2/5/99

MICHAEL J. McCARTHY

Executive Vice President/General Counsel

Michael J. McCarthy joined Belo as the Company's first in-house general counsel in 1985.

A native of Davenport, Iowa, McCarthy graduated from Notre Dame University in 1966. Two years later, he earned a master's degree from the London School of Economics and in 1973, he received a J.D. degree with honors from George Washington University Law School.

McCarthy began his career in 1968 as an economist/speechwriter for members of Congress at the Congressional Research Service in the Library of Congress in Washington, D. C.. In 1972 and 1973, McCarthy worked as a speechwriter for Clay T. Whitehead, an assistant to President Nixon and the Director of the Office of Telecommunications Policy in the Executive Office of the President of the United States. In 1973, McCarthy became an associate of Dow, Lohnes & Albertson in Washington, D.C., where he specialized in FCC/media, general corporate and regulatory/legislative law. McCarthy later became a partner at the firm.

In October 1985, McCarthy became Belo's first vice president, general counsel and secretary. He was promoted to senior vice president/general counsel and secretary in January 1986, and assumed his current title of executive vice president/general counsel in July 1998. Since joining Belo, McCarthy has served on the Company's five-member Management Committee.

McCarthy is a member of the National Association of Broadcasters Board of Directors, and is active with The National Center for State Courts in Williamsburg, Virginia, serving on its Corporate Counsel Committee, as well as the Legal Affairs Committee of the Newspaper Association of America and the DFW General Counsels Group.

In civic affairs, McCarthy serves on the advisory board of Bishop Lynch High School. McCarthy is a former director of the North Texas Commission, Catholic Charities of Dallas, and a former trustee of the Dallas Bar Foundation. McCarthy is also a published novelist.

McCarthy and his wife, Monica, have two children.

DOB: October 21, 1944.

Opening Remarks of Michael J. McCarthy
Executive Vice President & General Counsel
A. H. Belo Corporation

at

FCC <u>En</u> <u>Banc</u> Hearing on Local Television Ownership Rules
Washington, DC
February 12, 1999

Thank you, Chairman Kennard, and Commissioners:

Belo has been in the media business for 157 years. We are the owner of seventeen television stations, reaching 14.3% of the nation's households. We also own six daily newspapers, with The Dallas Morning News as our flagship paper. Additionally, we operate LMAs in four of our television markets. We believe we add considerable public interest value and editorial diversity in the markets where these LMAs operate. And while I would be pleased to answer questions about these LMAs, I'd like to confine my remarks to the Commission's duopoly rule.

While the television business today faces an extremely challenging competitive climate, Belo sees unprecedented opportunities to develop new businesses as extensions of our traditional local TV franchises. We are doing this by focusing on our major strength, the distinctive hallmark of the structure of American television regulation: we are licensed to serve local communities. Our TV stations are the only free, local video services in our markets. We are the key suppliers of quality local news and information to viewers. To thrive in the burgeoning multichannel universe, our stations have to strengthen and extend their local news and information franchises, to find more outlets and provide repurposed and, in most cases, differentiated franchise news programming. It's the only way we will retain and expand our viewer and advertiser bases. Right now, we are doing this by programming cable news channels in our TV station markets and operating four LMA stations. We have two twenty-four hour regional cable news networks, one in the Northwest and one in Texas; these networks provide informational programming different from that broadcast over our stations in those areas. Three of our four LMA stations have their own local news and all four have locally-originated programs. But our ability to program additional local outlets, like other television stations, is strictly circumscribed now by the FCC, with the prospect that we may not be able to do anything more at all.

As we weigh these limited options, meanwhile our video competitors keep forming ever larger, more threatening business combinations and alliances. Cable companies continue clustering their systems. Time-Warner now is the only cable provider in Austin, Houston and San Antonio, Texas, having exchanged cable systems in other markets with TCI in a new joint venture. And Time-Warner and TCI/ATT, which already provide a myriad of news and information services into U.S. homes, now propose to provide American households with local telephone businesses and high speed Internet access. The RBOCs keep buying each other, adding cable and Internet programming services to their wired homes. Public utility companies are also beginning to provide programming into U.S. homes over their utility wires. And the satellite business is merging into fewer companies and proposing, through signal compression, more channels.

Comparable business alliance opportunities are unavailable to local TV stations. While new video outlets -- on cable, satellite, Internet, and telcos -- are exploding onto the competitive horizon, TV stations have to exist under a regime of scarcity-based ownership regulation. The phrase "an abundance of media outlets" is today an understatement. At the very least, thousands of web sites with video streaming come onto cyberspace every day.

Please remember that local television stations are the only ones serving one-third of this country with free, local over-the-air news and information. We need the same liberal regulatory considerations afforded cable television and telephone companies to expand our own business and programming bases. From a public policy standpoint, it makes eminent sense for the Commission to remove any duopoly restrictions, at least in the larger television markets. There's no risk that this would result in a lack of editorial diversity in these larger markets. The top twenty-five television markets must average close to fifteen or sixteen full service television stations; the cable television systems alone propose a 500-channel universe in these markets, let alone 500 satellite channels, the ever-expanding Internet, and forty to fifty radio stations. And those are just the video and audio outlets. I won't even mention the print providers of editorial information in our large markets; there are few barriers to entry on the print side of the business. The Department of Justice has all of the legal and administrative machinery it needs to monitor the competitive conditions.

In sum, Mr. Chairman and Commissioners, a significant loosening of the duopoly/LMA restrictions, starting with the larger television markets for a trial period, is very much overdue. We're not asking for special consideration; we merely want regulatory parity.

Thank you.