



Cost-Cutters

Pruning the Budget

Convergence is tomorrow's change agent. **Make change your opportunity.**

The World's Largest **Electronic Media Show**

Introduction

Cost-Cutters: Pruning the Budget

April 10, 2002 9:00 a.m. - 10:15 a.m.

Moderator

Murdock Martin, Bond & Pecaro, Inc., Washington, D.C.

Panelists

David Amy, Sinclair Broadcast Group, Inc., Hunt Valley, Maryland

Neil Johnston, Cox Radio, Atlanta, Georgia

Scott Mattox, Sunbelt Communications Co., Las Vegas, Nevada

Agenda

- **Welcome, introduction of panelists, context setting**
- **Facilitated discussion of key topics**
- **Q & A, wrap up**

David B. Amy

Executive Vice President and CFO of Sinclair Broadcast Group

David B. Amy has served as Executive Vice President and CFO of Sinclair Broadcast Group since March 2001. Previously, he served as EVP since September 1999 and as Vice President and CFO since September 1998, and CFO since 1994.

David is also Secretary of SCI, the Sinclair broadcast operations subsidiary. Prior to his appointment as Vice President and CFO, David was Corporate Controller and the Chief Accounting Officer of Sinclair beginning in 1986.

David has over 17 years of broadcast experience, joining Sinclair as a Business Manager for WCWB-TV in Pittsburgh. David received his MBA from the University of Pittsburgh in 1981. He is currently a member of the board of directors of Acrodyne Communications, Inc. and an advisor to Allegiance Capital.

A word cloud in the top left corner with green and yellow text. The most prominent words are 'Cost Cutters' in large, bold letters. Other visible words include 'broadband', 'streaming', 'video', 'television', 'internet', 'satellite', 'communications', 'film', 'radio', 'telex', 'information', 'and', 'new', 'technology', 'convergence', 'marketplace', '2002', 'nab', 'the', 'convergence', 'marketplace', '2002'.

Neil O. Johnston

Vice President and Chief Financial Officer, Cox Radio, Inc.

Neil O. Johnston has served as Cox Radio's Vice President and Chief Financial Officer since September 2000.

Prior to this, Neil served as Vice President of Development for Cox Broadcasting from January to September 2000, and as Controller of Cox Radio from 1998 through December 1999.

Neil joined Cox Enterprises in 1996 as manager of financial reporting. Prior to joining Cox, he held financial and accounting positions with Coca-Cola Enterprises, Inc. and Deloitte and Touche.

Neil holds an M.B.A. from Wharton and is a Chartered Accountant (South Africa) and a CPA. He also holds degrees in finance, accounting and information systems from Georgia State University and the University of Cape Town (South Africa).

A vertical graphic on the left side of the slide. It consists of a dark green background with various technology-related terms in a lighter green, sans-serif font. The terms are arranged in a column and include: 'broadband', 'streaming', 'video', 'television', 'internet', 'communications', 'satellite', 'radio', 'film', 'telematics', 'satellite', 'communications', 'satellite'. The text is partially obscured by the main title.

Cost-Cutters

Scott Mattox

Chief Financial Officer, Sunbelt Communications Co.

Scott Mattox has served as CFO of Sunbelt Communications in Las Vegas since 1998.

He joined Sunbelt in 1996 as Controller having made the switch to broadcasting after a three-year term as Controller of Total Home Care in Las Vegas.

A retired Marine and a graduate of the University of North Carolina at Charlotte (B.S. in Accounting, member, Beta Alpha Psi), Scott received his MBA from Chapman University in 1992.

Scott is married with two sons and takes advantage of the Nevada climate with extensive golf and boating.

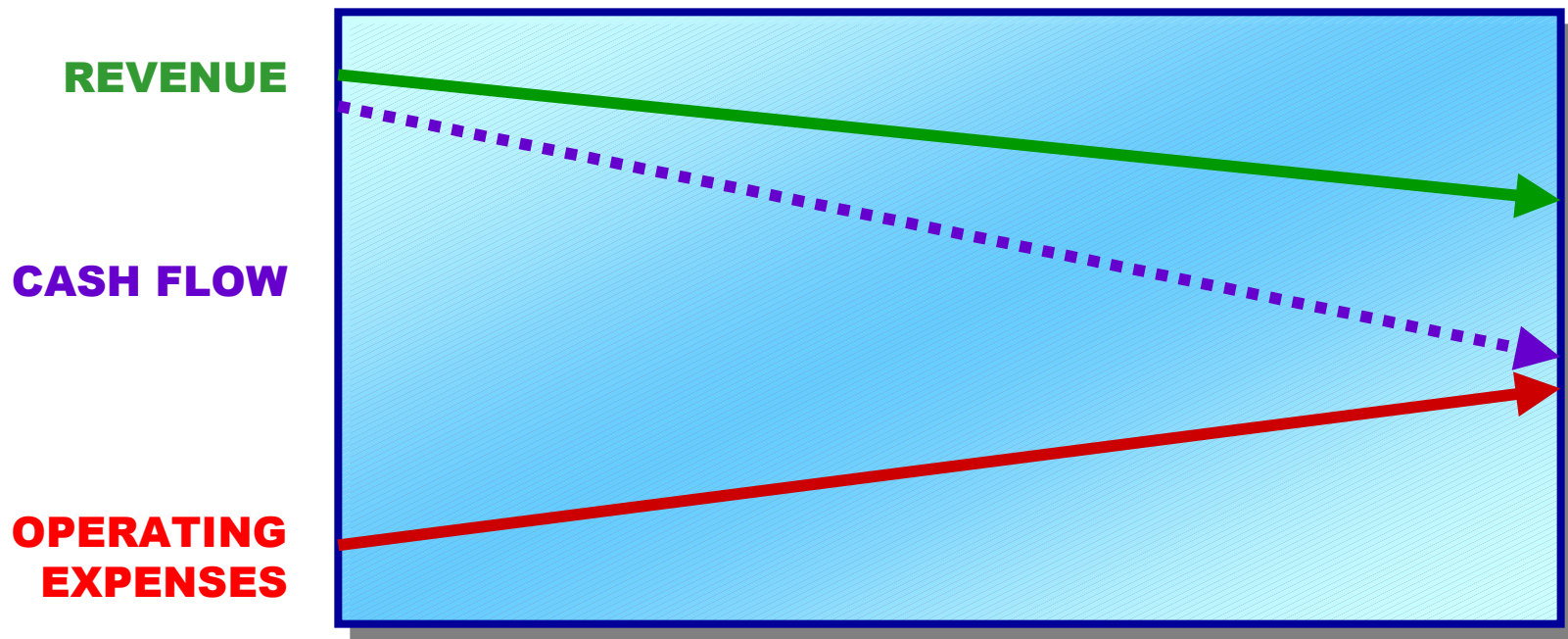
Setting the context

The Lay of the Land

- **2001 television revenue decline: 15% to 20%**
- **Radio revenue decline ~5%**
- **At the same time, operating expenses and wages have climbed with inflation and competition, squeezing margins**

Big-time Radio & TV, Inc.

Operating Results



* Financial trends for illustrative purposes only.

This is not new.

Expense control has always been essential.

- Cost cutting should not be reactionary
- Planning should be strategic/long-term
- Can technology cut costs *and* improve processes?
- Some cost 'savers' may actually cost more than they save

What can be done?

Cost-control Hot Spots

**Operations/
Engineering**

G&A

Sales

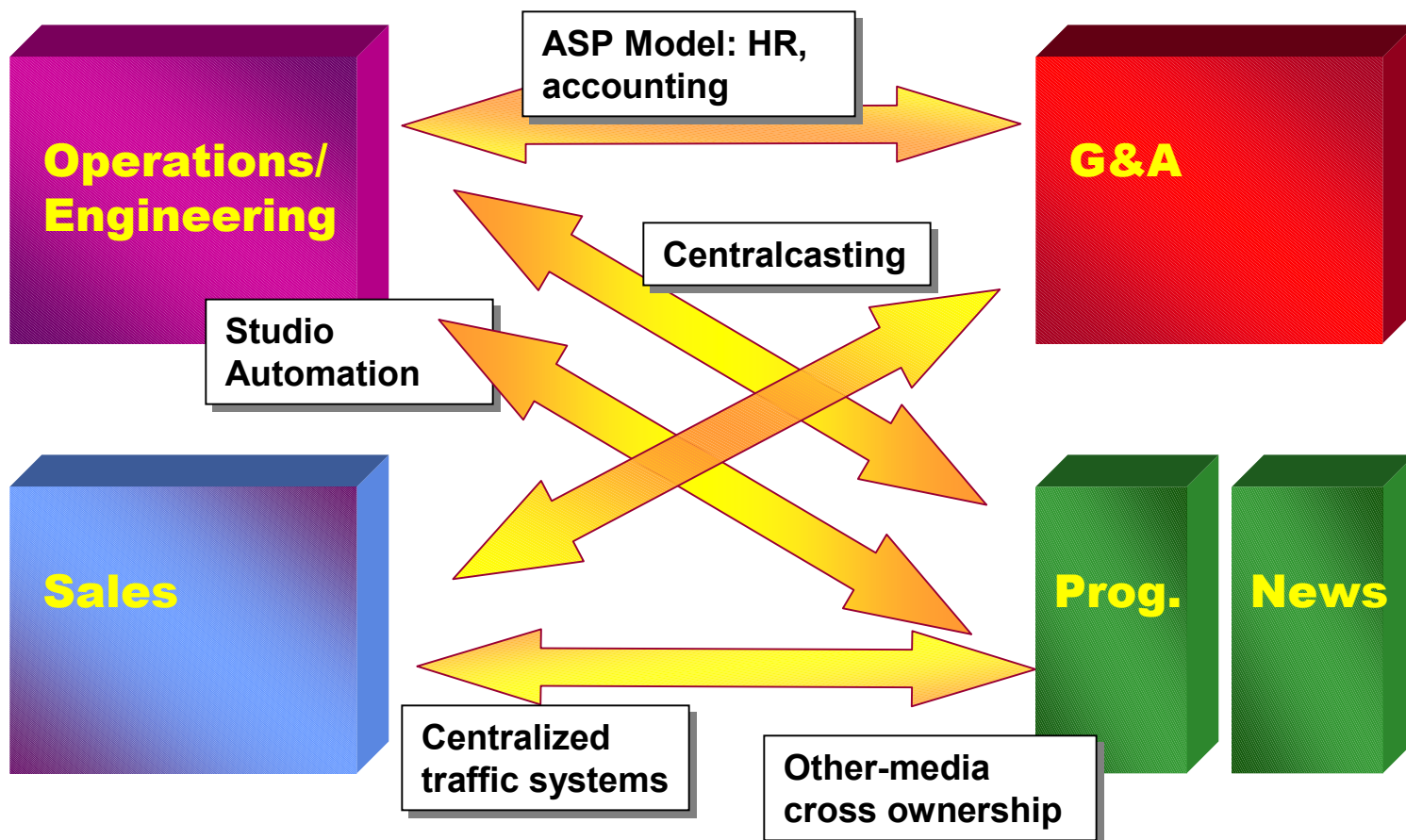


Prog.

News

Technology investments I

There may be areas of overlapping savings.



Technology investments II

Has the promise been delivered?

There may be areas of overlapping benefit



- Where are the pitfalls?
- Capital and implementation costs are usually high
- Training may be lengthy and expensive
- Fewer resources are required, but they may cost more

The Basics

General Questions

- **How have you reacted to market contraction?**
- **What areas did you target first?**
- **What is the long-range planning structure in your organization?**
- **Can you cut too deeply?**
- **Have you been able to use technology to both cut costs and improve operational efficiency?**

Audience Q & A

- **Questions from the audience**
- **Success stories**
- **War stories**
- **Observations**

Other key areas for cost cutting

Panelist/Participant Contributions

- **Service contracts:** weigh against potential repair costs
- **Legal Fees/Consultant Time:** manage centrally from corporate. You may be compounding expenses
- Take advantage of **in-house expertise:** ask the people doing the job how to save money

Tying it all together

Where are the real savings?

- Quick recap of key points
- Thanks to the panelists and audience
- Presentation can be downloaded at www.BondPecaro.com
- Further questions to panelists: email MurdockMartin@BondPecaro.com for forwarding