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Emmis Investor Seeks End of Dual-Class Stock

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January 9, 2007; Page B8

A major **Emmis Communications** Corp. investor has launched a proxy resolution seeking to dump the radio chain's dual-class structure, marking at least the second media company this year facing such a shareholder proposal.

Martin Capital Management, an investment adviser with 8% of Emmis's Class A shares, has asked shareholders to support a resolution calling for a single class of stock, according to a proxy statement filed with the Securities and Exchange Commission. Martin Capital has been a critic of Emmis and Jeff Smulyan, the company's chairman and chief executive, who controls the company through a special class of stock.

Mr. Smulyan made waves last year by proposing and then rescinding an offer to take the Indianapolis company private at \$15.25 a share, which valued Emmis at \$567 million. The company has said Mr. Smulyan couldn't come to terms with a special committee of Emmis directors and cited a downturn in the financing markets.

Mr. Smulyan owns less than 20% of the company's equity but controls 66.7% of the voting power through his Class B shares, which are entitled to 10 votes each.

Emmis's board didn't issue a recommendation to shareholders regarding the proxy resolution because Mr. Smulyan has signaled he won't support the proposal. "Accordingly, the board believes that this proposal is moot," according to the proxy.

New York Times Co. has a similar share structure and has faced pressure to dismantle it. The New York newspaper publisher is controlled through trust ownership that holds 88% of the Class B shares, which have most of the voting rights.

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