this by putting executives in place at our television stations who embody the Belo values and inculcate them throughout the station. We do not dictate news content in television newscasts. Each station makes its own news decisions based on the needs and interests of the communities it serves. Typically, the decisions are made daily by local news directors under the supervision of the stations' general managers. Our principal journalistic role at Belo headquarters in Dallas is assuring ourselves that quality news and information, based on Belo's values, is delivered to viewers at each of our stations.[1]

A good example of this practice is the way we treated the Commission's rescission of the Fairness Doctrine. At Belo, that doctrine was less a regulatory mandate than a journalistic framework. We employed the doctrine's underlying principles long before it was adopted by the Commission, and we never changed our practices when it was rescinded. Belo stations are instructed to follow the Fairness Doctrine principles whenever they are covering controversial

[1] Belo follows essentially the same approach in its newspaper, cable news and interactive operations.

local issues, like ballot issues or referendums. The coverage must be balanced, and reflect the Belo values of integrity and fairness.

This practice results in newscasts in Dallas-Fort Worth and throughout our Television Group that are balanced and fair. We believe such newscasts are what television viewers want: a comprehensive, balanced recounting of daily events. While newspapers publish a host of opinions and viewpoints on their editorial pages and from columnists, television newscasts are largely free of editorial viewpoints. A Belo newscast will occasionally include a special news analyst or commentator (on election night for example) offering his or her opinion on an issue. But the vast majority of news programming is free of such opinions. Viewers do not expect their news to have a Republican or Democratic, liberal or conservative, interpretation of the news. Viewers want their news to be informative, not argumentative.

The Commission should not assume that diverse television ownership in a given market guarantees newscasts that are "diverse and antagonistic" to each other, as the Commission has often described as its ownership policy goal. Regardless of whether the ownership in a market is diverse, there will be newscasts delivered which, at least from the ratings leaders, will provide balanced coverage of the issues. This kind of reporting is driven by the economics of the marketplace, not diversity of ownership.

There is intense competition in television markets to be the news leader because the associated advertising stakes are high. A significant portion of a top 50 market station's annual cash flow is typically generated by its evening newscasts. Stations need to deliver viewers to advertisers;

they get them, in large part, by having winning newscasts. Market incentives, not regulatory mandates, dictate that stations will produce the kind of newscasts that attract large, high quality audiences. WFAA-TV has been successful throughout its fifty-two year history because it has consistently delivered balanced, comprehensive newscasts.

Local newscasts that garner the highest ratings year after year are free of editorial "slant." WFAA has consistently been the leading station in Dallas-Fort Worth because it delivers a balanced, accurate account of the daily news. A card carried by all newsroom employees, derived from Belo's values, describes WFAA's news philosophy as follows: "The WFAA news must be fair, accurate, get both sides, and represent the community. . . We'd rather be right than first; the content matters; story content is more important than story count."

Furthermore, Belo's approach to editorial independence among its news organizations has not been altered by shared newsgathering activities. In addition to ownership of *The Dallas Morning News* and WFAA-TV, Belo started Texas Cable News (TXCN) in January 2000. TXCN is a 24-hour regional cable news channel carried on the local Dallas and Fort Worth cable systems, as well as cable systems throughout the state of Texas. A Belo subsidiary, Belo Interactive, Inc., manages the Company's website operations (including the news reporting) for all Belo television, newspaper, and cable news properties. The Dallas-Fort Worth properties often communicate with each other on stories, and reporters from *The Morning News* regularly appear on TXCN to discuss fast-breaking news events or stories they are reporting. The result is that Belo readers and viewers receive better quality news with more in-depth coverage and innovative reporting. However, there is *no* coordination between *The Morning News*' editorial page staff and Belo's other Dallas properties. Neither WFAA-TV nor TXCN are aware of prospective editorial positions to be taken by *The Morning News*.

C. Television Duopolies

Pursuant to the Commission's rules, Belo owns two television stations in four markets: Seattle-Tacoma, Washington; Phoenix, Arizona; Spokane, Washington; and Tucson, Arizona. When these second stations were acquired, none of them produced any newscasts for their communities. Under Belo, three of the stations are now (or in one instance, soon will be) providing daily newscasts, as described in more detail in the attached Comments of Belo.

Belo's duopoly ownership experience is not unique. Strong economic incentives -- the competition for local advertising revenues and cross-promotion and marketing -- compel most duopoly operators like Belo to add news programming to their duopoly stations, either repurposed from the parent station in the market or separately-produced. The goal is to gain more viewers, often at staggered times, e.g. a duopoly station's news airing an hour earlier than the parent station. This news programming, whether repurposed or original, is guided at Belo by the same journalistic standards of balance and fairness as our established newscasts.

II. OWNERSHIP REGULATION

The Commission's comprehensive review of its ownership rules in light of the realities of today's media marketplace is welcome and timely. The stakeholders are many and varied, and their interests must be carefully considered. Upon conclusion of the debate, we believe the public's interest is best served by a level playing field where competition, quality and innovation are encouraged and supported by both the marketplace and ownership rules which are necessary, fair, clear, simple and legally enforceable.