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**INSIDER ACTION: DANIEL LEE**

## **Smulyan gets credit for slashing his salary**

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Go ahead, crack jokes about Emmis Communications Chief Executive Jeffrey Smulyan's decision to cut his salary to \$1.

Others are. Shortly after announcing last week that he would drop his salary for next year from \$880,000 to \$1, Smulyan received an e-mail asking whether he would get one lump sum or 26 equal installments.

"I think there are some people who still think I'm overpaid at a dollar," he joked.

In all seriousness, though, slashing his own salary might be one of the better investment decisions Smulyan has made in some time at the Indianapolis company.

The move gives Smulyan an opportunity to make a statement that he is committed to seeing Emmis rebound from tough times.

"No business looks good when its core business doesn't grow for five years. That's where we are," Smulyan said. He said Emmis, which has 279 employees in Indianapolis, is searching for creative ways to cut costs and jump start growth.

He cited experiments such as the morning slot at Q101-FM in Chicago. The show features a full team of writers and cast members (think Comedy Central's "The Daily Show") as opposed to the standard of one or two joking morning personalities.

Emmis investors are desperately waiting for good news. Company shares, which closed at \$8.05 Friday, have lost about 60 percent in value in the past 52 weeks. Emmis and other radio broadcasters have suffered from an advertising slump and Wall Street worries that listeners are migrating to iPods and satellite radio.

And Smulyan's failed attempts to buy the Washington Nationals baseball team and then to take Emmis private only further inflamed shareholders.

Smulyan is not the only CEO to join the \$1 club. Five leaders of Fortune 500 companies, including Apple Computer's Steve Jobs and Ford's Bill Ford, had salaries of \$1 or less in 2005, according to research firm Equilar.

It can be an effective move. "It goes against the typical perception of CEOs cutting benefits for everyone else except for them," said Paul Hodgson, senior research associate for The Corporate Library, a corporate governance research firm. Hodgson, though, warns that some execs simply replace their lost salary by expanding other perks.

Smulyan said that won't be the case. But he'll hardly be wanting.

He still owns a huge stake in Emmis. He's also eligible for a hefty bonus. For fiscal 2005, he was paid a \$1 million bonus in addition to his \$664,000 salary. Smulyan has received big bonuses and option grants even as Emmis struggled.

But the \$1 salary is a hit with Dave "the King" Wilson, the afternoon host on Emmis' WIBC-AM (1070). "It's just another signal to the employees that Jeff really cares about the company," said Wilson, who last week had Smulyan on his show to chat about the pay cut.

Hey, a buck still goes a long way these days.

