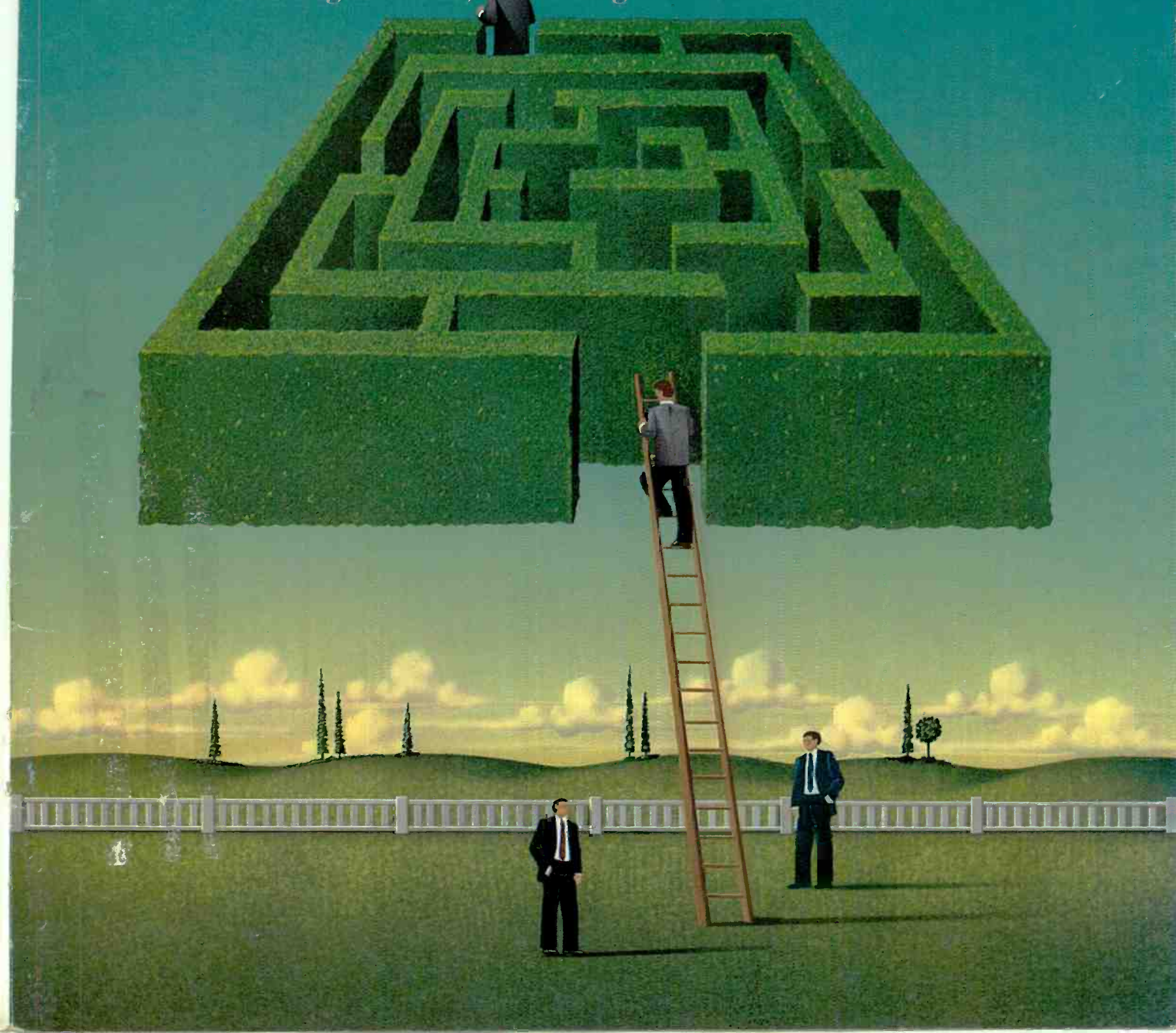
Quincy's Latest Quest

CHANNELS

JUNE 25, 1990 THE BUSINESS OF COMMUNICATIONS $5.00

ACHIEVERS

Charting Television's Top Companies: The Right Moves, Wrong Turns and Dead Ends



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Diane Sawyer
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Another Face.

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Howard Cosell
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Buster Douglas
Tip O'Neill
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William Bennett
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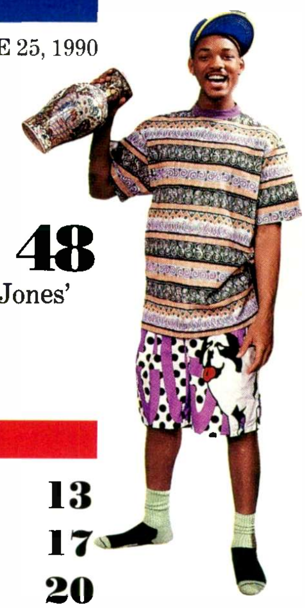
CHANNELS

THE BUSINESS OF COMMUNICATIONS

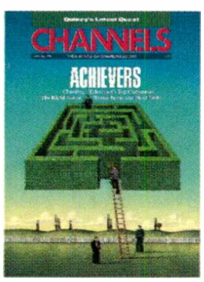
VOLUME 10, NUMBER 9 JUNE 25, 1990



FEATURES

COMPANIES

THE CHANNELS ACHIEVERS



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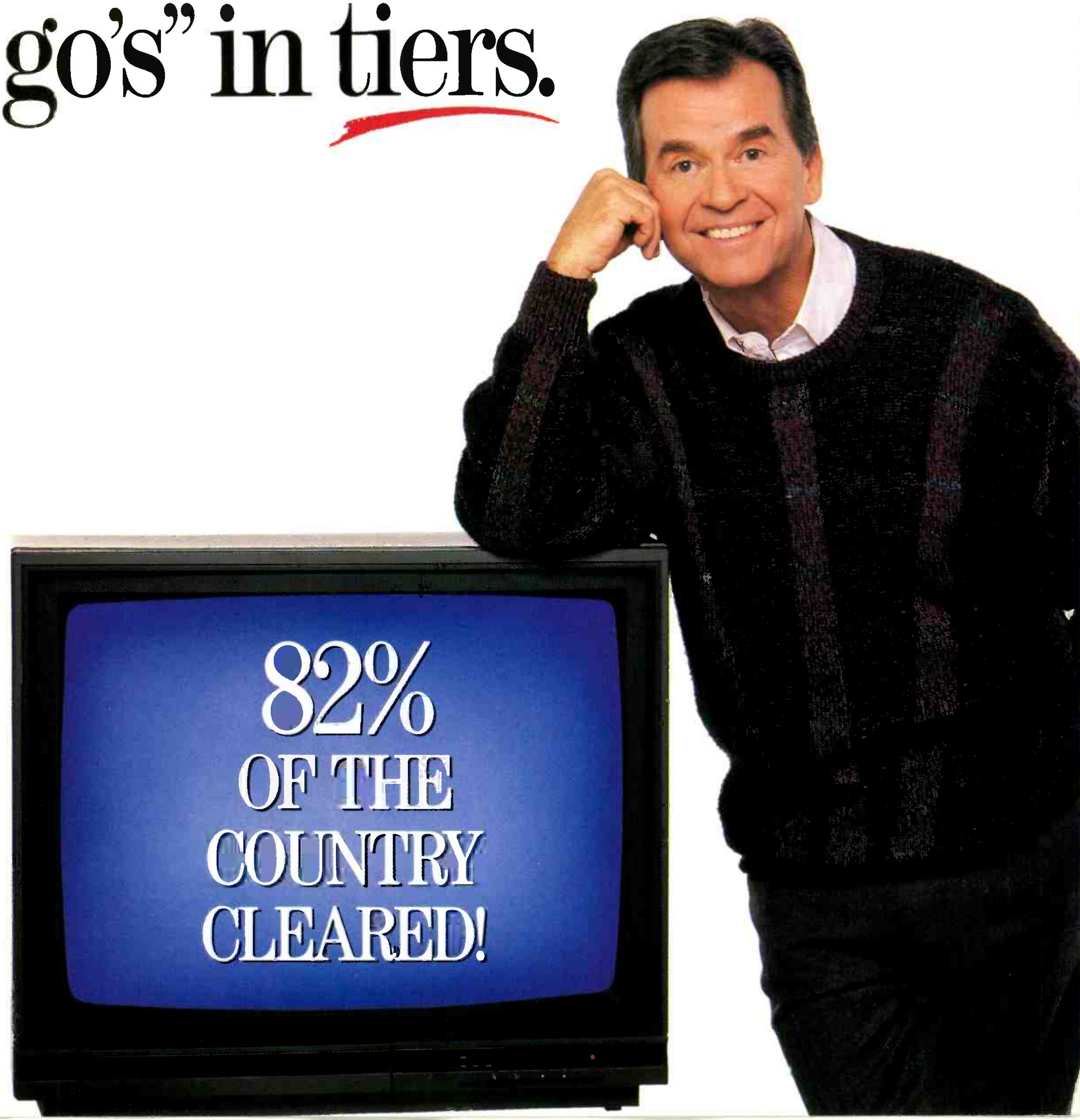

PUBLISHER'S NOTE

Looking Behind The Numbers

This edition of the *Channels* Achievers financial review, our fifth annual installment, comes at a time of many questions in the television business. All eyes are turned to Washington as regulators grapple with two major issues: finsyn and cable reregulation. Regardless of the outcome, there will be an impact on the value of various TV companies affected. With the troubles in the junk bond market, media transactions are being looked at in a very different light than they were just a year ago. And Hollywood continues to face a wave of foreign money washing onto its shores, a tempting but controversial opportunity.

The goal of our annual Achievers issue is to look at the performance of publicly-traded TV companies, keeping in mind the environment in which they operate. Beyond just looking at the financial data, the *Channels* editors make sure to provide analysis and additional information to help put the numbers into perspective. Throughout the year, in Achievers plus our other financial-driven issues—Who Owns Broadcasting each spring, Television's Top CEOs coming this August, our special fall issues on the outlook for MSOs and syndication—one of our mandates is to provide information that can help station and cable-system owners and operators understand the sometimes complicated financial side of the business. That's especially important in an operating environment in which every decision is being carefully weighed for its bottom-line impact.

The issue in your hands is also important because it represents the conclusion of "phase one" of our frequency change from monthly to twice monthly, a switch we made in April. We at *Channels* are very pleased with the enthusiastic response we've received from both readers and advertisers. In fact, ad pages are up 21 percent in the first four months of 1990—at a time when other television industry magazines are experiencing page declines.

We hope that the last three months' worth of issues have given you a good idea of what you can expect regularly from *Channels*. During the summer months we'll publish monthly—one issue in July, one in August. But there'll be two issues in September and two every month thereafter.

Joel A. Berger

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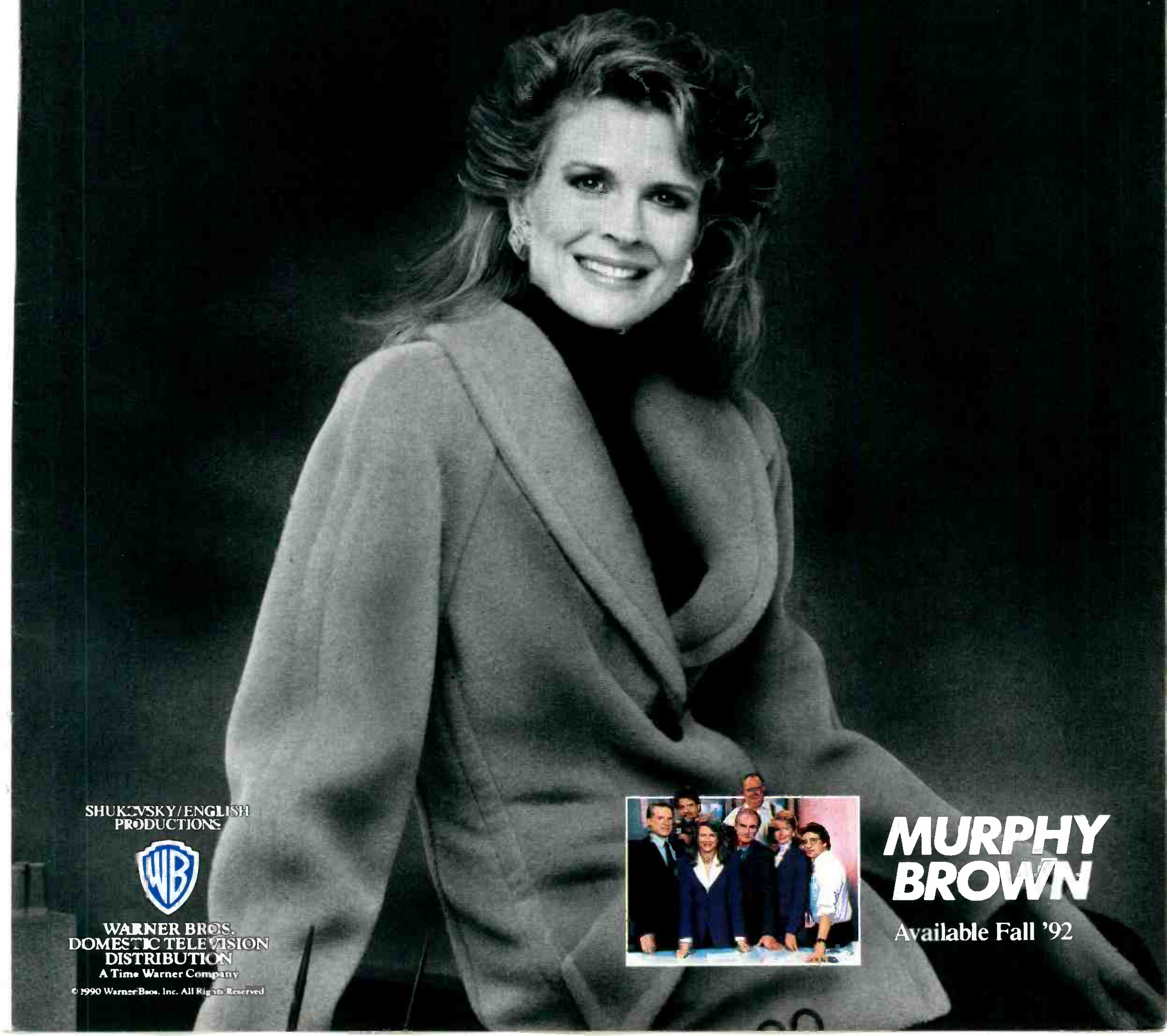
DO-ER'S PROFILE:

MURPHY BROWN
HOME: Washington, D.C.
AGE: 41
PROFESSION: Co-anchor of top-rated "FYI" news magazine.
HOBBY: Singing along with Motown. Loud.
LAST BOOK READ: *MY TURN*, Nancy Reagan. "I wanted to see what she said about me."
VICE: Chewing number 2 pencils.
LATEST ACCOMPLISHMENT: Winning an Emmy for her performance on CBS's top-rated comedy series.
WHY I DO WHAT I DO: "I couldn't sleep nights knowing the American public was receiving vital information from an ex-beauty queen who can't pronounce 'Shiite.'"
ROLE MODELS: Edward R. Murrow, Studs Terkel, Wile E. Coyote (not necessarily in that order).
PROFILE: Tough, controversial, yet human. More at ease taking on Khadaffi than handling her personal affairs.
FUTURE PLANS: To do for your station what *MURPHY BROWN*, CBS's top-rated comedy, has done for the network.



Cable With A Cause

Networks find that goodwill makes an effective local marketing tool.

BY RICHARD KATZ

At the Western Cable Show last December, Chris Moseley, senior v.p. of marketing and communications for The Discovery Channel, was approached by several of her affiliate operators with a similar request: Could she create a national marketing campaign consistent with Discovery's conservationist bent that would work on the local level too?

"Our affiliates thought a lot of our issue-oriented programming was meaningful to their subscribers, but not as meaningful as something that would have a direct impact on their communities," says Moseley. She responded with "Global Releaf," an extensive affiliate-driven promotional campaign in cooperation with the American Forestry Association. Each Discovery affiliate will plant thousands of trees to fight global warming. "It's a campaign they can run with minimal effort on their part but that will generate terrific positive visibility in the community," says Moseley.

Discovery isn't the only cable network tapping in to the national resurgence in social conscience. Networks are narrowcasting issues the same way they would programming. The trick is to find the right cause for your audience and get local systems involved without inspiring charges of bandwagon-jumping.

"When any profit-making organization chooses to support a cause, you always run the risk that people will say it's self-serving," says Kathy Dore, vice president and general manager of Bravo. "If you can't find the connection between the cable channel and the cause it's supporting, there probably is a right to say that."

For example, Discovery's Moseley chose a tree-planting marketing campaign to appeal to viewers who tune in for the channel's abundant nature programming. She customized the campaign for each of Discovery's affiliates: "Global Releaf," the first part of a 10-year "Countdown 2000" program, will be known in Denver as Denver Releaf, in Houston as Houston Releaf, etc. The network supplies systems with trees, planting and maintenance guides, school guides for fourth through eighth graders, and extensive customizable on-air materials. "We basically hold their hand and spoon-feed them through the whole process," says Moseley.

To involve its local systems in its fight against AIDS, Bravo is currently soliciting short video segments from affiliates about people fighting AIDS on the local level. The contributions will become Bravo's *Heroes in Our Communities*, part of *Unfinished Stories II*, the network's second annual special on people in the arts afflicted with AIDS. The two-part show, which airs December 1 and 2, also raises funds for AIDS research, treatment and care. "We're in a better position to do [AIDS] than other cable channels because the loss from AIDS in the performing arts is so great," says Dore.

VH-1 targets baby-boomers with ecological activism.

For further local publicity, Bravo allows each system to choose where half of the money it raises will be donated. To create an opportunity for operators to offer public service, the specials provide time for cutaways presenting local AIDS info, such as how viewers can volunteer to help. By making the program available to PBS stations to simulcast, Bravo gives operators (and itself) an opportunity for non-subscriber sampling of cable.

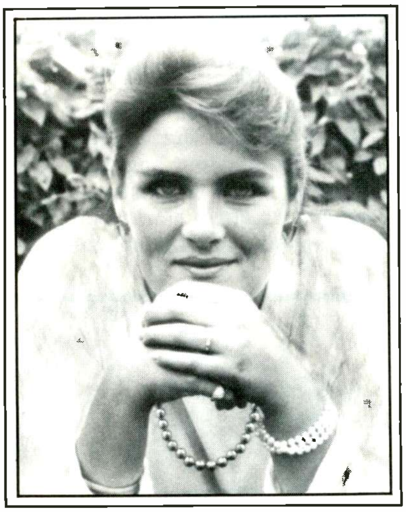
When VH-1 was looking for an appropriate cause-related marketing campaign two years ago, many ideas were investigated. "We even considered doing child abuse when there was a lot of publicity about the Joel Steinberg case," says Leslye Schaefer, vice president of marketing and promotion for VH-1 and HA!, "but that wasn't as mass appeal as we were looking for."

VH-1 found its cause—environmentalism—at a focus group in Baltimore. When asked what was most important to him, one participant talked about making the world safe for his children, stressing the environment. "When you think about our viewers," says Schaefer, "they're the baby-boom generation, the people that were hopefully socially active in the '60s. It seemed very appropriate."

VH-1 got together with Greenpeace last year to begin a "World Alert" campaign, featuring celebrity vignettes about various environmental issues. This year, "World Alert" has become locally oriented. Like Bravo, VH-1 has invited its affiliates to find local people who are doing their bit for the cause—in this case, the environment—and enter them in a national contest. The network works with affiliates to place contest entry forms in local stores. A national winner and the cable system operator nominating the winner will both win a trip to the Amazon. VH-1 has also been talking to systems about setting up co-sponsorships with local Greenpeace chapters and recycling centers. The reason for all the activity: to get the word out that the local cable system is working to save the environment. Who says idealism and profits don't mix? •

50 MILLION HOUSEHOLDS

Yesterday, Christine Fortin couldn't watch her congressman vote on a bill from the comfort of her livingroom. Nor could she replay for her students a lively session of the British House of Commons. And calling up a reporter to talk about an issue of the day would almost be unheard of.



But today, thanks to Adelphia Cable of Falmouth, Massachusetts, the Fortin household joins 49,999,999 others who can do all this and more by watching C-SPAN.

This significant achievement is made possible by the cable television industry's ongoing commitment to bringing Americans quality public affairs programming.

C-SPAN

Open to the Public

C-SPAN is a public service of the cable television industry.

Cherrypicked Answer To Baseball Blackout

A syndex solution in Rhode Island.

As New Englanders, Providence, R.I., residents are usually presumed to look north to Boston for their baseball loyalties rather than west to New York. So, when new syndicated exclusivity rules caused Dimension Cable Services to drop WPIX-TV and its 75 Yankee games on December 31, the system hardly expected the resulting hue and cry from its subscribers.

Disgruntled Rhode Island viewers are not alone. All over the country, from Rochester to Waukegan to Tulsa, fans saw cable systems pull the plug on distant signals rather than face subscriber wrath over widespread blackouts.

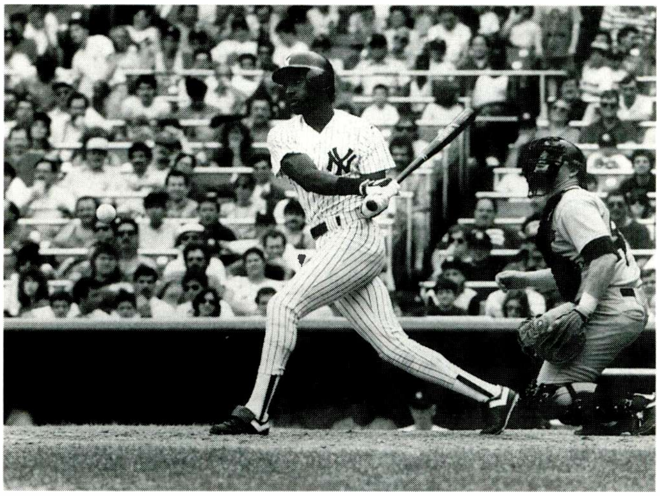
While most operators rode out local complaints, Rhode Island subs and politicians refused to let the matter rest. Last month, they convinced Dimension to restore the Yankees in an innovative plan that has pleased almost everyone.

North Providence city councilman-at-large John Celona gathered 800 signatures on petitions protesting the loss of WPIX. Then, with the help of John Notte of the state Department of Public Utilities and Carriers, Celona urged Dimension to act. "Their attitude was, they had to comply with syndex," he says.

Notte suggested Dimension cherrypick the Yankee schedule off of United Video, WPIX's common carrier, and put the games on a local-origination channel. "It was the best solution that satisfied the greatest number of people," Notte says. Dimension could cherrypick the Yankee games as long as it paid full-time copyright fees to UV.

"It is a model. It is something every cable system across the country should try and follow," Celona says.

Operators, however, may be unwilling to pay full copyright fees for a part-time channel. Tulsa (Okla.) Cable faced a similar outcry in January after bumping KTVT Dallas, which airs Texas Rangers games, but decided not to cherrypick. "We would not deal with the resulting copyright implications," says marketing manager Jim Back.



Dimension Cable said, "Yankees Go Home," but fans won in extra innings.

Back thinks the system blunted subscriber anger by dumping KTVT on January 1 rather than at the start of the season, and replacing the Rangers with a 35-game St. Louis Cardinals package. "There were some complaints at the beginning of the baseball season, but not as many as there would have been if the change had happened at the beginning of the baseball season," Back says.

Losing Tulsa Cable and Cox Cable of Oklahoma City set UV back approximately 350,000 subs on its KTVT carriage (KTVT reaches about 2.2 million out-of-market homes). But Ranger fans didn't hurt as much as followers of the Yankees and the Boston Red Sox. WPIX, which says it is working toward making its signal "syndex-proof," lost approximately 1.8 million of 7.3 million distant-signal homes, according to a station spokesman. Eastern Microwave Inc., which transmits the Sox on WSBK Boston, says it lost about 1 million subs.

Under syndex, viewers of regional superstations suffer the most. But there are winners. While dropping WPIX, systems in Hartford, Conn., and Rochester, N.Y., picked up the Madison Square Garden Network. Carriers of national superstations such as UV's WGN and EMI's WWOR, meanwhile, paid millions to buy programming to ensure blackout-proof signals. The result: UV and EMI say carriage on those signals is up a combined 3 million homes from a year ago. ANDY GROSSMAN

TV Guide Looks to Cable for Growth

Can it compete with the cable guides?

With the May 1990 launch of its fourth system-specific edition, for Viacom's Seattle/Tacoma cable system, and the hiring of a director of cable affiliation, *TV Guide* is making an aggressive run at the monthly cable guides.

"The cable operator until now has used the [monthly] program guide as a way to market his pay services to his subscribers, but *TV Guide* is overwhelmingly the preferred guide among subscribers who get both," says Catherine Rasenberger, *TV Guide*'s newly hired and first-ever director of cable affiliation, who will spearhead the magazine's pitch to cable operators.

Catherine Rasenberger is *TV Guide*'s first director of cable affiliation.

Rasenberger, whose past jobs include five years in sales at ESPN and a stint at *Cablevision* magazine, backs up her claim with a study done by Bruskin Associates. The survey was designed to compare cable viewers' usage of and attitudes toward *TV Guide* and

TV Entertainment, a monthly cable guide jointly owned by TVSM, publisher of *The Cable Guide* and weekly *TV Time*, and The Crosby-Vandenburgh Group.

Some of the findings: In total surveyed cable homes, *TV Guide* was used by respondents 33 percent of the time for TV information, compared to 8 percent for all monthly guides. And in households receiving both *TV Guide* and a cable guide, *TV Guide* was used 63 percent of the time, compared to 8 percent for cable guides. Also, the study says that people who receive both *TV Guide* and a cable guide are more likely to add tiers and pay services.

Eight hundred thousand of *TV Guide*'s 15.8 million subs now buy their copies from cable systems. The magazine offers the 300-some systems that sell its publication a portion of the revenue, and is producing direct-sale spots to run in local avails. Rasenberger will hit all the major cable shows and MSOs this year with her sales pitch.

As to competition in the weekly market from *TV Time*, which, unlike *TV Guide*, will be completely system-specific and billed through the operator, Rasenberger doesn't view it as much of a threat. "We have 110 editions and over 390 editors devoted to putting out accurate and timely information," she says. "*TV Time*'s profit margin is so small, I don't know how they can continue to put out too many more weeklies."

Mark Edmiston, TVSM's chairman, responds, "[*TV Guide* is] up to 110 editions and we have 450. What they're doing is not a big deal because they're really just shifting their circulation around. Some people who had been buying it on the newsstand will say, 'Oh, this is convenient, I'll have this delivered by mail.' "

RICHARD KATZ

Independent For Rent In North Carolina

Why WKFT leases its tower to a rival.

After two days of sleet and freezing rain, the morning sun shone brightly over eastern North Carolina on Sunday, December 10. For WRAL-TV and WPTF-TV, that was the worst thing that could have happened.

As the sun melted the ice from just one side of the stations' towers, it created such an imbalance that the towers collapsed within 15 minutes of each other—leaving both the towers and the Raleigh-Durham market a twisted mess.

Within hours, WRAL's parent company, Capitol Broadcasting, used its satellite division, CapSat, to get both stations back on Raleigh's cable systems. To get their signals to non-wired homes, both stations bought time on local independents: WRAL on Fayetteville's WKFT, and WPTF on Goldsboro's WYED.

WPTF, which had been put on the block by owner Durham Life but was withdrawn the day after the tower fell, was broadcasting from its old tower the first week in January. But CBS-affiliate WRAL had to transmit from a radio tower in the northeast end of the ADI, and couldn't get its signal to all parts of the market. A commissioned Nielsen overnight study showed that 30 percent of the ADI was watching WRAL on WKFT, and the February book showed a similar figure. So on March 29, the two stations agreed to continue the relationship until a joint WPTF-WRAL tower is completed—currently expected in mid-September.

Why would WKFT agree to be an antenna for another station for ten months? Three reasons.

First, money. While neither side will hint at the terms of the agreement, WRAL's tower tumbling was a blessing for WKFT. The station has had cash-flow problems since moving its tower to provide market-wide coverage four years ago. Owner George Lilly of Monticello, Calif., has been trying to sell WKFT for some time.

Second, market integrity. Without WKFT, viewers in southern counties such as Cumberland, the market's second largest, might watch CBS on stations in Wilmington, N.C., or Florence, S.C. If several counties dropped out of the Raleigh-Durham market, the nation's 33rd-ranked ADI, national ad rates would go down for all stations.

Third, sampling. Many viewers, especially those without cable, rarely tuned into WKFT (broadcast channel 40) before it became a de facto CBS affiliate. Will they stick around once CBS is replaced by prime-time movie packages and sitcom reruns?

"I'm not certain," says WKFT general manager Dick Armfield. "Certainly KFT is getting some good exposure, but habit viewing will have to be reestablished."

Too much sunshine knocked down two ice-laden TV towers in Raleigh.

While the agreement must be filed with the Federal Communications Commission, none of it required FCC approval.

"The FCC does not get into programming decisions," says Clay Pendarvis, chief of the commission's television branch. "All that is required is that both stations maintain separate control of their facilities."

So far, Armfield says, staff has only been reduced through attrition. "We have positions to sell in the WRAL programming—enough to keep a sales staff," he says. "In some ways the staff is busier with a limited inventory."

As for the programming WKFT had already contracted for, "Some of it is sitting on the shelf, some of it the syndicators have taken back, and some of it has gone to other stations," says Armfield. "We wanted to get it off of our books, and the syndicators agreed."

WRAL, the station that launched Sen. Jesse Helms (R-N.C.) into statewide prominence, has been like the electric company for many rural viewers in this, the most rural of the nation's top 50 markets. WRAL won or tied every newscast in the book before the towers fell. But this February, Capital Cities/ABC O&O WTVD won every newscast but noon, and nearly every program on WRAL was down three or four share points.

Those numbers were greeted at WRAL with a sigh of relief. Says station manager Paul Quinn, "It could have been a lot worse."

BOB LANGFORD

THE CHANNELS

ACHIEVERS

Our 5th Annual Guide To Television's Top Companies

- Guide / Arrivals & Departures
- The Channels Achievers Chart
- A Look at the Top Companies
- The 20 Revenue Leaders: How They Do It
- The Money Minds
- Making It Work: Overseas
- Segment Performance
- Industry Forecasts
- Stock Watch

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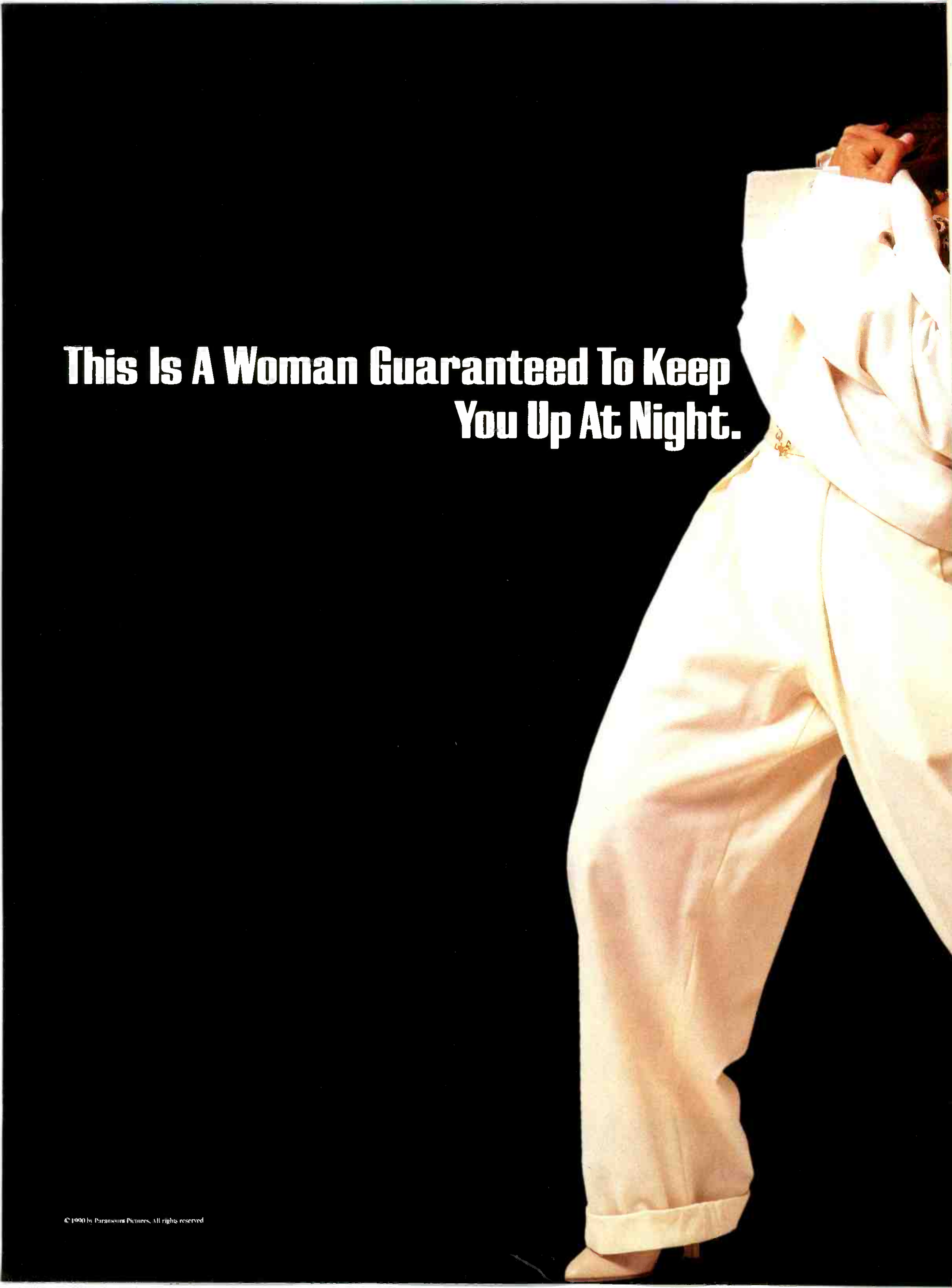
This Is A Woman Guaranteed To Keep
You Up At Night.
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Meet Nia Peeples.
She's a singer.
She's a dancer.
She's an actress.
And beginning January 1991, she's the star host of late-night TV's hottest new half-hour strip, THE PARTY MACHINE WITH NIA PEEPLES.
Take Nia's five feet one inch of pure energy, add Arsenio as a lead-in and you can extend your late-night franchise into the wee hours. So, say hello to Nia Peeples.
She's about to keep young viewers and your ratings up, late at night.
Which should help you sleep a bit easier.
THE Party MACHINE with Nia Peeples
PREMIER ADVERTISER SALES
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THE CHANNELS ACHIEVERS GUIDE

The *Channels* Achievers is a financial review, but it's not just for financial wizards. It's designed to be a useful tool for anyone interested in the bottom-line performance of television's publicly traded companies.

The 1990 Achievers begins with a chart identifying television's top companies—80 this time, down from last year's 100 (see below). This year's qualifiers are ranked by profit margin, a gauge of a company's ability to control costs and maximize its return from revenues. Given the newly conservative bent of the financial markets, we think this is a timely, relevant measure of performance. We've also provided revenue and net income figures for 1989 and 1988.

But Achievers is more than numbers (though we provide still more of those in our Segments breakdown, ranking companies within their specialty: Broadcast, Cable, Production and Diversified companies). Following the Top Companies list, you'll find an essay detailing the ways and means behind the leaders. Our breakdown of TV's top 20 revenue leaders, listed alphabetically, shows how some of the industry's biggest firms perform by division, and provides analysis of their 1989 results. Other stories in this section investigate the hype behind the call for globalization—finding that the U.S. is a better port of call than home port—and detail the strategies of some of the Achievers' top financial minds.

The Achievers special section is a group effort of the *Channels* editorial team, but special thanks go to associate editor Michael Burgi, who assembled and tirelessly rechecked the financial data. Thanks also to our ACT III associates Sam Schecter and Stephanie Kanarek for their suggestions on the Achievers ranking, and to Stephanie Paul and interns David Kasdan and Marc Kaplowitz for their help in gathering information. JOHN FLINN

GLOSSARY

Key terms in this section:

Compound Annual Growth Rate (CAGR): Average annual growth.

Debt/Equity Ratio (D/E): Long-term debt divided by total shareholders equity.

Net Income: Profits after expenses, interest and taxes.

Operating Income: Profits before interest and taxes.

Profit Margin: Net income divided by revenue.

Revenues: Total sales.

Return on Equity (ROE): Net income divided by total shareholders equity.

ARRIVALS & DEPARTURES

Each year the roster of the *Channels* Achievers changes with the vagaries of the television business—new companies are born (or at least taken public) and are added to the list, other companies merge or disappear and are removed from our compilation.

If the Achievers is an accurate reflection of industry trends, the momentum is clear: These are times of contraction, not expansion. Eleven companies on our list have merged, gone private or simply gone out of business, ranging from Peregrine Entertainment, which filed for Chapter 11 protection in January '89, to Lorimar Telepictures, bought by Warner Communications and then merged into Time Warner. Included in this group are such companies as Westmarc (bought by Tele-Communications Inc.), Malrite Communications (which went private), New World Entertainment (bought and taken private) and Laurel Entertainment (bought by what is now Spelling Entertainment).

This year, Achievers excludes radio-only broadcasters for the first time; that took another six names off the list. We've also dropped Centel Corp., which got out of the cable business, and Rogers Comm., a Canadian firm that sold its U.S. electronic media interests. Finally, 1989 results for Prism Entertainment were not available at press time, and they are excluded.

Although we have four new names on the Achievers ranking in 1990, none are truly new companies. Time Warner was formed by the merger of Time Inc. and Warner Communications; United Artists Entertainment is the result of a merger between United Artists Communications and United Cable. E.W. Scripps replaces Scripps Howard Broadcasting on our list in order to fully include the parent company's cable holdings. And we've added Imagine Films Entertainment, the TV and theatrical production company launched by Ron Howard and Brian Grazer in 1985.

OFF THE LIST

- Centel Corp.
- CVN Co.'s Inc.
- Jacor Communications (radio only)
- Laurel Entertainment
- Lorimar Telepictures
- Malrite Communications
- New World Entertainment
- Olympia Broadcasting (radio only)
- Peregrine Entertainment
- Prism Entertainment
- Rogers Communications
- Satellite Music Network (radio only)
- Scripps Howard Broadcasting
- Southern Starr (radio only)
- Sun Group (radio only)
- Time Inc.
- United Artists Communications
- United Cable
- Warner Communications
- Western World-Samuel Comm.
- Westmarc
- Westwood One (radio only)

NEW ACHIEVERS

- E.W. Scripps
- Imagine Films Entertainment
- Time Warner
- United Artists Entertainment

CBS Just Acquired One Of Its Toughest Competitors.

Season after season, "The Hogan Family" outperformed everything CBS ran against it. So, CBS made the smartest possible move. Since they couldn't beat 'em, they bought 'em. And added "The Hogan Family" to the CBS comedy line-up.

It was a wise decision, because "The Hogan Family" is downright unbeatable. While on NBC, CBS put 10 different sitcoms against it. Unsuccessfully. "The Hogan Family" won its time period for five seasons straight. At 8:00PM, or in the middle of a comedy block.

And what demos. An incredible 78% of the Hogans' viewers are under 50, with 47% made up of adults 18–49, and 31% kids and teens.

Quick, call your Warner Bros. sales rep. Acquire "The Hogan Family," before it becomes your competition.

THE Hogan Family

Funny Shows. Serious Business.

M/B
Miller·Boyett
PRODUCTIONS

WARNER BROS.
DOMESTIC TELEVISION
DISTRIBUTION
A Time Warner Company

Source: NTI 1989-90

THE CHANNELS

ACHIEVERS

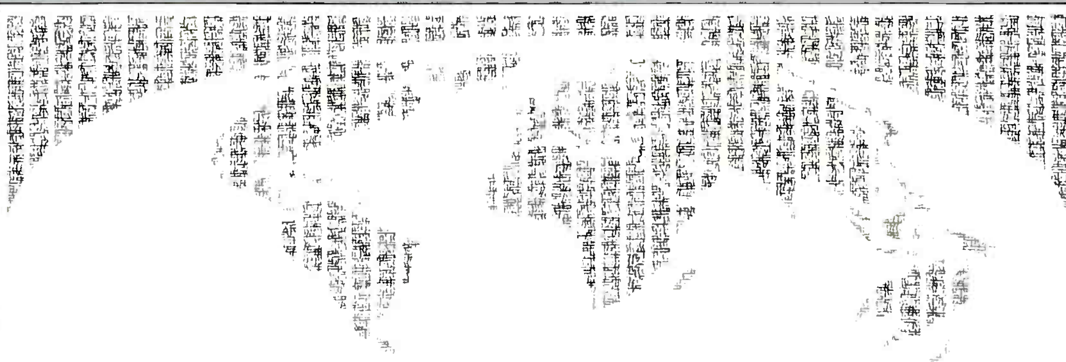
The Top Companies

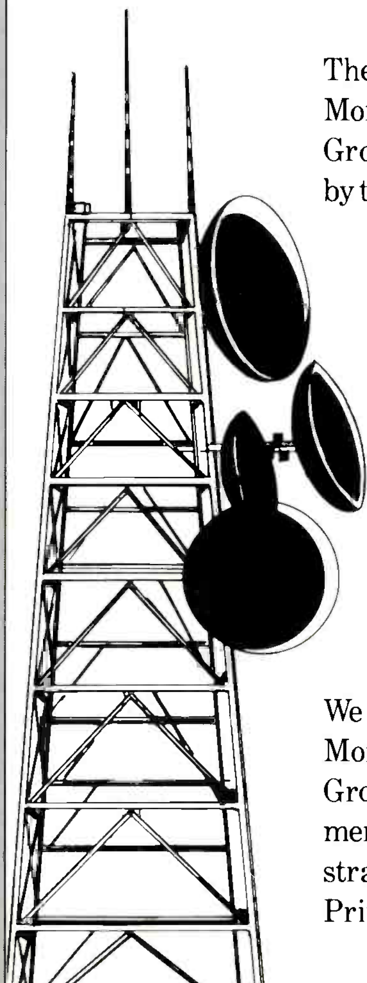
Our fifth annual ranking of TV's publicly traded players.

Achievers Rank	Company	Profit Margin	1989 Revenue ($Mil)	(Rank)	1989 Net Income ($Mil)	(Rank)	1988 Revenue ($Mil)	1988 Net Income ($Mil)	Headquarters
1	LIN Broadcasting	22.9%	$250.7	(44)	$57.4	(21)	$225.5	$82.1	New York, NY
2	King World Productions	19.2	396.4	(38)	76.1	(18)	279.8	60.7	New York, NY
3	Lee Enterprises	16.0	269.4	(42)	43.0	(22)	252.5	40.9	Davenport, IA
4	Walt Disney	15.3	4,594.3	(6)	703.3	(2)	3,438.2	522.0	Burbank, CA
5	Washington Post[1]	13.7	1,444.1	(18)	197.9	(12)	1,367.6	153.4	Washington, DC
6	TCA Cable TV[1]	13.5	79.1	(62)	10.7	(37)	68.9	9.1	Tyler, TX
7	Park Comm.	12.3	152.5	(51)	18.7	(30)	149.6	19.1	Ithaca, NY
8	Jefferson-Pilot	12.1	1,140.2	(24)	137.7	(13)	1,106.8	101.0	Greensboro, NC
9	Gannett	11.3	3,518.2	(7)	397.5	(6)	3,314.5	364.5	Arlington, VA
10	Gray Comm.[1]	10.2	28.5	(72)	2.9	(41)	27.2	2.4	Albany, GA
11	Dick Clark Productions	10.2	25.6	(74)	2.6	(42)	21.2	–2.4	Burbank, CA
12	CBS[1]	10.0	2,961.5	(12)	297.1	(7)	2,777.7	283.4	New York, NY
13	Tribune	9.9	2,454.8	(13)	242.4	(10)	2,334.8	210.4	Chicago, IL
14	Capital Cities/ABC	9.8	4,957.4	(5)	485.7	(4)	4,773.5	387.1	New York, NY
15	Carolco Pictures	9.8	143.1	(53)	14.0	(32)	164.6	35.5	Los Angeles, CA
16	American TV and Comm.	9.8	973.4	(26)	95.1	(15)	811.9	62.2	Stamford, CT
17	Spelling Entertainment	8.7	143.9	(52)	12.5	(35)	119.5	19.3	Los Angeles, CA
18	Multimedia[1]	8.4	462.7	(34)	38.7	(23)	439.6	23.2	Greenville, SC
19	Times Mirror[1]	8.3	3,517.5	(8)	291.8	(8)	3,332.6	291.9	Los Angeles, CA
20	Paramount Comm.[1]	7.7	3,391.6	(9)	260.1	(9)	3,055.9	384.7	New York, NY
21	General Electric	7.2	54,574.0	(1)	3939.0	(1)	50,089.0	3386.0	Fairfield, CT
22	Financial News Network[1,3]	7.2	44.6	(69)	3.2	(40)	31.9	4.7	Los Angeles, CA
23	E.W. Scripps[1]	6.7	1,266.4	(21)	85.4	(17)	1,214.5	73.2	Cincinnati, OH
24	MCA[1]	6.6	3,382.3	(10)	222.1	(11)	2,900.3	164.9	Universal City, CA
25	Maclean Hunter[1,4]	6.3	1,426.2	(20)	90.3	(16)	1,302.1	96.0	Toronto, Can.
26	News Corp.[1,5]	6.3	6,396.8	(4)	403.1	(5)	4,354.5	336.0	Sydney, Aus.
27	Knight-Ridder[1]	5.8	2,268.3	(15)	131.7	(14)	2,083.3	156.4	Miami, FL
28	A.H. Belo	5.6	417.1	(36)	23.4	(26)	385.4	10.1	Dallas, TX
29	Pulitzer Publishing[1]	4.6	402.2	(37)	18.7	(29)	391.0	19.6	St. Louis, MO
30	Durham Corp.	4.3	309.6	(40)	13.3	(34)	350.0	14.2	Raleigh, NC
31	Meredith	4.2	792.0	(28)	33.2	(24)	678.5	47.4	Des Moines, IA
32	New York Times[1]	4.1	1,768.9	(17)	73.3	(19)	1,700.0	167.7	New York, NY
33	Westinghouse[1]	4.1	12,844.0	(2)	523.0	(3)	12,500.0	823.0	Pittsburgh, PA

Achievers Rank	Company	1989 Profit Margin	1989 Revenue ($Mil)	(Rank)	1989 Net Income ($Mil)	(Rank)	1988 Revenue ($Mil)	1988 Net Income ($Mil)	Headquarters
34	Stauffer Comm.[1]	3.8	132.6	(54)	5.1	(39)	134.5	3.7	Topeka, KS
35	Liberty Corp.[2]	3.6	334.6	(39)	11.9	(36)	316.3	21.9	Greenville, SC
36	All American Television	3.6	16.9	(76)	0.6	(46)	11.6	0.2	New York, NY
37	Media General	3.4	606.4	(30)	20.7	(28)	755.7	8.8	Richmond, VA
38	Orion Pictures	3.0	468.9	(33)	13.9	(33)	426.9	12.2	New York, NY
39	American Family[2]	2.8	2,438.2	(14)	68.7	(20)	2,327.9	108.9	Columbus, GA
40	Turner Broadcasting Sys.[1]	2.6	1,065.1	(25)	27.6	(25)	806.6	−94.5	Atlanta, GA
41	Republic Pictures	2.2	46.5	(67)	1.0	(43)	52.0	0.3	Los Angeles, CA
42	QVC Network[6]	1.4	453.3	(35)	6.3	(38)	193.2	9.0	West Chester, PA
43	Columbia Pictures Ent.[1,7]	1.3	1,250.0	(22)	16.8	(31)	1,000.6	−102.0	New York, NY
44	New Line Cinema[1]	1.2	57.2	(65)	0.7	(45)	61.8	4.6	New York, NY
45	McGraw-Hill[1]	1.2	1,789.0	(16)	21.3	(27)	1,673.6	59.5	New York, NY
46	Imagine Films Ent.[1]	1.1	26.7	(73)	0.3	(47)	5.0	−1.9	Los Angeles, CA
47	Nelson Holdings[1]	0.7	108.6	(57)	0.8	(44)	100.6	−44.6	Beverly Hills, CA
48	Acton Corp.[2]	−0.2	166.1	(49)	−0.4	(49)	142.1	−0.7	Raleigh, NC
49	Clear Channel Comm.[1]	−0.9	45.7	(68)	−0.4	(48)	35.1	1.8	San Antonio, TX
50	United Television[1]	−1.2	106.9	(58)	−1.3	(50)	101.2	−0.7	Beverly Hills, CA
51	Playboy Enterprises[1]	−1.8	166.2	(48)	−3.0	(53)	159.8	0.2	Chicago, IL
52	Home Shopping Network[1]	−2.9	774.3	(29)	−22.1	(61)	730.1	16.3	St. Petersburg, FL
53	Time Warner[8]	−4.0	10,779.0	(3)	−432.0	(80)	9,103.0	−582.0	New York, NY
54	MGM/UA Comm.[1]	−8.5	876.5	(27)	−74.7	(70)	674.9	−51.7	Beverly Hills, CA
55	Tele-Communications Inc.[1]	−9.6	3,026.0	(11)	−292.0	(78)	2,282.0	−121.0	Denver, CO
56	United Artists Ent.[1]	−11.0	1,199.0	(23)	−132.0	(74)	841.0	−11.1	Denver, CO
57	Viacom[1]	−12.6	1,436.2	(19)	−181.3	(76)	1,258.5	−136.8	Dedham, MA
58	Fries Entertainment[1]	−13.5	34.8	(70)	−4.7	(56)	44.5	0.1	Los Angeles, CA
59	Falcon Cable Systems[1]	−16.3	30.1	(71)	−4.9	(57)	24.5	−0.9	Los Angeles, CA
60	Heritage Media[1]	−17.0	165.0	(50)	−28.0	(65)	46.5	−15.3	Dallas, TX
61	Reeves Comm.[1,9]	−17.0	79.3	(61)	−13.5	(59)	105.6	5.5	New York, NY
62	Century Comm.	−18.6	191.2	(46)	−35.6	(67)	163.3	−4.5	New Canaan, CT
63	TVX Broadcast Group[1]	−19.2	130.5	(55)	−25.1	(63)	150.8	−82.0	Virginia Beach, VA
64	Osborn Comm.[1]	−24.2	19.4	(75)	−4.7	(55)	21.9	−7.8	New York, NY
65	Comcast Corp.	−26.5	562.3	(31)	−148.8	(75)	449.9	−47.6	Philadelphia, PA
66	Outlet Comm.[1]	−27.2	99.3	(59)	−27.0	(64)	104.3	−21.8	Providence, RI
67	Burnham Broadcasting	−35.8	54.7	(66)	−19.6	(60)	48.3	−15.4	Chicago, IL
68	Jones Intercable[1]	−36.9	65.8	(64)	−24.3	(62)	47.9	−4.9	Englewood, CO
69	Qintex Entertainment[10]	−38.7	85.7	(60)	−33.2	(66)	28.8	−14.1	Beverly Hills, CA
70	Great American Comm.[1]	−39.3	300.6	(41)	−118.2	(72)	334.0	−98.3	Cincinnati, OH
71	Telemundo Group[1]	−40.9	116.4	(56)	−47.6	(68)	102.1	−41.7	New York, NY
72	Vestron[1]	−48.6	236.2	(45)	−114.9	(71)	321.0	4.9	Stamford, CT
73	Cablevision Systems[1]	−52.8	492.7	(32)	−260.3	(77)	493.5	−159.4	Woodbury, NY
74	Video Jukebox Network	−57.9	3.8	(79)	−2.2	(51)	1.1	−1.0	Miami, FL
75	Nostalgia Network	−65.9	4.1	(78)	−2.7	(52)	2.8	−2.8	New York, NY
76	Adelphia Comm.[1]	−65.9	187.6	(47)	−123.6	(73)	131.4	−74.6	Coudersport, PA
77	Heritage Entertainment	−80.3	6.6	(77)	−5.3	(58)	6.2	−0.1	Los Angeles, CA
78	Price Comm.[1]	−82.5	67.3	(63)	−55.5	(69)	81.7	−54.7	New York, NY
79	Chris-Craft[1]	−151.3	267.5	(43)	−404.7	(79)	250.8	10.8	New York, NY
80	American Comm. and TV[1]	−292.3	1.3	(80)	−3.8	(54)	1.6	−2.2	Sarasota, FL

1 Net Income excludes gains/losses from extraordinary items and/or sales of assets.
2 Revenue and Net Income excludes gains/losses from extraordinary items and/or sales of assets.
3 Financial News Network's 1988 figures reflect 10 months due to a change in fiscal year.
4 Figures are in Canadian dollars.
5 News Corporation figures are converted from Australian to U.S. dollars using the following exchange rates: 1989, .8118; 1988, .7235 (US$ per A$1.00).
6 Includes three months of CVN Companies, which QVC acquired in 1989.
7 Columbia has agreed to merge with Sony, pending SEC approval. 1989 reflects period from December 1, 1988 to August 31, 1989. 1988 reflects period from December 17, 1987 to August 31, 1988.
8 Time Warner restated its 1988 figures to reflect the merged company.
9 Reeves was acquired by Thames PLC in late 1989, after the company had finished its '89 fiscal year.
10 Qintex's 1988 figures were restated to reflect the merger of Qintex with Hal Roach Studios. Qintex filed for Chapter 11 protection in late 1989, after the company had finished its '89 fiscal year.





Getting to the Top

What works? Operations that throw off lots of cash —syndication, cellular, theme parks—are a start.

The companies at the top of the Achievers ranking share little more than a knack for efficiency and a handful of operational characteristics. Most are strong, mid-sized companies with steady but not explosive growth. Revenues are rising, and in most cases so is net income. Debt loads are manageable and are mostly being reduced. In smaller companies, the last point is an important one, since every dollar spent on debt service is one less dollar dropping to the net income line.

Top Achiever LIN Broadcasting owns seven network-affiliated TV stations, but its cellular phone operations drive the company. While net revenues in '89 increased 11 percent over '88, revenues from cellular operations rose 32 percent. Television revenues increased just 1 percent.

A tug of war over LIN's cellular holdings, fought between BellSouth Corp. and McCaw Cellular Communications Inc., cost LIN almost $77 million. The charge lowered the company's net income for '89 to $57.4 million, down from 1988's $82.1 million. But clearly the company is on a growth curve; it's now up to McCaw Cellular's Craig McCaw to keep it there.

Second-ranked King World is a more typical example of what television executives have in mind when they dream about success. In each of its five years as a publicly traded company, King World has spiked its revenues and net income by healthy margins. In '89 revenues increased 42 percent over '88, to $396 million, and net income was up 25 percent, to $76 million.

King World is still fueled by the cash license fees it receives from its syndicated shows, which accounted for 71 percent of total '89 revenues. The related ad sales by Camelot Entertainment Sales Inc., King World's barter-sales company, contributed another 23 percent. But while it still relies on Pat Sajak and Oprah Winfrey for cash, the company has done all it can to insulate itself against changes in the whims of its stars or its public. To guard against fickle stations, King World has locked up renewals for *Wheel of Fortune* and *Jeopardy* through August 1992, and *The Oprah Winfrey Show* through either August 1991 or 1993 (stations covering 79 percent of TV homes signed on for the latter). That protects the franchise.

King World has suffered in the past from analysts who wondered aloud whether the company had run out of ideas. This past year should have silenced most complaints. The company showed keen strategy and determination with the launch of *Inside Edition* in January '89, created to capitalize on the disappointing reception of *USA Today on TV*. *Inside Edition* itself got off to a slow and uninspired start. Rather than let the show languish, and probably disappear, King World moved aggressively to fix the show's problems, bringing in veteran newsman Av Westin as co-executive producer, trimming away the show's sensational seams and

adding high-profile contributors such as Jack Anderson and Ralph Nader. Westin, in turn, is leading the company in new programming directions. He has developed a daily newsmagazine, *Only Yesterday*, for syndication, and is helping the company break into the first-run market for cable as well.

The company also purchased its first TV station, CBS-affiliate WIVB in Buffalo, N.Y., during fiscal year '89, which increased the company's long-term debt from $30 million to $89.5 million.

Lee Enterprises, number three on the list, is a 100-year-old company founded on the *Ottumwa* (Iowa) *Courier*. Its holdings now include daily newspapers, specialty publications, TV stations, integrated voice-response systems and the world's leading producer of photosensitive polymer printing plates for newspapers. The company faces the same problems in its two primary businesses, newspapers and broadcast TV: increased competition and a soft ad market. Its strategy is to treat each paper or station as a stand-alone small business, and to spend money training effective managers who can focus on local solutions to sales and marketing problems.

Lee's annual report shies away from analyzing the strategy's success in the broadcasting division, but says it is putting more energy into developing local advertising and controlling costs. Broadcasting saw only a 2.8 percent rise in revenue in '89. Yet operating income for the division rose 32 percent, from $9.2 million to $12.2 million, an improvement pegged to cost-cutting at its Honolulu, Hawaii, station KGMB.

Every annual report is filled with smiling faces, but the '89 missive from The Walt Disney Company, fourth on our list, must set a record: from CEO Michael Eisner on page one and a kiddie hugging Mickey Mouse on page two all the way through, there's hardly a serious look on the lot. It's deserved: the company reported a 34 percent one-year increase in revenues and 35 percent increase in net income. In his typically idiosyncratic letter to shareholders, Eisner reels off some of Disney's latest successes: the Disney-MGM Studios Theme Park in Florida; a Euro Disneyland stock offering; a sterling year for the Walt Disney Studios movie division with films including *Honey, I Shrunk the Kids* and *Dead Poets Society* (Eisner apologizes to his high school English teacher for not insisting on *Honey, I* Shrank *the Kids*); and strong gains in its Consumer Products and Home Video divisions.

Disney didn't have a TV smash to add to its highlights, but it is doing well in syndication with animation (*Chip 'n Dale's Rescue Rangers* and *DuckTales*) and shows such as *Live with Regis and Kathie Lee*. It made two significant acquisitions in TV: independent station KHJ Los Angeles (now renamed KCAL) and Henson Associates Inc. The unexpected death of Jim Henson earlier this year is a blow to the company's development plans for the acquisition, but the value of having Kermit and Miss Piggy parading next to Mickey in the theme parks remains unchanged.

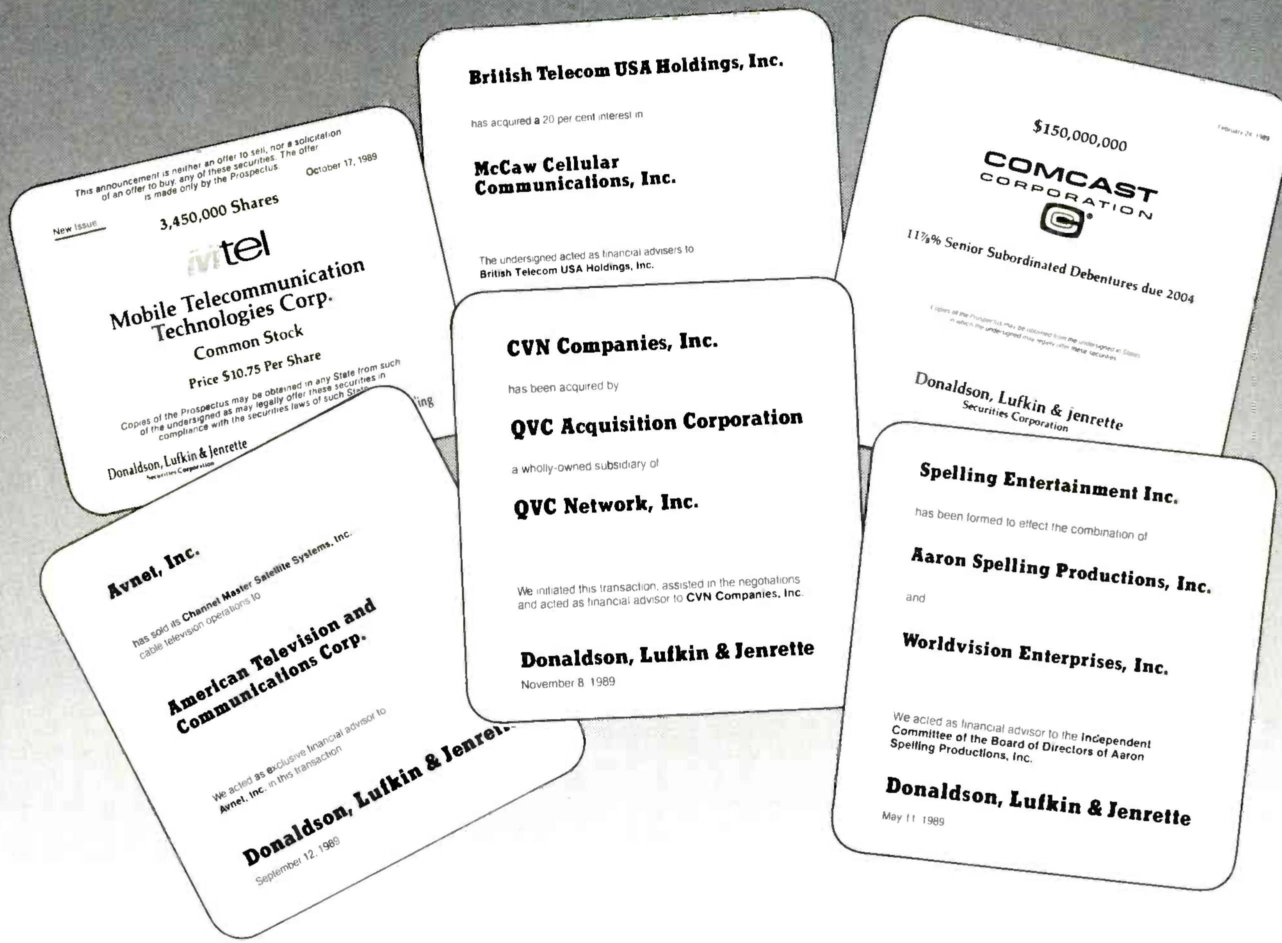
If there is an anomaly in the top 10, it is TCA Cable. In fiscal year '89 TCA was the nation's 27th largest MSO, serving 400,000 subscribers from "classic" systems in mostly rural markets. While most of the Achievers top companies whittled away at debt in '89, or increased it in conservative measure, TCA's long-term debt bloomed from $48.3 million to $225.2 million.

It's not uncommon for cable companies to have substantially more debt than other Achievers, since cable is still in a sustained period of system building, buying and rebuilding. Interest expense on debt eats into cable companies' net income and sends most MSOs to the bottom half of the Achievers list. TCA has, in the past, grown conservatively: the '89 annual report says it has financed most expenditures for rebuilds, upgrades and maintenance with cash flow from operations. Acquisitions, it says, have been financed with cash flow from operations plus borrowings. The company's '89 surge in debt, much of which hit the books late in the fiscal year, may harshly affect TCA's profitability in 1990. JOHN FLINN

About the Ranking

This year the *Channels* Achievers top companies list is ranked by 1989 profit margin, which expresses a company's net income as a percentage of revenue. We've used other gauges in the past—revenue growth, cash flow growth, and an index of revenue and net income growth—but a ranking by profit margin allows for a fully objective analysis, and is an especially relevant tool following the growth-frenzied '80s.

A few notes about the assumptions made in calculating profit margin. In the net income column, we excluded all extraordinary items plus any gains and/or losses on sales of assets and/or discontinued operations (all as expressly identified in each company's Consolidated Statements of Income in its annual report). By excluding these figures, income from ongoing operations is separated from non-recurring gains or losses that can skew the picture of a company's performance. For instance, United Television initially reported a net income of $62.6 million on revenues of $106.8 million. Those results, however, included $67.3 million in after-tax income from the sale of its interest in Warner Communications, resulting from Warner's sale to Time Inc. United's core business reported an operating income of only $3.5 million. (The company had $3.5 million in interest income.) And after $8.0 million in interest and debt-retirement expense, the company actually posted a net loss of $1.3 million. J.F.



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THE CHANNELS

ACHIEVERS

HOW THEY DO IT

20 Revenue Leaders

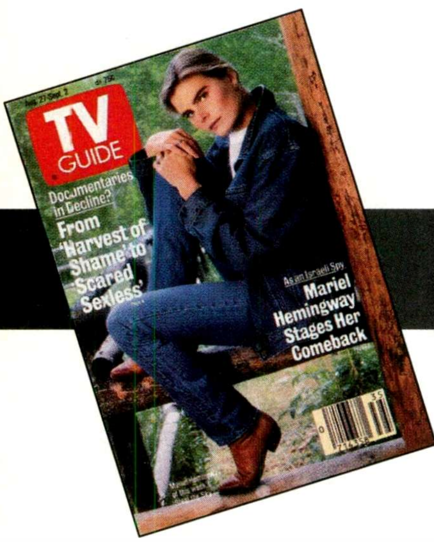
This year's leaders had a tougher time turning a profit on growing revenues.

Company / Division	1988-89 Growth (%) Profit	1988-89 Growth (%) Revenue	1989 ($MIL) Profit*	1989 ($MIL) Revenue	5-Year CAGR (%) Profit*	5-Year CAGR (%) Revenue	Comments
Cablevision Systems Corp. [1]	Loss	−0.2%	$ −260.3	$492.7	Loss	29.2%	As has been the case in recent years, Cablevision Systems posted a significant net loss in 1989. The company still carries a huge debt, which swallowed up any gains from a $102.2 million sale of equity in its programming ventures to NBC.
Capital Cities/ABC Inc.	25.5%	3.9	485.7	4,957.4	27.8%	37.2	Without the Olympics, *War & Remembrance* and presidential-election coverage, broadcast costs declined, and the TV Network reported operating earnings of more than $160 million versus an '88 loss of $4 million. Publishing ended its three-year decline in profits with a slight gain, and ESPN continued to substantially buoy broadcast revenues.
Broadcasting	15.8	4.0	836.1	3,900.0	40.8	59.5	
Publishing	0.5	3.3	130.4	1,057.4	−.2	10.5	
CBS Inc. [1]	4.8	6.6	297.1	2,961.5	13.5	1.3	Broadcast Group profits rose 27 percent after three years of flat performance, aided by the station-group turnaround and internal cutbacks. Despite being stuck in the ratings cellar, the network upped net sales, with all major divisions reporting gains. Net income grew 5 percent, excluding '88's non-recurring gain on the sale of the Records Group.
Broadcast Group	26.8	6.6	294.6	2,959.9	−4.7	1.3	
Comcast Corp.	Loss	25.0	−148.8	562.3	Loss	36.8	Operating cash flow rose 27 percent to $223 million, largely due to growth in cable subscribers and rates. Losses more than tripled. Acquisition debt will continue to keep Comcast in the red for a while, although a steady cash flow is supporting the losses.
Cable	34.9	24.4	99.8	502.6	30.2	40.3	
Corporate & Other	Loss	30.3	−9.9	59.7	Loss	19.2	
E. W. Scripps Co. [1]	16.7	4.3	85.4	1,266.4	7.4	7.4	Despite minimal revenue growth, the company's bottom line grew 17 percent. Growth was due to reduced interest payments on debt, which was reduced following a stock offering in '88. The newest segment of the company, cable, is also the healthiest, registering the most growth in both profits and revenue.
Publishing	3.0	1.3	145.8	850.3	7.0	3.6	
Broadcasting	2.6	4.0	58.5	222.6	8.8	12.6	
Cable Television	80.5	18.6	22.2	177.3	Gain	72.5	
Gannett Co. Inc.	9.1	6.1	397.5	3,518.2	9.4	9.8	Another year, another report of record-breaking profits for Gannett. But while cost containment propelled newspapers to a 10 percent profit gain, broadcast stations suffered from a soft ad market and higher programming costs. Gannett took a $59 million charge on its GTG Entertainment failure.
Broadcasting	−5.6	4.6	111.3	408.4	4.2	8.4	
Newspaper Publishing	10.2	5.7	670.4	2,852.2	10.2	10.4	
Outdoor Advertising	−3.3	13.9	37.6	257.9	−5.9	4.4	
General Electric Co. [3]	16.3	9.0	3,939.0	54,574.0	11.6	10.8	NBC racked up a fifth year as the prime-time leader. That helped boost the network's profits by nearly 12 percent, but it did not offset a post-Olympic year revenue decline. Network profits were also minimized by start-up costs associated with the launch of CNBC and related cable efforts.
Broadcasting	11.7	−6.8	603.0	3,392.0	12.6	5.1	
King World Productions	25.4	41.7	76.1	396.4	50.7	37.5	King World's 42 percent revenue growth was due mostly to ad-revenue and cash-license fee increases for *Jeopardy* and *Oprah* and an increase in cash-license fees for *Wheel*. The trio's combined percentage of company revenues is down because of the purchase of WIVB-TV in Buffalo, N.Y.
Programming	28.6	37.1	133.1	383.7	47.0	36.6	
Broadcasting	NA	NA	−1.0	12.8	NA	NA	
MCA Inc. [1,4]	34.7	16.6	222.1	3,382.3	8.2	10.8	The studio's Filmed Entertainment Group reported record revenues and operating income as a result of such hit theatricals as *Back to the Future Part II* and *Field of Dreams*. Broadcasting and cable also reported record revenues and operating income due to improved programming for WWOR-TV and higher earnings from USA Network (jointly owned with Paramount).
Filmed Entertainment	10.2	17.2	245.7	1,739.0	11.3	8.3	
• Theatrical	NA	87.7	NA	466.7	NA	8.2	
• Television	NA	2.4	NA	606.0	NA	2.8	
• Home Video & Pay TV	NA	−7.8	NA	489.0	NA	15.5	
Broadcasting & Cable	137.7	30.5	30.9	171.6	128.1	148.8	
Music Entertainment	−6.6	15.7	56.5	764.7	17.6	18.6	

Company / Division	1988-89 Growth (%) Profit*	1988-89 Growth (%) Revenue	1989 ($Mil) Profit*	1989 ($Mil) Revenue	5-Year CAGR (%) Profit*	5-Year CAGR (%) Revenue	Comments
News Corporation Ltd. [1, 5]	20.0	46.9	403.1	6,396.8	40.2	27.6	News Corp.'s rise in revenue and profits is due partly to the performance of acquisitions, particularly Triangle Publications (TV Guide). TV stations had record revenues and earnings, and the Fox network reached "virtual" break-even. U.S. activity accounts for 48 percent of News Corp.'s revenues, 42 percent of operating profit.
Newspapers	60.8	26.8	557.5	2,357.5	55.4	13.7	
Magazines	191.3	115.7	224.3	951.3	39.5	29.3	
Television	35.4	48.3	81.4	604.8	63.8	32.2	
Filmed Entertainment	62.7	14.4	98.1	980.8	NA	NA	
Paramount Communications Inc. [1]	—32.4	11.0	260.1	3,391.6	2.3	12.7	Excluding the company's $3.35 billion gain from the sale of its finance unit, The Associates, Paramount's bottom line was hurt by an $85 million charge for its attempt to acquire Time Inc., and a $140 million charge for restructuring its publishing division. Entertainment division income increased slightly, thanks to higher feature-film distribution profits.
Entertainment	0.2	11.3	252.2	2,071.8	29.6	14.3	
•Motion Pictures	NA	11.8	NA	541.5	NA	10.6	
•Television & Home Video	NA	9.4	NA	1,170.1	NA	17.6	
•Theaters, Sports, Etc.	NA	17.4	NA	347.2	NA	11.0	
Publishing	—99.1	10.6	1.6	1,319.8	—56.6	10.6	
Tele-Communications Inc. [1]	Loss	32.6	—292.0	3,026.0	Loss	39.3	TCI attributes its net loss in '89 to increased interest expense and larger losses by affiliated companies. Cable's 38 percent revenue rise was due to increased subscribers and subs fees. Rising costs and a curb on sub-fee hikes because of regulatory pressures should affect future earnings.
Cable	14.1	38.0	501.0	2,353.0	32.6	32.4	
Theaters	30.8	16.6	68.0	673.0	NA	NA	
Time Warner Inc. [6]	Loss	18.4	—432.0	10,779.0	NA	NA	The long-term debt load—a whopping $10.8 billion—from Time Inc.'s controversial acquisition of Warner Communications last year killed the merged company's bottom line. However, *Batman* helped Filmed Entertainment gain solidly in revenues and operating profit. Cable TV was aided by improved operating margins and revenue growth, plus recovery from a $20 million charge in '88 for relocating ATC's offices.
Magazines	0.0	5.9	287.0	1,855.0	NA	NA	
Filmed Entertainment	Gain	31.7	67.0	2,760.0	NA	NA	
Recorded Music & Music Publishing	78.9	24.8	229.0	2,545.0	NA	NA	
Cable Television	408.6	21.7	178.0	1,543.0	NA	NA	
Programming — HBO	46.7	4.9	154.0	1,177.0	NA	NA	
Books	Loss	11.5	—80.0	1,148.0	NA	NA	
Times Mirror Co. [1]	0.0	5.5	291.8	3,517.5	6.0	3.5	Cable now outstrips broadcast TV as the profit center. Basic penetration rose 9 percent as operating profit margins in cable grew to 17.5 percent from 15.4 percent in 1988. The retail slump affected both broadcast and newspaper divisions. Higher costs also contributed to the broadcaster's woes.
Newspaper Publishing	—0.8	3.4	309.9	2,065.9	2.1	5.0	
Book, Magazine & Other Publishing	7.7	11.9	143.7	960.3	10.8	13.3	
Cable Television	33.6	17.6	58.1	332.5	4.2	3.6	
Broadcast Television	—3.1	3.8	40.9	102.8	—8.7	—4.4	
Tribune Co.	15.2	5.1	242.4	2,454.8	14.4	4.9	The Broadcasting & Entertainment group fueled revenue growth for the company, offsetting a dip in Newsprint Operations revenue. Net income also benefited from operating income growth in the B&E and Newspaper segments. Within the B&E segment, Geraldo and the Chicago Cubs spurred the increases in profit and revenue.
Newspaper Publishing	12.7	4.4	297.1	1,630.7	11.2	3.8	
Broadcasting & Entertainment	24.4	15.5	96.8	584.3	10.0	12.0	
Newsprint Operations	—38.2	—1.3	61.3	456.7	8.8	4.4	
Turner Broadcasting System Inc. [1]	Gain	32.0	27.6	1,065.1	9.7	24.8	For the first time in years, Turner realized a net profit, excluding extraordinary charges on extinguishment of debt. Entertainment revenues were pumped up by $115 million over '88, thanks to TNT's contribution. But added program costs increased the division's expenses by $38 million, with rights fees expected to escalate. Syndication & Licensing division revenues rose more than $62 million, as did profits, which rose $48.9 million over '88.
Entertainment	92.5	43.4	102.8	381.5	11.3	15.4	
News	56.8	27.9	134.1	341.5	60.7	22.7	
Syndication & Licensing	3,056.3	30.3	50.5	266.3	92.7	92.4	
Sports	Loss	14.8	–7.4	27.1	Loss	4.4	
Real Estate	–68.2	–2.8	0.7	42.1	Gain	39.0	
United Artists Entertainment Co. [1, 7]	Loss	42.6	—132.0	1,199.0	Loss	13.1	UA's net loss was due primarily to additional interest expense on the $2.7 billion in debt used to fund the merger with United Cable. In spite of the loss, cash flow tripled to $103.4 million. An expanded cable subscriber base contributed to increased revenues.
Cable	33.4	99.2	110.2	501.3	9.7	9.4	
Theaters	13.0	16.6	61.7	672.7	7.2	17.1	
Viacom Inc. [1]	Loss	14.1	–181.3	1,436.2	Loss	26.5	The networks segment (MTV Networks and Showtime Networks) made the strongest showing, due to increased ad sales and affiliate fees. Showtime Networks continues at a loss ($–0.8 million), although results improved over last year. Entertainment earnings (series production and syndication) rose from full-year Cosby syndication receipts and increased network production activity.
Cable Television	4.8	–8.9	60.9	300.6	13.0	7.8	
Broadcasting	–0.8	3.5	35.2	146.1	7.0	11.8	
Networks	66.8	17.0	83.9	752.0	32.8	54.1	
Entertainment	17.3	58.0	71.9	254.5	23.0	30.8	
Walt Disney Co.	34.7	33.6	703.3	4,594.3	32.3	22.0	Disney enjoyed continued strong growth during the fifth year of Eisner's reign, with expansion in the Theme Parks and Consumer Products divisions. Filmed Entertainment was helped by blockbuster theatricals. Network remains lackluster but is balanced by strength in first-run syndication.
Theme Parks & Resorts	39.1	27.1	785.4	2,595.4	25.2	15.6	
Filmed Entertainment	37.7	38.1	256.5	1,587.6	50.1	37.8	
Consumer Products	39.9	66.5	187.1	411.3	27.1	27.4	
Westinghouse Electric Corp. [1]	—36.5	2.8	523.0	12,844.0	—2.6	2.7	Operating profit in the Group W broadcast division rose 9 percent to $162 million when the $41 million charge taken for a company-wide restructuring is excluded. The sale of Filmation curbed revenue growth, and much of what growth there was is attributed to the cable side.
Broadcasting	—16.6	2.1	121.0	646.0	—2.7	—9.6	

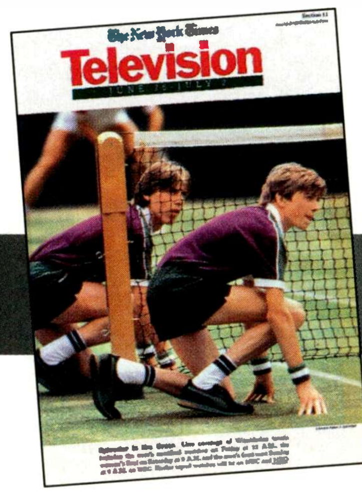
* Company-wide total is Net Income before extraordinary items and gains/losses on sales of assets. Division totals are Operating Income. All figures reflect company's fiscal years. CAGR = Compound Annual Growth Rate since 1985. NA = Not Available or Not Applicable. Loss = Company or division suffered a loss in 1989. Gain = Company or division went from a loss in previous year to a gain in 1989. [1] Net Income excludes gains/losses from extraordinary items and/or sales of assets for all years. [2] Cablevision's operating divisions could not be broken out due to the sale of a 50 percent interest in programming holdings. [3] Broadcasting division figures for 1985 are RCA's. [4] Music Entertainment revenues include fees for domestic distribution of home video, which are not included in the Home Video & Pay TV division. [5] Division figures converted from Australian to U.S. dollars using the following exchange rates: 1989, .8118; 1988, .7235; 1985, .7742 (US$ per A$1.00). [6] Time Warner restated its 1988 figures to include Warner Communications. 1985 figures are unavailable. [7] UAE's 1985 figures reflect both United Artists Communications and United Cable TV.

When an HBO Original Movie gets covered,



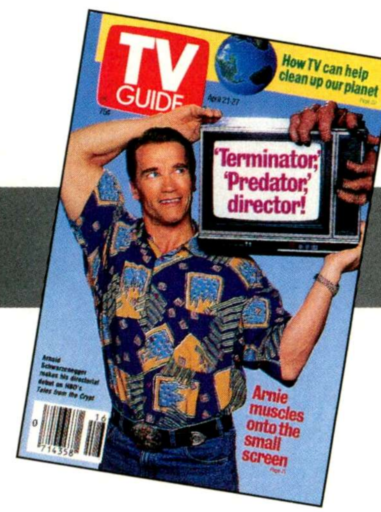
all of cable gets top billing.

When Wimbledon on HBO® gets covered,



it serves the whole cable industry well.

When Arnold Schwarzenegger's directing debut gets covered,



the entire cable industry gets pumped up.

When Money Matters

These top CFOs and finance VPs make sure there's funding behind the vision.

Chase Carey **Fox Inc.**

Fox Inc. is perched smack on top of a gold mine: A punked-out, mega-hit prime-time cartoon series called *The Simpsons* that America, apparently, can't get enough of. Having broken into Nielsen's top 20, *The Simpsons*—with the help of a snowballing national licensing effort, for which Fox is the rep—means much-needed exposure and revenue for Fox. The show is one more sign that the Fox Broadcasting Company, Fox Inc.'s quasi-fourth network, is parent company News Corp.'s brightest star in the United States.

"For fiscal year '89 [which ended last June], our most dramatic improvement would have to be FBC," says Chase Carey, the 36-year-old executive v.p. (with responsibilities including finance, legal and business development) of Fox Inc., which also includes the Fox Station Group, 20th Century Fox and 20th Television. "FBC went from a sizable loss, slightly under $100 million, to what we consider essentially break-even [a loss of $3 million]," he explains. The reason? With characteristic understatement, Carey notes, "We just improved our programming."

Carey, who joined the company in '88 from Columbia Pictures, faces a monumental task: keeping FBC on a winning streak at a time when News Corp. must shake off a $6 billion debt. Chairman and CEO Rupert Murdoch incurred the debt with a free-for-all buying binge in the late '80s, then piled on another $400 million in start-up and operating losses for his nascent Sky Television in the U.K. "Organic growth" is now the News Corp. mantra, and the same philosophy has filtered down to its entertainment division.

"The focus within Fox Inc. is to as aggressively as possible utilize the assets we have in place to continue to grow and expand," explains Carey. Examples of that, he says, are the company's plans to launch The Kids Network next fall, and its commitment to triple 20th Century Fox's in-house theatrical production. The division ranked seventh among the eight major studios last year, earning only 6.3 percent of the year's box-office take.

Other plans include an additional two nights of programming for FBC, a national Fox newscast and the construction of a TV center in Century City, which is currently under discussion with numerous community groups opposed to the project.

Certainly no other group of owned-and-operated TV stations is as pleased with its network's performance. The seven Fox stations—including recent acquisition KSTU in Salt Lake City—are expected to post a $30 million profit for fiscal '90, and have been a welcome bunker for Fox in its war with Disney over afternoon kids programming. Fox's syndication arm, 20th Television, is healthy thanks to $25 million a year in revenues from *A Current Affair*.

The standing of the syndication division, however, was in jeopardy until last month, when the FCC granted Fox a piece of its requested waiver of the financial interest and syndication rules (finsyn). Carey, who as part of the senior management team evaluated both the requested waiver and Fox president and CEO Barry Diller's 50/50 finsyn proposal, notes: "I have a difficult time getting excited about the waiver. Launching Monday night is exciting; figuring out how to expand our motion-picture business is exciting. While it's naive to say these rules don't have a significant impact on our ability to fulfill our plans [to go to seven nights a week], to a degree [finsyn] just seems inconsistent with the intent of why these rules were ever put in place."

With his various finance, legal and business development responsibilities, Carey could easily become tangled in a jumble of red tape. Instead, he says he tries to avoid bureaucracy. "Barry always accuses me of not writing things down," he laughs. "I like to deal with people on a face-to-face basis. The culture here is creative and fast. And while we may ask a lot of people, I think they'd rather work in an environment where there's too much to do rather than too little."

ROBERTA BERNSTEIN

fundamentals of the business are still very, very sound," he says. "If the public market for whatever reason continues to undervalue stock, over time the cable industry has to go private."

RICHARD KATZ

Brendan Clouston | **United Artists Ent.**

Brendan R. Clouston, executive vice president and chief financial officer for United Artists, joined the company from Tele-Communications Inc. at the tail end of 1986 in the midst of a civil war. TCI, the nation's largest MSO, had just invested heavily in UA, and some camps in the smaller cable operator were wary of the new management, headed by Stewart Blair and Clouston. One faction, the MIS (Management of Information Services) department, abruptly resigned as a unit.

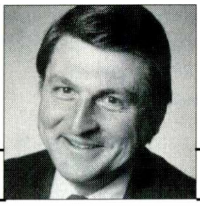
"In the first weeks of my arriving here, the group that produces all of our paychecks, manages all of our financial reporting and really provides all of the core information to run our business, walked out," says Clouston, who was responsible for banking relations and related financings at TCI from 1983 to '86. "It was like Poland after the Germans had left but before the Americans showed up." So Clouston's first problem was how UA's employees would get paid. "We were able to survive because our theater business is a cash business," he says. "We were able to take cash that was residing in our theaters to make payroll."

Not a year and a half later, Clouston was overseeing the financial aspects of the complicated UA/United Cable merger and the acquisition of Daniels & Associates' systems. The deal, completed last May, was a year in the making, the length of which Clouston attributes mostly to SEC issues. Clouston, a Montreal native and a U.S. citizen, likens the process of funneling the accounting and information systems of the three companies into one for the rapidly expanding UA, now the largest theater chain and third largest MSO, to "changing a tire on the car while you're still driving."

Because the deal racked up $2.7 billion in debt (compared to UA's '89 earnings of $1.2 billion), Clouston says his overall goal now is to financially deleverage the company: "We're very aggressively going about that through active sales [mostly theaters] and performance improvements in our core businesses." UA has sold or contracted to sell over $400 million of assets since the merger. Clouston adds that the leverage/cash-flow figure is the important issue. At the merger date, that figure was 7.6 to 1. It's now down to 6.5 to 1, and Clouston expects it to be at 5.5 to 1 in 1991.

UA's post-merger non-acquisition policy has created a more peaceful environment for Clouston. Nonetheless, future growth currently beckons in the form of overseas investments. UA currently has 1.2 million homes under cable franchise in the United Kingdom and plans to finish the year with over 1.4 million. Clouston thinks by 2000 U.K. cable will play a significant role on the company's bottom line. UA also distributes The Discovery Channel in Europe; Clouston predicts the channel will break even this year, its third year of operation.

Back in the U.S.A., UA must contend with Wall Street's recent hammering of cable stocks. Clouston says the changed attitudes will have one of two results: The regulatory and capital markets will stabilize and cable stocks will continue to rebound, or those companies hardest hit will get out of the public markets. "The predictability and fundamentals of the business are still very, very sound," he says.



George Smith Jr. | **Viacom**

George Smith Jr., senior v.p. and chief financial officer of Viacom Inc., sits in an office furnished only with a desk and a sea of cardboard boxes. Viacom is moving, and not—as some might have predicted in 1987, when the company's leveraged buy out was complete—to a small room over a shoe store. Instead, barely three years after Sumner Redstone borrowed the $2.1 billion he needed (of a total $3.2 billion) to purchase the diversified entertainment company, Viacom is setting up shop in a bigger, better—and to Smith's credit, cheaper—office building in midtown Manhattan.

Viacom is startlingly healthy. In 1989, the company's revenues increased 14 percent to $1.4 billion, and segment earnings from operations advanced 23 percent to $252 million. The value of its common stock has more than doubled since '87, from $1.190 billion ($22 3/8 a share in June '87) to $3.055 billion ($48 1/8 a share at the end of May '90). Most significant is the way the company has restructured its debt. Last year it signed a new ten-year, $1.5 billion unsecured bank agreement and, last month, the company was taken off the HLT (highly leveraged transaction) hit list. Viacom, with its debt already cut in half, has emerged unscathed from its LBO status.

Characteristically modest, Smith, Viacom's financial wizard, notes that he was merely the "orchestra leader who interpreted the strategy" set down by Viacom's financial team. "It's my job to decide how the balance-sheet engineering should be done to achieve the results decided upon," he explains.

Recalling the first tumultuous management meetings after the LBO back in '87, Smith says he knew that they had to "move, and move quickly. Our main challenge was to make enough capital available so that, when the right opportunity came along, we could take advantage of it."

Viacom's strategy included internal cash conservation goals (which generated $40 million in '87 alone) and the selling of a few selected assets: Viacom's interest in Orion Pictures, which went for about $44 million in '88, and the company's Long Island and suburban Cleveland cable systems, which sold for about $550 million. Last year the company also sold an equity position in its Showtime movie service to top cable operator Tele-Communications Inc.

The capital generated has cleared the way for some major acquisitions, including KJOI-FM Los Angeles. It's also allowed for new ventures, including HA! and the All News Channel. And Smith adds that Viacom has settled comfortably into first-run, thanks to the success of *Superboy* and *Super Mario Brothers*. Off-net syndication is healthy too—due mostly to the $515 million generated by the first syndication cycle of *The Cosby Show*.

With finances more in order, recent goals, according to Smith, have been to focus on "supporting and enhancing the company through our existing capital structure. I can't tell you the arguments that we have constantly about the capital allocation—everybody wants more . . . But this is good news, because it means their [divisions] are growing."

Even when tension due to the LBO debt was at its peak, Smith, a 13-year Viacom veteran, says he stayed calm: "My philosophy is to try to be proactive, not reactive. My agreement up front [with president and CEO Frank Biondi] was that there would be no surprises. . . . The objective here is to support the chosen strategy." R. B.

David Tomick | **Falcon Cable**

Balky bankers made Falcon Cable's purchase of First Carolina Corp.'s 97,000-subscriber cable system earlier this year what chairman Marc Nathanson calls the most difficult deal he's done in more than 20 years in the cable business. With banks now sensitive to highly leveraged transactions, some of them first cut their lending commitments to Falcon for the deal, then pulled out altogether. But in the end, Falcon, the nation's 15th largest MSO, pulled off the approximately $200 million in financing. Nathanson's point man for the deal was David Tomick, 38, Falcon's vice president for finance and one of the five people in Falcon's top decision-making team.

How did he do it? "Perseverance," says Tomick. "Marc and I were on the road for two consecutive weeks at one point, talking to every meaningful cable lender in the country." In the end, Falcon raised the money from finance companies—Heller Financial Inc., Sanwa Business Credit and Westinghouse Credit Corp.—not the usual funding sources, but without the highly leveraged lending problems of banks.

Tomick clearly knows his way around lenders, having been one himself in Chicago for 14 years, the last few loaning to media companies, including Falcon. Nathanson says he recruited Tomick both for his knowledge and his personality. Falcon, he says, "is a team effort rather than one where individual stars are grown, one where people chip in, not back-stab . . . or pass the buck."

Tomick says it was Falcon's entrepreneurial atmosphere and mostly privately held status (the company is structured around a number of partnerships, one of which is publicly traded) that attracted him. According to Tomick, First National Bank of Chicago had 14,000 employees; Falcon has only about 100 people in its holding company's L.A. offices. "I don't think I've written five memos in the last two years," he says. "If we have to make a decision, we sit down and do it."

Nathanson, an active, entrepreneurial chief executive, negotiates Falcon's purchases of cable systems with help from Tomick, upon whose financing arrangements the deals depend. Tomick technically reports to Stanley Itskowitch, exec. v.p., corporate development head and general counsel of the Falcon Holding Group. Once Tomick puts together a financing deal and Itskowitch works out the legal aspects, they hand daily administration of the loans off to Michael Menerey, chief financial officer. Menerey reports, in turn, to Frank Intiso, exec. v.p. and COO.

With the First Carolina acquisition, Falcon has reached 800,000 subs, the minimum size Tomick says is needed to achieve the economies of scale necessary to survive in a consolidating industry. Tomick says Falcon will now concentrate on improving operations at its existing systems. The likelihood that Tomick may not be called upon to do any deals for a while doesn't seem to bother him. "I'm having a lot of fun . . . in this entrepreneurial environment," he says. "I get to make a lot of decisions. Or, if not decisions, I get to have a lot of input." NEAL KOCH

Barry Wolper | **Osborn Comm.**

Osborn Communications Corp. is no media giant, but its balance sheet could be the envy of any Fortune 500 company. In one year, it went from a debt-to-equity ratio of 8:1 to 1:5. At the same time, it kept investing in private companies as part of a strategy to cushion Osborn's shareholders from risk if its radio and TV stations go south.

Talking to the man who executed the deals that turned Osborn's balance sheet around is not unlike being in a Jimmy Stewart movie. Those who know Osborn's senior vice president of finance, Barry Wolper, agree: He's one of the most affable, self-effacing executives in the industry.

Ask Wolper who's responsible for making Osborn a popular media play on Wall Street, and he's quick to disown his part—and even quicker to credit others, even though he has been financial adviser to Osborn president and chief executive officer Frank Osborn since 1984.

"Frank had the money and ideas. I pride myself on being able to spot that—certainly I spotted a potential fee-paying client," Wolper says. The professionalism and dedication behind such self-deprecating humor have won him accolades from financial analysts. "He spends a lot of time in the field at properties. For a CFO to be out in the field a lot, to be involved operationally, is not the norm," says W. Mark Dunkel of Robinson-Humphrey Co.

Wolper began advising Frank Osborn while at Leslie Suffrin & Co., where he helped execute Osborn's plan of reducing risk by buying equity in private companies. He devised the strategy while a senior v.p. at Price Communications.

Last year Wolper utilized Osborn's blueprint in the formation of Northstar Television Group, in which Osborn holds a 32 percent equity interest. Osborn Comm. had previously purchased one TV station outright, but any further investments in TV will come through Northstar, Wolper says. His reason: Osborn has already made back its combined $820,000 investments in Northstar and Fairmont Communications, an eight-station radio group similarly structured, through $250,000 annual fees Osborn receives for managing both firms. Osborn owns 25 percent of Fairmont (and owns nine additional radio stations outright).

Wolper's reputation has been burnished by a successful public stock offering and by his acumen in the radio marketplace: Osborn cleansed its balance sheet by raising $18 million through the sale of four radio stations a year before that market collapsed. "They sold their properties at a very good time," says Robert Bolen, v.p. of research at J.C. Bradford.

Don't ask Wolper to take credit for any of that. When pressed, Wolper replies: "My role has been one of implementation or execution. . . . It's not going to compete with Frank or Bob Price. You're talking about two people who have an extraordinary sense of the financial world and what is possible—and what is not possible." ANDY GROSSMAN

THE CHANNELS

ACHIEVERS

MAKING IT WORK: OVERSEAS

No Place Like Home

American programs rake it in overseas, but equity investments are another story. By Kevin Pearce

Time Warner's psychedelic, day-glo annual report—entitled "WHY?"—contains more than a few references to "profound world changes," global "prophecies," and the "public consciousness" and spirit of the 21st century. To read it, you'd think the idea to merge Warner Communications and Time Inc. into the world's largest media company came to the board of directors in a dream. "*Globalization*," a voice might have whispered to chairmen Steve Ross and J. Richard Munro last year, "*If you merge them, it will come.*"

The report makes it clear on page one: For American companies, it's globalize or perish. "No serious competitor could hope for any long-term success," it says, "unless, building on a secure home base, it achieved a major presence in all of the world's important markets."

But for most of the companies on 1990's Achievers list, said major presence has not been easy to realize. Indeed, despite all the hoopla about the international television explosion, the U.S. seems to be a better place for foreign investors than Europe is for Americans.

International media players like News Corp., Maclean Hunter, Sony, Qintex and Pathé (all represented on the Achievers list) have found billion-dollar investments to their liking in the States. But except for programmers, who have seen a big surge in the international back end, Americans have been stymied in attempts to buy into the burgeoning markets in Europe and the Pacific Rim.

Which isn't to say Americans aren't trying.

Take the case of General Electric subsidiary NBC. Two years ago, GE chairman Jack Welch and NBC president Bob Wright considered investing in European television, but ran into a common roadblock—they couldn't locate any big deals. There were no $500 million acquisitions available.

Early last year, J.B. Holston III, the network's v.p. and general manager of business strategy and international development, took a different tack. In quick succession, NBC picked up minority stakes in news service Visnews (for about $10 million), brand-new channel TV3 in New Zealand (another $10 million) and Qintex, the parent of Australia's Seven Network (an option for up to 15 percent, priced at a reported $100 million).

But by late summer, Qintex was effectively bankrupt. Then, this May, just five months after its launch, TV3 was placed in receivership. NBC had wanted to pump more money into the venture, but failed in a bid to increase its equity stake beyond the legal limit of 15 percent, a cabinet-level government decision that surprised many New Zealanders. The Americans exercised their buy-out option, selling the shares back to the Kiwis.

The difficulties afflicting NBC's foreign interests are common to international TV. Regulation of television in most countries is convoluted and unpredictable. Equity investments are expensive, hard to find and also unpredictable.

Still, more Achievers than ever are looking at minority interests overseas. Capital Cities/ABC, a longtime Euro-TV enthusiast, maintains a 25 percent interest in European satellite network Screensport and over the past year has picked up interests in production companies in Spain (Tesauro), France (Hamster) and Germany (a 50 percent stake in Tele-Munchen, worth a reputed $40 million). According to Herb Granath, president of ABC Video

ILLUSTRATION BY THEO RUDNAK

Enterprises, partners are useful not only as investments, but because they can "help maneuver through Europe and identify opportunities before others are aware of them."

Paramount has followed a similar course by buying a 49 percent piece of British TV producer Zenith, and Time Warner has reportedly been dangling a $10 million investment in front of Zurich-based European Business Channel. Most of these investments don't have much impact on the American companies' bottom lines, but some might act as bridges into bigger involvement down the line.

Others are less optimistic about these deals. "I'm highly skeptical as to what the presence of a 15 or 30 percent investment gets you," says Frank Biondi, president and CEO of Viacom. Outside the U.S., Biondi has been concentrating efforts on Viacom's two strong international units, which generate about 12.5 percent of total company revenues: foreign program distribution and satellite-delivered MTV Europe. Viacom recently upped its interest in MTV Europe to 49.99 percent by buying out British Telecom's 24.9 percent for $13.6 million.

Intercontinental Flight Plans

Company:	Strategy:
Disney	Producing local Disney blocks in each country as a national entity; Cross-promotion with Euro Disneyland in '92.
Viacom	Capitalizing on MTV's international brand recognition by expanding network and upping stake in MTV Europe to 49.99 percent.
ABC	Equity investments in Screensport and production companies Tele-Munchen (Germany), Hamster (France) and Tesauro (Spain).
United Artists	Holding U.K. cable franchises representing 1.3 million homes; partner in Discovery Channel Europe.

Though the music network, delivered through a patchwork of terrestrial, cable and satellite channels, lost about $10 million last year, directors estimate that it will break even in 1990, a little ahead of schedule.

"We have not seen any dramatic, strategic way to play the emerging media in Europe, except in the ways we're doing it," Biondi says. "I think that the realities of life are that, with the possible exception of the refranchising of British cable, you're not going to run a network of any consequence in any individual country as an American company."

A handful of other cable networks have tried to clone themselves abroad, most with modest results. Turner Broadcasting's CNN is available in 95 countries, but since it's found mostly in hotels, it's more a marketing strategy than a revenue builder. United Artists Entertainment expects its European Discovery Channel co-venture to break even this year. Cap Cities/ABC's ESPN has had mild success selling its signal in Latin America and elsewhere.

So did someone throw a party in Europe and forget to invite the U.S.? Not exactly. Programmers with big libraries have been whooping it up on the Continent since the privatization/deregulation boom began in the mid-'80s.

According to estimates from a report published last year by Furman Selz analyst Robert Wiley, Columbia Pictures will make $325 million in foreign TV revenues this year, compared to $95 million in 1987; Time Warner will surpass $400 million, up from $195 million. MCA will hit $370 million, up from $190 million, and Disney will make $105 million, compared to $55 million in '87. Surges like these have led to wild talk about future program sales.

To many smaller, independent programmers, the international market represents a big chunk of overall revenues. In 1989, Spelling subsidiary Worldvision, which had earlier caused a sensation by importing *Dallas* to the Old World, reaped over $42 million in international syndication revenues. Domestic syndication accounted for only $25.3 million.

But Bert Cohen, executive vice president of Worldvision, warns against getting too sanguine. "There isn't a windfall going on there," Cohen says. "What we're seeing is a marketplace that has had very steady and strong growth. For companies that have never sold programming internationally, selling one program is a windfall. They're saying there's a gold rush on. There is no gold rush." He forecasts 15 to 25 percent growth, maximum, through 1992.

King World, a distributor without a large library, found another way to capitalize on European growth. Through licensing deals, versions of *Wheel of Fortune* and *Jeopardy!* are locally produced throughout Europe. The programs are proven performers, and, since they're indigenous, immune to import quotas.

Disney also produces specialized programming in individual markets. Company experts go into each country, working with a broadcaster there to develop a program block called, generically, *Disney Club*. The clubs air in Europe's major markets, forming a loose network that could eventually lead to a pan-European advertising opportunity.

For long-term strategy, this year's Achievers found their greatest opening in cable operation. Hoping to repeat cable's Cinderella performance in the States, United Artists, Comcast, Time Warner's ATC, Maclean Hunter and Jones Intercable plan to risk big money on cable in the U.K. Franchises have been awarded to those companies representing nearly 4,000,000 homes.

It's a big risk; at year's end, cable penetration in Britain was a measly .4 percent, and future programming for cable was a question mark. Building in the U.K. will also be expensive; a Coopers & Lybrand study estimates that passing 100,000 homes will cost $50 million to $70 million. According to United Artists CFO Brendan Clouston, it will take at least a decade to cable the region. "We're talking about the building of an entire infrastructure over there—some 50 million homes—and that's going to take a lot of time and a lot of money," he says.

On the nearer horizon, there's still the possibility that an American firm could find a big-time aboveground investment in Europe. Rumors persist that Paramount has offered $17 million for 45 percent of Superchannel, the failing pan-European satellite network. The proposed sale of Scandinavian pay channel FilmNet for $300 million sparked interest from Warner, Universal, MGM/UA and Paramount.

And, for really big, there's always a chance that some well-heeled American could chip in on British Satellite Broadcasting's roll out. The high-powered DBS programming service, launched in April, faces a costly battle with Rupert Murdoch's year-old Sky Television service. It's already the second most expensive start-up in British history—the first was the English Channel tunnel. •

Kevin Pearce is U.S. senior editor of Television Business International.

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PERFORMANCE

Broadcast

Annual reports from TV-station owners in 1989 sounded like a broken record: continuing audience fragmentation and a tough advertising market made the halcyon days of the mid-'80s a distant memory. The few broadcast companies that had banner years in '89 came by them mainly through special circumstances, be they station sales, buy-outs or improved economies in depressed areas. Escalating program costs still haunted bottom lines, although some groups, including leaders Pulitzer Publishing and Lee Enterprises, say costs are beginning to moderate. Even the leader faltered—operating cash flow at Pulitzer's TV stations fell by 9.3 percent. Income at Lee climbed by 32 percent due to cost-cutting, and A.H. Belo's Texas stations benefited primarily from an improved local economy.

ROE Rank	Company	Return on Equity (ROE) 1989	1988	Debt/Equity 1989	1988	Debt/Equity Rank 1989
	Average	-0.02	-0.00	0.35[1]	0.60[2]	
1	Pulitzer Publishing	0.31	0.58	1.78	3.63	16
2	Lee Enterprises	0.24	0.24	0.43	0.44	11
3	CBS	0.12	0.13	0.33	0.39	10
4	LIN Broadcasting	0.12	0.19	0.00	0.01	1
5	A.H. Belo	0.10	0.04	1.25	1.39	15
6	Park Communications	0.10	0.11	0.31	0.36	9
7	American Family	0.10	0.17	0.30	0.27	8
8	Gray Communications	0.10	0.08	0.00	0.00	1
9	Stauffer Communications	0.07	0.06	0.20	0.25	6
10	New York Times	0.07	0.19	0.27	0.37	7
11	Durham Corporation	0.06	0.06	0.13	0.18	5
12	Liberty Corporation	0.04	0.08	0.80	0.83	14
13	McGraw-Hill	0.02	0.06	0.43	0.00	11
14	United Television	-0.01	-0.01	0.00	0.98	1
15	Osborn Communications	-0.14	-0.58	0.58	3.07	13
16	Clear Channel Communications	-0.17	0.12	30.00	2.94	19
17	Heritage Media	-0.30	-0.78	2.58	7.77	17
18	Chris-Craft	-0.55	0.11	0.03	2.22	4
19	Telemundo Group	-0.63	-1.01	3.42	6.50	18
20	American Communications and TV	NM	NM	-1.26	-1.50	23
20	Burnham Broadcasting	NM	NM	-1.05	-5.66	22
20	Outlet Communications	NM	NM	30.67	-19.74	20
20	Price Communications	NM	NM	-2.00	-3.00	24
20	TVX Broadcast Group	NM	NM	-0.74	-0.85	21

NM = Not meaningful. [1] Excludes Clear Channel Communications and Outlet Communications. [2] Excludes Heritage Media, Telemundo Group, Burnham Broadcasting and Outlet Communications.

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PERFORMANCE

Cable

Due to the unique financial underpinnings of most cable businesses, return on equity and debt-to-equity figures give a misleading picture of their health. A comparison of the average -.13 return on equity and .75 debt-to-equity ratio suggests that things are getting worse in the industry, but revenue growth statistics are more relevant. They paint a brighter picture. The buying and selling of cable systems was a big reason why most companies in the group exhibited healthy revenue increases. Acton Corporation, for example, attributes some of its 25.3 percent revenue surge to the sale of a South Carolina operation, while a New Jersey system purchase contributed to a 17 percent rise in revenue at Knight-Ridder's TKR Cable unit.

ROE Rank	Company	Return on Equity (ROE) 1989	Return on Equity (ROE) 1988	Debt/Equity 1989	Debt/Equity 1988	Debt/Equity Rank 1989
	Average	-0.13[1]	-0.05[1]	0.75[2]	0.51[3]	
1	American Television and Comm.	0.23	0.20	2.19	2.37	10
2	TCA Cable TV	0.16	0.15	3.42	0.81	11
3	Maclean Hunter	0.15	0.17	0.07	1.36	3
4	Knight-Ridder	0.14	0.19	0.72	0.88	7
5	Financial News Network	0.08	0.16	0.10	0.00	5
6	QVC Network	0.03	0.27	1.91	0.38	8
7	Acton Corporation	-0.01	-0.01	0.39	0.48	6
8	Playboy Enterprises	-0.10	0.01	0.09	0.09	4
9	Home Shopping Network	-0.16	0.11	2.04	2.32	9
10	United Artists Entertainment	-0.17	-0.08	3.62	9.71	12
11	Tele-Communications Inc.	-0.32	-0.10	9.00	5.14	14
12	Jones Intercable	-0.39	-0.06	5.19	2.03	13
13	Video Jukebox Network	-0.63	-0.77	0.00	0.00	1
14	Comcast Corporation	-0.89	-0.23	13.14	9.71	15
15	Nostalgia Network	-1.35	-1.27	0.00	0.00	1
16	Adelphia Communications	NM	NM	-3.82	-6.87	16
16	Cablevision Systems	NM	NM	-4.71	-4.65	17
16	Century Communications	NM	-0.70	-24.04	70.64	19
16	Falcon Cable Systems	NM	-0.07	-20.24	3.81	18

[1] Excludes Nostalgia Network. [2] Excludes Tele-Communications Inc., Comcast Corporation, Century Communications and Falcon Cable Systems.
[3] Excludes United Artists Entertainment, Comcast Corporation and Century Communications. NM = Not Meaningful.

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Diversified

Size and a mix of businesses partially insulate the diversified media companies listed below against the marketplace. Compared to other segments of the media industry, the diversified companies have a relatively high return on equity and a light debt burden. Their operations generate a great deal of cash, and most can enter the '90s with manageable debt because they resisted the temptations of junk in the '80s. Among those companies with a debt-to-equity ratio of greater than 1.0, only Great American seems to be struggling under the load. Multimedia is ahead of its debt payment schedule, and Viacom has reduced its ratio from 6.39 to 5.01. The success of TNT should improve results for Turner in '90. Time Warner's numbers are the result of the $11 billion cost of merging.

ROE Rank	Company	Return on Equity (ROE) 1989	Return on Equity (ROE) 1988	Debt/Equity 1989	Debt/Equity 1988	Debt/Equity Rank 1989
	Average	0.04	0.05	0.47[1]	0.25[2]	
1	Walt Disney	0.23	0.22	0.27	0.18	5
2	Tribune	0.22	0.18	0.82	0.55	12
3	Washington Post	0.21	0.18	0.16	0.18	3
4	Gannett	0.20	0.20	0.46	0.64	6
5	General Electric	0.19	0.18	0.77	0.82	11
6	Times Mirror	0.16	0.17	0.48	0.52	7
7	Capital Cities/ABC	0.15	0.13	0.51	0.56	8
8	E.W. Scripps	0.13	0.12	0.65	0.75	10
9	MCA	0.12	0.10	0.61	0.73	9
10	Westinghouse	0.12	0.22	0.83	0.69	13
11	Jefferson-Pilot	0.09	0.08	0.00	0.00	1
12	Meredith	0.09	0.13	0.06	0.05	2
13	Media General	0.08	0.03	1.07	1.09	15
14	Paramount Communications	0.07	0.17	0.19	0.61	4
15	News Corporation	0.07	0.07	0.92	0.85	14
16	Time Warner	-0.06	-0.42	1.60	1.07	16
17	Viacom	-0.40	-0.40	5.01	6.39	17
18	Great American Communications	-0.88	-0.46	7.65	6.26	18
19	Multimedia	NM	NM	-1.54	-1.48	19
19	Turner Broadcasting System	NM	NM	-3.91	-3.36	20

[1] Excludes Great American Communications. [2] Excludes Viacom and Great American Communications. NM = Not Meaningful.

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Production

Top notice this year goes to King World, which rebounded to first place in return on equity from last in 1988, and to Vestron, which fell from second to last. King World's earnings grew more than 25 percent over '88, yielding an ROE of 122 percent. Its last place listing in '88 was due to borrowings for a stock buy-back, which produced a negative net worth. By contrast, Vestron's public shareholders were nearly wiped out as the company's *Dirty Dancing* dollars evaporated. Overall, in a tougher industry climate, slightly over half of the companies in the segment posted worse returns on equity in '89 than in '88, pulling the adjusted industry average down into negative territory at minus 3 percent.

ROE Rank	Company	Return on Equity (ROE) 1989	Return on Equity (ROE) 1988	Debt/Equity 1989	Debt/Equity 1988	Debt/Equity Rank 1989
	Average	-0.03	-0.04	0.95	0.76	
1	King World Productions	1.22	NM	1.44	-4.17	12
2	Dick Clark Productions	0.14	-0.16	0.00	0.00	1
3	All American Television	0.11	0.04	0.00	0.00	1
4	Carolco Pictures	0.10	0.28	1.23	0.68	9
5	Orion Pictures	0.08	0.08	2.58	2.40	14
6	Spelling Entertainment	0.06	0.28	0.29	0.28	5
7	Republic Pictures	0.05	0.02	0.53	0.36	7
8	New Line Cinema	0.03	0.21	1.10	0.44	8
9	Imagine Films Entertainment	0.03	-0.21	3.64	2.71	11
10	Columbia Pictures Entertainment	0.02	-0.10	1.32	1.07	16
11	Nelson Holdings	0.00	-0.82	0.16	1.04	4
12	MGM/UA Communications	-0.23	-0.23	1.27	3.08	10
13	Fries Entertainment	-0.23	0.00	2.08	1.32	13
14	Reeves Communications	-0.28	0.09	0.36	0.51	6
15	Heritage Entertainment	-0.30	0.00	0.00	0.12	1
16	Qintex Entertainment	-1.20	-0.25	3.09	0.98	15
17	Vestron	NM	0.07	-2.93	2.16	17

NM = Not Meaningful.

The TV Prognosis

A look at obstacles and opportunities in the second half of 1990 and beyond.

ECONOMY: Weighing Mixed Signals

The conventional wisdom on new taxes has shifted from whether they'll come to when and in what form. What remains a question mark is whether the economy is temporarily stalled or officially in a recession.

Projections for the TV economy for the remainder of 1990 mirror the uncertainty in the economy at large. Much of the news for the latter is depressing—recent government reports show declines in industrial output, housing starts, retail sales and private employment. Inflation has crept up from 6.5 to 6.7 percent. The GNP rose only 1 percent in fourth-quarter '89 and 2 percent in first-quarter '90. Some in Washington now think raising taxes to come within $10 billion of the Gramm-Rudman target of $64 billion in deficit reductions might hurt the economy—talk of permanently "adjusting" Gramm-Rudman is rife.

Despite such news, other positive indicators have most economists saying we're not in a recession and won't be in '91 or '92, either. April's increase of .2 percent in the consumer price index was the lowest since September. The prime interest rate has topped out at 10 percent, and stock prices continue to set records. The first-quarter trade deficit was the smallest in six years. And in May, according to the *New York Times*, 50 economists polled by Blue Chip Indicators projected 2 percent growth in '90 and 2.3 percent in '91 for the economy as a whole.

Are we over the worst of the economic "slowdown"? If we are, advertising should mirror the general economy's recovery. In '89, broadcast ad revenues totalled $24.06 billion, while cable grabbed $1.49 billion, according to Television Bureau of Advertising estimates. Projections for this year are $25.67 billion and $1.8 billion, respectively. Last December, Robert Coen, senior v.p., forecasting, at McCann-Erickson, projected overall advertising growth of 6 percent for 1990, though at mid-year that seems optimistic. Advertising should benefit, however, from gradual improvement in retail sales and durables in the second half. In a year of economic uncertainty, an optimist can take such news as signs of a better 1991. MARK SCHONE

NETWORKS: Program Dares

It didn't take another 3 percent drop in Big Three network viewing this season to convince the majors that it was time to try something different. Fears about eroding viewership had already spawned a rethinking over the last few years about how to grab and hold viewers—and whether other businesses could help cover network bets.

CBS president and CEO Larry Tisch has remained most adamant about winning with broadcasting. He's put some of his money where his mouth is by spending more than $3.5 billion on a never-ending supply of sports extravaganzas. This year he'll see whether that strategy—and the talents of Jeff Sagansky, the new entertainment division president—can help extricate CBS from the ratings basement.

With a lock on the top spot in ratings, NBC might seem like the candidate for sticking with what's working. But there are chinks in the armor, as the network this year faces lowered projections for ad sales, additional employee cutbacks and doubts about the long-term strength of its prime-time programming. That's partly why the hoped-for, but still unrealized, success of its CNBC cable network and expansion in regional cable possess especial import. Capital Cities/ABC provides the best lesson in bet-hedging, earning, at least through '89, more with its wholly-owned ESPN cable channel than with the ABC network.

On the heels of a tiny 1.1 percent gain in billings last year to $9.4 billion, network TV revenues should hit $10 billion this year, according to Paul Kagan Associates, a gain of 6.5 percent, largely pegged to spot price hikes. But that strategy will continue to push advertisers to alternative media, further strengthening the competition. Analysts at Wertheim Schroder & Co. expect the upfront season to generate sales exceeding $4 billion, up from $3.8 billion in '89. Yet the crucial question remains: Can the networks find the programming answers that will stave off further audience decline? Advertisers widely hailed program development for the 1990-91 season as the most adventurous in years, but now it's up to the public to provide a real prognosis for the Big Three. STEVEN BESCHLOSS

CABLE PROGRAMMERS:
Fee Fights

Cable programmers may try to find out this year how far they can push cable operators in accepting higher license fees to support expensive sports and other cable-exclusive programming. Unfortunately for programmers, with pressure growing to keep a lid on basic rates, operators are resisting higher license fees or are turning to tiering. Moreover, new networks are finding it difficult to get affiliates, both because of tight channel space and a reluctance by MSOs to spend more on license fees until they see what's coming from Washington. "You ask [operators] what's involved in their decision to add a channel—Number one, it's 'I've got to find out what's going to happen in the regulatory arena,' " says Lee Clayton, a vice president at Bortz & Co., a media and pro-sports consulting firm.

Sports programmers may feel the pinch first. Some MSOs, who feel thay are being held hostage to escalating rights fees, are threatening to withhold carriage of part of the $900 million NFL package on Turner Network Television and ESPN this fall rather than pay surcharges totaling more than 25 cents a sub each month. Another operator strategy, tiering, represents a potential threat to the networks' advertising base, which makes up two-thirds of their revenues. Ad revenues are expected to reach $1.8 billion this year, up from $1.5 billion in 1989, says Paul Kagan Associates. (Kagan predicts operating profits will pass $600 million.) And while operators are nervous about having to subsidize pricey off-network series and movie packages, the networks insist increased ad revenues can support their purchases.

Networks have their complaints as well. "They all feel overlooked in terms of promotion. They don't think they get enough help from the operators," says consultant Pete Gatseos of Gatseos & Associates.

The ratings story is cheery, at least: Made-for-cable movies now average better than a 4, and one USA Network film, *The China Lake Murders*, earned an 8.4 in February. ANDY GROSSMAN

PRODUCTION:
Creative Costs Climbing

Hollywood has a clear mandate, and it's the implementation of the broadcast networks' strategy to combat audience erosion: The studios have to come up with inventive programs to grab and hold viewers. As a result, the price of top writer-producer talent will continue to soar. For instance, Sony's Columbia Pictures TV recently cut a deal with *Married . . . With Children* executive producers Michael Moye and Ron Leavitt for a rumored $32 million, and signed producer James Brooks to an arrangement giving him tremendous (if not unprecedented) creative latitude. A period of relative labor peace, meanwhile, will be threatened by anxiety over the fallout of Carsey-Werner's deal to have NBC, in essence, pick up all of the production deficits for *The Cosby Show*. All this while studios claim double-digit annual growth rates in production costs compared to relatively stagnant network license fees.

For their part, some first-run syndication producers will cope with audience fragmentation with low-budget shows that can survive on small ratings but desirable demographics, the way Paramount's *The Arsenio Hall Show* has with ratings in the 3.8 range. They'll offer top talent lower salaries in exchange for bonuses based on ratings, or profit percentages. Kids' TV is hot in syndication, so spending on animation will be high. Ancillary revenue—from merchandising, home video sales and theme parks—can help offset the steep costs.

The biggest issue for the studios, however, will continue to be the networks' push to end regulatory restrictions on their ability to own and syndicate the shows they air. A complete resolution is unlikely much before the rules lapse in November.

NEAL KOCH

CABLE OPERATORS:
Too Many Questions

Cable operators spent the first half of 1990 suffering from fear of the unknown—mostly regarding Washington—and the eventual passing of a bill won't clear up their uncertainty. "Institutional investors are worried about the long-term threat from [proposed DBS venture] Sky Cable," says analyst Ken Goldman of Hanifen Imhoff Inc. "That will remain overhanging long after reregulation is put to bed."

The credit markets, with banks laboring under new restrictions on highly leveraged transactions, have offered little consolation. At a Paul Kagan Associates seminar this spring, Lazard Freres & Co. general partner Steven Rattner predicted only a "handful" of the $2 billion worth of deals on the table at the time would be completed. System prices have fallen 20 to 30 percent from last year's high of $2,328 a subscriber, Kagan estimates.

Yet Kagan also predicts that local advertising will grow from $496 million to $635 million this year, and that the pay-per-view universe will total 25 million homes by 1992.

The hot issue of tiering inspires another mixed prognosis. MSOs have begun launching so-called "lifeline" or "economy basic" options, typically offering minimal program menus—mainly over-the-air channels—for about $10, while pricing what is now known as basic in the $20 range. Historically, most subscribers have opted for the higher-priced tiers. But tiering is a marketing nightmare. "We in the industry are so familiar with the channels we forget a significant portion of the consumer base is not, except for big names. To sit there and ask them what channel they want to pay for in a package is complicated," says Lee Clayton, v.p. at consultant Bortz & Co.

A.G.

STATIONS:
Patience, Patience

There's still no clear sign when the TV station economy will return to a healthy economic orbit. After a strong showing in fourth-quarter '89 and the first two months of '90, the market flattened out, and most observers now say it will be another year before national spot and local spending show consistent upward movement.

What stations need most is patience. Competing media—newspapers, magazines, even direct mail marketers—aren't faring any better. The danger is that broadcasters will panic and begin slashing prices, resorting to cannibalism to sell ads.

The one bright spot on the horizon is political spending in this congressional and gubernatorial election year. The Television Bureau of Advertising expects $200 million in campaign advertising to fill station coffers this year. But the infusion is temporary, and will, for the most part, be felt by affiliates in those few states with hot races—Texas, California and Florida, for instance.

Despite an unimpressive 1989, TvB is relatively bullish on 1990, forecasting that national spot will be up 6 percent and local 7 percent. Yet nothing's happened so far to justify more than a 3 percent uptick in either category.

TvB appears to be staking its 1990 forecast on the strength of two major categories—automotive and packaged-goods. Without citing any specifics, the Bureau anticipates a movement of promotional dollars for packaged-goods back into advertising, especially television. As for automotive, the category was off 12 percent in local spending in 1989, but up 12 percent in national spot. In the first few months of 1990, automotive was down in both categories, and cars are sitting unsold on lots across the USA. If automakers turn to TV to move inventory, stations will surely benefit.

JACK LOFTUS

THE CHANNELS

ACHIEVERS

STOCK WATCH

Street Action

The stock performances of publicly traded Achievers companies over the last year.

Broadcast	4/30/90	4/28/89	% Change
TVX Broadcast Group	$5.13	$3.00	71.0%
American Comm. and TV	0.06	0.04	50.0
Liberty Corp.	47.75	36.50	30.8
Osborn Communications	11.00	8.50	29.4
A.H. Belo	32.63	29.63	10.1
Telemundo Group	6.25	5.75	8.7
Clear Channel Comm.	14.25	13.25	7.5
Stauffer Communications	146.00	138.00	5.8
Park Communications	21.50	30.75 A	4.9
Durham Corp.	33.00	32.75	0.8
United Television	33.75	33.75	0.0
Pulitzer Publishing	27.25	28.00	-2.7
Lee Enterprises	27.00	28.25	-4.4
Chris-Craft	33.88	35.50	-4.6
CBS	181.88	195.88	-7.1
Heritage Media	4.00	5.00	-20.0
New York Times	21.50	28.88	-25.6
American Family	13.88	18.88	-26.5
McGraw-Hill	52.25	74.75	-30.1
Price Communications	3.75	7.00 B	-33.0
LIN Broadcasting	63.50	95.50	-33.5
Outlet Communications	19.25	29.25	-34.2
		Broadcast Average	-0.1%
		S&P 500	12.0%

Diversified	4/30/90	4/28/89	% Change
Turner Broadcasting Sys.	$44.63	$32.35	38.4%
Capital Cities/ABC	555.75	417.00	33.3
General Electric	64.00	48.88	30.9
Walt Disney	110.50	85.13	29.8
Westinghouse	71.88	58.63	22.6
Jefferson-Pilot	37.75	34.50	9.4
Washington Post	235.50	240.00	-1.9
MCA	55.00	56.75	-3.1
Viacom	45.50	49.38	-7.9
Paramount Communications	47.50	53.75	-11.6
Gannett	36.88	42.25	-12.7
Tribune	39.50	45.50	-13.2
Media General	28.00	34.88	-19.7
Multimedia	77.50	99.00	-21.7
Times Mirror	29.63	38.13	-22.3
E.W. Scripps	16.50	21.75	-24.1
News Corp.	14.38	19.63	-26.7
Meredith	27.63	33.25	-30.1
Great American Comm.	6.88	11.38	-39.5
Time Warner	88.33	T-122.50 W-49.13	NA
		Diversified Average	-3.7%
		S&P 500	12.0%

Cable	4/30/90	4/28/89	% Change
Video Jukebox Network	$6.25	$2.94	112.6%
Home Shopping Network	7.38	5.88	25.5
Knight-Ridder	47.38	46.38	2.2
Financial News Network	7.13	7.75	-8.0
Playboy Enterprises	12.75	14.50	-12.1
QVC Network	9.63	12.38	-22.2
Comcast	11.75	22.75 C	-22.5
TCA Cable TV	14.00	37.00 D	-24.3
Tele-Communications Inc.	12.63	34.88 E	-27.6
Falcon Cable Systems	14.38	19.88	-27.7
Maclean Hunter	8.75*	12.25*	-28.6
American TV and Comm.	32.75	46.75	-30.0
Acton Corporation	12.25	21.38	-42.7
Cablevision Systems	23.50	42.13	-44.2
Century Communications	7.25	19.88 F	-45.3
Jones Intercable	8.25	16.88	-51.1
Nostalgia Network	0.88	2.06	-57.3
Adelphia Communications	10.50	26.25	-60.0
United Artists Ent.	12.75	36.25	-64.8
		Cable Average	-22.5%
		S&P 500	12.0%

Production	4/30/90	4/28/89	% Change
Nelson Holdings	$6.88	$0.88	681.8%
Qintex Entertainment	0.50	5.20	90.4
New Line Cinema	10.25	7.13	43.8
Imagine Films Ent.	14.00	10.75	30.2
King World Productions	33.50	26.38	27.0
Carolco Pictures	11.25	9.63	16.8
Dick Clark Productions	5.50	5.00	10.0
Spelling Entertainment	8.25	7.63	8.1
Orion Pictures	19.88	19.25	3.3
MGM/UA	18.63	18.13	2.8
Republic Pictures	8.25	10.50	-21.4
Fries Entertainment	1.75	2.38	-26.5
Heritage Entertainment	0.88	1.50	-41.3
Vestron	0.63	5.50	-88.5
Columbia Pictures Ent.	NA	18.50	NA
Reeves Communications	NA	4.88	NA
		Production Average	+52.6%
		S&P 500	12.0%

Compiled by David Kasdan. * - In Canadian Dollars. A - Three-for-two stock split, paid 9/89. Percent change reflects split. B - Five-for-four stock split, paid 6/89. Percent change reflects split. C - Three-for-two stock split, paid 10/89. Percent change reflects split. D - Two-for-one stock split, paid 6/89. Percent change reflects split. E - Two-for-one stock split, paid 9/89. Percent change reflects split. F - Three-for-two stock split, paid 8/89. Percent change reflects split.

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Sale represents 126,000 subscribers.
DANIELS & ASSOCIATES

Centel Cable Television Company
Southeastern Florida Group
Has been acquired by
Adelphia Communications Corp.
Sale represents 125,000 subscribers.
DANIELS & ASSOCIATES

Centel Cable Television Company
Michigan Group
Has been acquired by
C-TEC Corporation
Sale represents 108,800 subscribers.
DANIELS & ASSOCIATES

Centel Cable Television Company
Central Florida Group
Has been acquired by
American Television & Communications Corp.
Sale represents 100,000 subscribers.
DANIELS & ASSOCIATES

Centel Cable Television Company
Ohio Group
Has been acquired by
Warner Cable Communications Inc.
Sale represents 76,900 subscribers.
DANIELS & ASSOCIATES

Centel Cable Television Company
Kentucky Group
Has been acquired by
Simmons Communications Inc.
Sale represents 63,000 subscribers.
DANIELS & ASSOCIATES

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Cable's Rush To Customize

The ratings services are unlocking the data vaults for local cable sellers.

BY AL JAFFE

Arbitron may have taken the lead this spring with a new audience measurement service for local cable, but individual systems have found ways to mine the hidden gold in the Nielsen data bank for more effective sales presentations.

In one case, an experienced account executive at a Florida interconnect is using software of his own design to massage multiple Nielsen runs and pinpoint individual cable network ratings within narrow time periods. A system in Texas is doing close to the same thing—though for different reasons—with software it requested from the research house.

Meanwhile, systems are responding enthusiastically to an Arbitron service announced earlier this year dubbed Cable Target AID, the tail-end letters standing for Arbitron Information on Demand. With AID, Arbitron is opening up its bank of raw viewing data to subscribers and letting them play around with the numbers at their own desks.

As Arbitron and Nielsen open their data warehouses in an effort to win new customers, cable systems are finding they can prepare sales pitches loaded with more specific information than ever before. And that is permitting them to approach more sophisticated media buyers without having to apologize for the quality of cable's numbers—a past problem, particularly when pitching national business.

CTA provides numbers as detailed as the rating plus demographics of a cable network, by quarter hour, on a particular day (though a single quarter hour is cutting the sample pretty thin and isn't recommended). It also enables the system to define its coverage area by county and ZIP code.

One seller who is sold on CTA is Doug English, general manager of the Denver Interconnect, a hard-wired combo of three systems totaling 250,000 subs owned by United Cable, Mile Hi and Jones Intercable. Denver is metered by Arbitron's ScanAmerica system, and through CTA the interconnect can tap the qualitative data bank, which provides profiles of family size, income, education and job category.

With access to that kind of detail, English can now get cable-network demo ratings that he says he can defend. "I don't want to have to debate research," he says. The interconnect was on a trial basis with Arbitron at press time, but English has already shown some data to a local client, and he says that was "well-received."

Continental Cablevision's Theresa Fletcher.

At Continental Cablevision in Jacksonville, Fla., which has 199,000 subs, advertising manager Theresa Fletcher says CTA has already paid for itself. One of the first to jump aboard CTA, Fletcher has been selling with it since January. Fletcher had been a user of Nielsen's Cable Audience Profile (CAP) reports, which have been widely used but which index local cable network ratings to the national figures instead of providing actual ratings.

What's particularly popular about CTA is that it lets cable-system ad sellers massage audience data on their own PCs. When CTA subscribers request information on a particular sweep (specifying the programs, time periods and demos they want), data is downloaded via a modem directly from Arbitron. The user can then construct a sales package with accompanying ratings.

CTA is Arbitron's response to critiques of CableTrak, which the ratings company offered in 1989. Explains Paul Gordon, director of advertising for Cox Cable's mid-Florida interconnect: "CableTrak wasn't flexible. It meant selling on the basis of your package, not the agency's." Gordon says he's gotten some "remarkable numbers" out of CTA. In Alachua County, which contains 85 percent of the Gainesville ADI cable homes, the Cox system earned a 17.2 rating for men 25-54 from 9 to 9:30 P.M. one Saturday during an ESPN college football game.

Yet Arbitron isn't everyone's answer. Taking a different tack is Don Koehler, an account executive at the Tampa Bay Interconnect and formerly with Nielsen's cable measurement operation. Koehler has seen the CTA system, but, he notes, the Tampa Bay market is metered by Nielsen and not by Arbitron. He's using Lotus software to develop a program that enables him to analyze as many as 188 individual Nielsen runs and get hour-by-hour household ratings for individual cable networks. Demos are developed by using viewers per 100 viewing households.

In another case, Nielsen itself developed similar software for a cable system. Chancey Blackburn, v.p. and general manager of KBL-TV, the sales arm of KBLCOM's Paragon system in Bexar County, Texas, says Nielsen recently delivered a program that enables KBL-TV to pull "collective ratings" for the system's 16 networks. By buying "roadblocked" spots, advertisers can capture all the KBL-TV cable viewers within a 15-minute window. ●

Al Jaffe is a New York-based freelance writer who specializes in TV sales.

News, Sunny Side Up

Networks and local stations turn to soft-boiled stories that offer cures to social ills.

BY JANET STILSON

Pundits point to Peter Jennings' winning ways and *Oprah Winfrey* lead-ins when explaining *World News Tonight*'s ratings supremacy in recent months. But within ABC News another theory has emerged: Insiders contend the positive-news spin of *World News*' "American Agenda" segments has helped provide momentum.

ABC News doesn't have any statistical data to support that theory, but it appears to have won converts in other camps as well. NBC's recently introduced "What Works" mirrors "Agenda," with its soft-news reports on how some people have found micro-solutions to such social problems as drug abuse and pollution. News divisions must compete these days not just with each other but with game shows, sitcoms and other good-time fare. They're responding with a strategy applied long ago by local stations: Positive news sells.

The "Agenda" concept is old news on the local front. For 15 or 20 years, stations have reported on the ways people have improved the local quality of life. Yet even among stations, the idea is gaining popularity.

"We've seen an increasing number of locally produced regular weekly segments that [focus on] positive stories," says Steve Ridge, vice president of consultation at Frank Magid Associates. "We've found through our research that people are looking for more than just a daily rap sheet of man's inhumanity to man. They're not looking necessarily for fluff, but something more in-depth."

How much fluff and how much in-depth reporting can be found in such stories is debatable, however. WTNH New Haven's weekly "Positively Connecticut" installments, for example, have included stories on a hot-dog stand run by an Irish immigrant widow and on nuns who rebuilt an old-age home destroyed by fire. The station's news director, Bob Feldman, says the stories address that classic, ever-recurring viewer complaint that newscasts only focus on bad news. He has no statistical measure of "Positively Connecticut's" popularity.

ABC News has relied on Magid for audience research, but Ridge won't say whether or not the survey results prompted "American Agenda," which debuted in November '88. For his part, *World News* executive producer Paul Friedman says he created the franchise for two reasons: "It's good journalism, and it helps to distinguish this program from others."

Friedman says he can't prove definitively that "Agenda" contributed to *World News*' success. "But almost all the mail we get is about 'Agenda,' " he says. "During the first six months, if we did a segment on child care, all the child-care advocates came out of the woodwork [and wrote ABC]. But now, the mail is coming from ordinary viewers too."

At present, Friedman has 12 producers and 9 correspondents working full-time on "Agenda," which has five major topic areas: education, drugs, family, health and the environment. In contrast, NBC News has one lead producer, Charlie Ryan, devoted to "What Works," and the segments air two to four times a month.

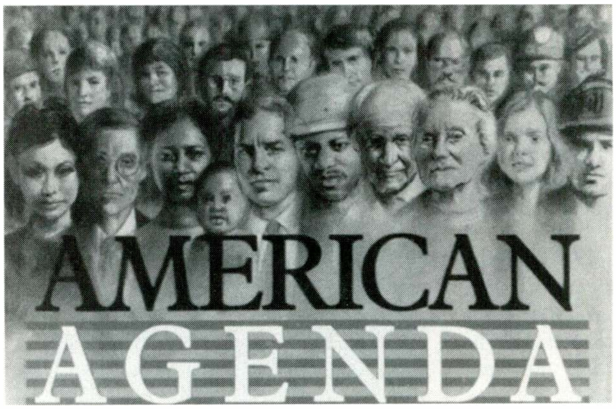
Ryan denies any effort on the part of NBC *Nightly News* to clone "Agenda": "We've always done stories like these." Viewer response improved, he says, once the pieces were labeled. Though it now has a name, "What Works" remains an intermittent feature relegated to the bottom half of the newscast. The bad news still comes first.

NBC's helping of solution-oriented stories, claims Ryan, hasn't increased notably because of "What Works." ABC, on the other hand, has vastly increased its coverage of most topics addressed by "Agenda," according to Andrew Tyndall, who analyzes network news in his newsletter the *Tyndall Report*. He believes Friedman has succeeded in distinguishing the newscast from others, though not necessarily in a positive way.

"My line is that *World News Tonight* has turned into the pro-Bush newscast as a result of 'Agenda,' " Tyndall says. The subjects ABC News has chosen, he points out, are social issues President Bush campaigned on—education, the environment and drugs. "Agenda" inadvertently reflects his worldview, supporting, for example, the idea that social problems should be solved by volunteerism—the "thousand points of light"—rather than government intervention. Tyndall contends that "Agenda" has moved *World News* away from its reputation as an internationally oriented, hard-news program to a more feature and domestically oriented newscast.

Whether or not that's true, the need for such coverage is stressed by consultants. Jacques de Suze, president of the news consultancy McHugh & Hoffman, brushes aside the concern that by putting a positive spin on the day's news, newscasters run the risk of degenerating into happy-talk.

"There's a greater moral danger in not reporting this way," he says. "It's not our responsibility to solve problems. But it is our responsibility to help people understand." ●



Nine correspondents work on ABC's "American Agenda."

Prime Time for Quincy

With MTV founder Bob Pittman and former Fox programmer Kevin Wendle, Quincy Jones is creating a multimedia pop shop within Time Warner.

By Janet Stilson

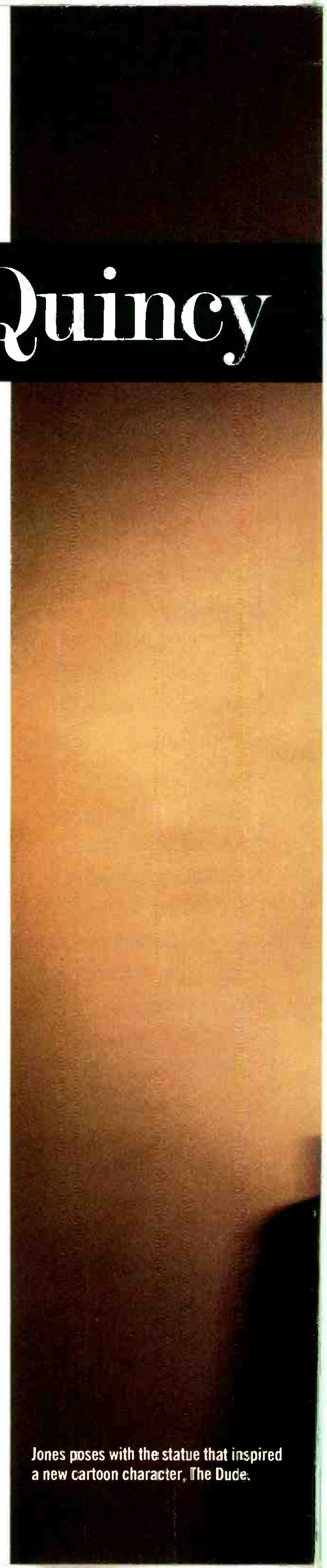
The city of New Orleans is foremost on Quincy Jones' mind as he lounges in a Big Easy hotel suite, in town to survey his first TV station purchase, Fox-affiliate WNOL-TV.

Later on, he and his right-hand TV executive, Kevin Wendle of Fox Broadcasting fame, will talk about their high-flying aspiration to become an entrepreneurial beacon within Time Warner, their new partner, filling the void left by such formidable film and music boutiques as Guber-Peters Entertainment and Geffen Entertainment; about Jones' entry into the small cadre of blacks who head diversified entertainment companies; and about Jones' first TV productions, emerging this fall: the NBC series *Fresh Prince of Bel Air* and the Warner Bros. first-run series *Voices of America with Jesse Jackson*. Only time—and perhaps Time Warner—will tell whether Quincy Jones Entertainment can build an empire around its creative grand master.

But this day, Jones' thoughts about New Orleans and the plans he has for his station concern the themes likely to run through most of the projects undertaken by Quincy Jones Entertainment, a 50-50 joint venture with Time Warner involving film, television and even Broadway production, as well as broadcast station ownership.

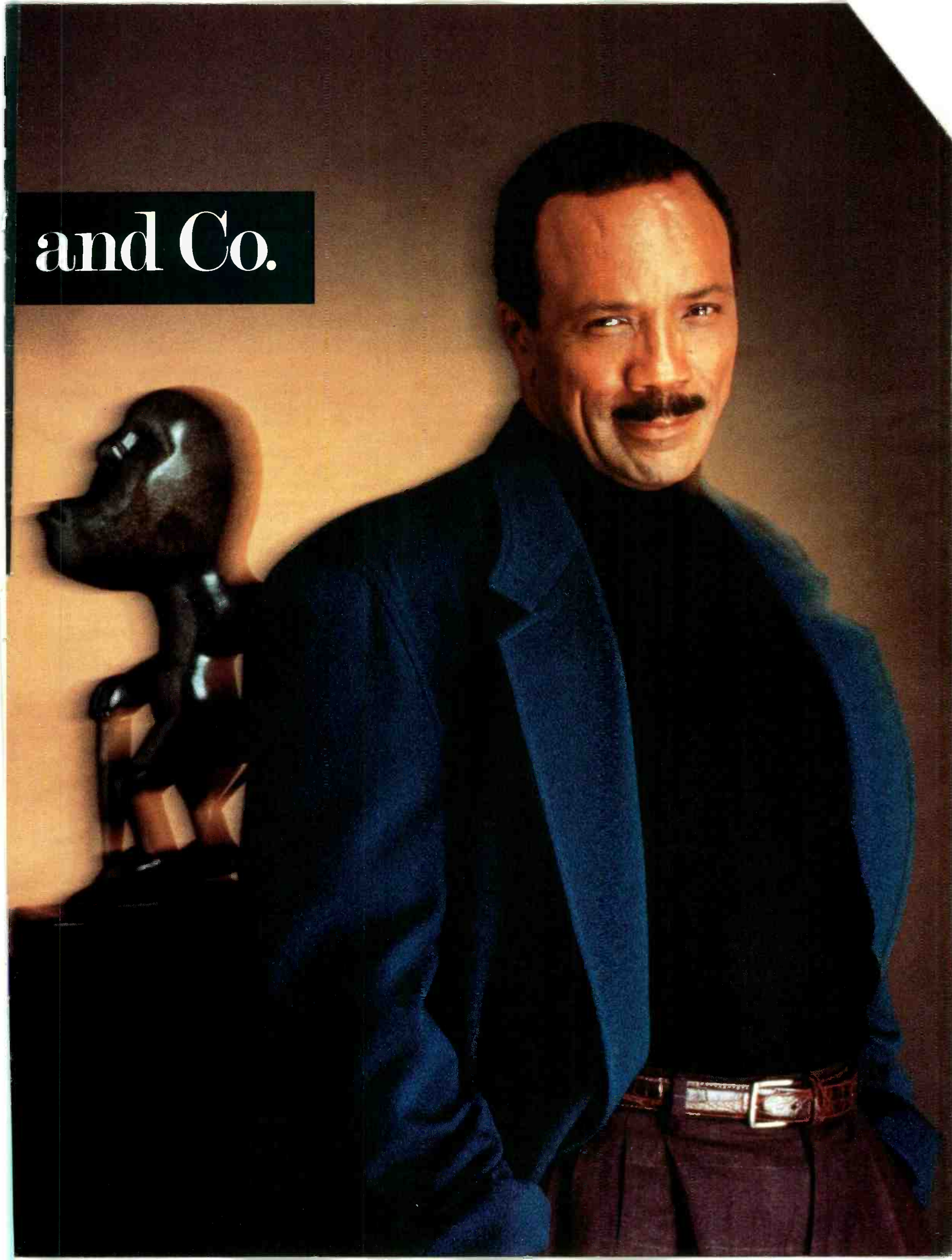
To most of the NATPE hobnobbers and other tourists, New Orleans has very definite associations. To Jones, it "has all the problems that any other inner city has. It's just probably more amplified—with the economy, drugs, AIDS, crime, everything." It's that aspect, along with the city's predominantly black population, that makes it a strategic part of his plans. The music man *extraordinaire* is entering the world of television with the idea of sending young people messages of hope and understanding—just as he did on his recent *Back on the Block* hit record, presenting 12-year-old Tevin Campbell singing the lyrics, "Tomorrow will bring better you, better me," and on the *We Are the World* record/event he produced in 1985.

"This will probably be the ten hardest years of my life—not hard, but fruitful—and maybe the last, because I'll be 67 in the year 2000," Jones says. "I have a lot of energy and imagination left, and I want to put it in a spot that gives me not only an opportunity to



Jones poses with the statue that inspired a new cartoon character, The Dude.

and Co.



'Jackson's show is going to fill an incredible void on TV. I'm talking about Jesse as a role model for millions of kids from single-parent families.'

***Voices*' Jackson, Jones and Sauter.**

be creative, but something that's really going to have an impact on young people."

Jones explains: "In New York, I can hear the thought process of a 14-year-old saying, 'The Rockefeller law says I can go as far as killing someone until I'm 16 . . . and they can't send me to prison.' It's a crisis. Dope can singlehandedly take civilization under."

Television, Jones believes, is one of the most forceful means of reaching young people, and in New Orleans the messages will come in the form of community affairs announcements and projects spun from meetings between Jones and city officials this spring. But more than that, WNOL's high-profile new owner and its program schedule—including such shows as *Voices*, *Arsenio Hall* and Fox Broadcasting's *In Living Color*—make a statement in and of themselves about changing attitudes toward minorities, and possibilities for the future.

Jones has the vision, but he's also wise enough to know he needs help to bring it to the screen. Key among those he's brought into his fold are executive vice president of film and television development Ilene Chaiken (formerly head of program development at Spelling Entertainment), and QJE's president, Kevin Wendle, who joined Jones in January and was previously executive vice president of Fox Entertainment.

Wendle makes no bones about his high expectations for the company: "Now that Guber-Peters and David Geffen's [music venture] are no longer part of the Warner family, there's a place for a new company to develop some significant projects." And Wendle also sees the significance in having Jones at the helm: "Quincy is one of the first black heads of a film and television studio ever."

A third member of the team is MTV founder Bob Pittman, who heads up Time Warner Enterprises, the division under which Quincy Jones Entertainment is housed. Pittman puts Jones' role in a slightly different context. "I don't limit Q to achievement among blacks. And he's really not a music man in my view," he says. "He knows how to entertain the consumer on a mass basis. And we're trying to create a company to help him express that through other vehicles, whether they're TV stations, TV shows or motion pictures."

It was at the request of Time Warner chairman and co-chief executive Steve Ross that Pittman forged the co-venture pact for Quincy Jones Entertainment, which extends Jones' alliance with the company well beyond his 12-year-old Qwest Records label. The creation of QJE at Time Warner was repeatedly postponed, due first to Paramount Communications' hostile bid for Time Inc. prior to last year's merger, and then to Peter Guber and Jon Peters' defection to Columbia Pictures. Because of the delay, two separate holding companies for Jones' earliest TV projects, WNOL and *Voices*, were formed months ago, giving Time Warner minority interests.

Jones' longstanding friendships with both Pittman and Ross made the deals all the sweeter. (Ross' wife Courtney is producing a documentary on Jones to be released this fall.) Jones met Pittman while producing Michael Jackson's *Thriller* album in 1982, and the two were instantly drawn together. "It was like bang! We fell in love and said, 'You show me yours and I'll show you mine,' " Jones laughs. He refers to their exchange of information on TV and music as a "cross-pollenization of brain pools."

That pollenization, along with the creative freedom and financial clout that a pact with Time Warner affords, is an incredible resource. "It's very difficult for a small entertainment company to make it on its own these days, because the majors are dominating the business," notes Oppenheimer Inc. analyst Dennis McAlpine.

"Q has all the advantages of a big company at Time Warner, such as distribution, relationships with talent, business expertise," says Pittman. "And yet he doesn't have the pressure that our normal businesses have to continue to fill up that pipeline. He has the luxury to produce on his own timetable."

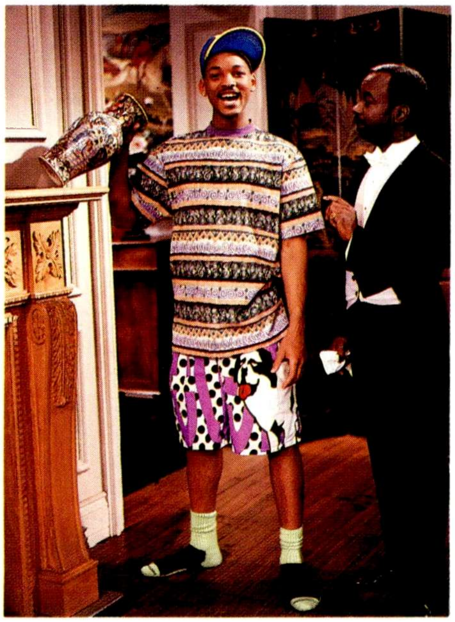
Louise Velazquez, a QJE board member and president of Quincy Jones Productions—which handles Jones' business as an artist and producer—describes the alliance's advantages another way. "For the last ten years, we've been producing for companies owned by other people, like the Michael Jackson records [for CBS Records] and *The Color Purple* [for Warner]. Now, we want to make sure we have an ownership stake in the things we do." There's also the deep-pockets factor. Sources say Time Warner has pumped some $20 million into Jones' projects to date.

It was clearly more than demographics that led Jones to New Orleans for his new company's first major investment. Jones' love for the jazz mecca runs deep, as might be surmised by a look at his music credits, stretching like a royal carpet back to a band with Ray Charles in the '40s, when Jones was in high school, and running up to *Block*, which features an encyclopedic mesh of black musicians as disparate as the late Sarah Vaughan (in her last recording) and rapper Ice-T.

It's the musical focus of the city that sparked an idea for a possible series based at WNOL, tapping into the city's overflow of talent. The local creative pool is already showing Jones the possibilities for that, giving him "the performance of their lives" as he treks around the city, according to the station's general manager, Madelyn Bonnot. It's the city's past, and Jones' decades-old study of the roots of black music, that makes him dream of founding a jazz museum there—and leads him to recall memories about the city, such as 4 A.M. phone conversations with Duke Ellington.

"I remember hearing him chomping on those [fried] potatoes he loved, and I said, 'Why did they say, in a book I read, that Buddy Bolden's horn could be heard from miles around in New Orleans? What was that all about?' And he said, 'Well, the humidity in that city causes this kind of a vacuum that's almost like a natural echo chamber.' " If a trumpeter played out in the street, Ellington said, the sound could lure people from a mile away.

New Orleans is proving to be a natural echo chamber of sorts for Jones, allowing the one-time trumpet player to express his love of music and also address issues related to the social



Fresh Prince mocks stereotypes. 'All around the world, I see a frequency-range of character. It's not about race at all. It's about money.'

***Fresh Prince*'s Wil Smith (l.) and Joe Marcell.**

underclass—dual interests that run throughout his TV and film production businesses.

In a light vein, the sitcom-cum-music-video series *Fresh Prince of Bel Air* mocks stereotypes, mining the contrasts between rapper Wil Smith (the Fresh Prince), a street kid from the ghetto of West Philadelphia, and his upper-crust relatives in the tony L.A. neighborhood of Bel Air. Perhaps not so coincidentally, Jones calls Bel Air his home as well, and he started life in the ghettos of Chicago. "People need to see a universality in people," Jones says. "All around the world, I see a frequency-range of character. It's not about race at all. It's about money."

Voices, executive-produced by Jones and former CBS News president Van Gordon Sauter, tackles societal issues more directly, and is currently set to debut this fall on stations covering 83 percent of the country. It has been sold by Warner Bros. as an answer to stations' community service needs, but some TV reps say the presentation tape they've seen suggests *Voices* isn't that much different from other daytime talk shows, although its host is a standout, to say the least.

Jones sees larger implications. "Jesse Jackson's show is going to fill an incredible void on television," he claims. "I'm talking about Jesse as a male role model for millions of kids from single-parent families. They don't know how men are supposed to act in a home. They have to make it up."

Three blind series commitments at NBC and CBS may lead to an experimental comedy series (for CBS) that could debut in late summer, and one of Jones' pet projects: a miniseries in development for NBC dramatizing the history of black music. "The dream music program is to understand what the roots are about. . . . It's a Smithsonian kind of thing," he says of the project.

There's even a cartoon character up Jones' sleeve called The Dude. Warner Bros. is planning an animated series teaming the streetwise character with an odd-couple partner, Bugs Bunny. Jones named his 1981 album after The Dude, inspired by a statue he purchased years ago from a South African artist. The Dude's silhouette, with its jutting chin and walking stick, made its latest appearance on the *Block* album. "It's very silly," Jones says of the cartoon. "The cane's magic, and if he sees someone getting ready to mug a lady, he'll zap him with the cane."

But flesh-and-blood talent from Jones' recordings could gain some TV exposure as well. Jones says he'd like to feature both Tevin Campbell and the rapper Melle Mel in upcoming projects. And he sees uses for musicians behind the scenes, too. "There'll be cases where we'll have rappers writing scripts," he says. "They are the most disciplined, professional, together dudes I've ever met in my life."

Jones says that his own crossover, from a career steeped in music to station ownership and production, makes him feel as if he's "in water that's very deep. . . . I'm learning more about it every minute." But he's not a complete stranger to film and television. He first performed on TV in 1951 (about 20 years before a cerebral aneurysm ended his trumpet playing). His extensive list of film and TV scores dates back to the early '60s, including music for the miniseries *Roots*, the series *Ironside* and the films *In Cold Blood* and *In the Heat of the Night*. He still vividly—and regretfully—recalls his unsuccessful bid for U.S. TV rights to a British series that was to become *All in the Family* ("I didn't have enough credibility," he says). And he was line producer on the motion picture *The Color Purple*.

Jones readily admits that he hasn't been a big fan of television. But he sees ways to push the tube's creative envelope, particularly after a year that saw such prime-time fare as *Twin Peaks* (which features his ex-wife, actress Peggy Lipton). He relies on what he calls his "goose-bump factor" to figure out what America wants. "If I get goose bumps, that's all I have to know," he says.

As for the New Orleans station itself, TV brokers generally deem the $7.3 million purchase of the UHFer in February a sound investment. "He had the ability to go into a market where an independent station only costs $7 million," says Jeanette Tully, a vice president of Communications Equity Associates. "You can't do that in any other market that fits the [major inner-city] profile."

Jones says he's likely to follow the acquisition with other station buys, and he plans to involve Madelyn Bonnot, the New Orleans born-and-bred general manager of WNOL, in the station group as it emerges. While WNOL continues to wade in red ink, its sales growth could easily be the envy of other stations in the market, which have struggled to come up with single-digit revenue gains in a very soft local economy. WNOL posted 31 percent growth in local revenue last year, and 22 percent in national, according to Bonnot, largely due to its Fox affiliation, *Arsenio Hall* and a strong kids lineup. That success story is in sharp contrast to WCCL-TV, the third independent in the market. Founded by another noteworthy black entrepreneur, Barbara Lamont, whose credits range from anchor duties at WNEW-TV New York to director of operations at the Nigerian Television Authority, that station filed for Chapter 11 protection and went dark last month.

At WNOL, the mood couldn't be better, Bonnot says, citing a 15 percent staff increase since it was sold by TVX Broadcast Group and the melding of Jones' image with the station's, promoted in contests and station IDs. Things are likely to get even more interesting with the upcoming community service projects and the possibility of producing a nationally syndicated music series.

"I'm so buzzed about [being in New Orleans] I can't write my ideas down fast enough," Jones enthuses from his hotel chair. And as for his entire company, "We're positioned to do every dream I've ever had." ●

Syndicating Against The Grain

Almost alone among syndicators, MCA TV president Shelly Schwab thinks first-run success lies with the sitcom.

When MCA's off-net and first-run divisions were reorganized in 1989, Shelly Schwab, president of first-run arm MCA TV Enterprises, emerged as president of the newly unified MCA TV. Responsible for first-run development as well as off-net, first-run and advertising sales, Schwab has made MCA a leader in off-net sales to basic cable. On the first-run side, he continues to forge ahead with sitcoms when other syndicators have backed away. Channels *editor-in-chief John Flinn and senior editor Andrew Grossman spoke with him recently.*

Different Drummer

No matter how tight a marketplace is, there are opportunities. I think we all have to be a little more selective, those of us on the development and distribution end, and pick our spots. And if you do it, I think there are marvelous opportunities.

We're enjoying the best year we've ever had. We'll have ten first-run series on the air this year, in a marketplace that most people consider very, very difficult. In fact, there are some major studios who didn't bring any new product to the marketplace this year because it was perceived to be that type.

If you look at the history of MCA TV, you find that it's a company that marched left while everybody was marching right, and marched right while everybody was marching left. I think we did that this year. Most studios, distributors were more cautious than they've been in the past, while we were most ambitious this year.

All Alone in First-run Sitcoms

We're the only ones in that business. You remember about three years ago, going into a NATPE convention, there were about 25 sitcoms that were announced. Twenty-five! Every major studio and every minor distributor had to have one of those. Then over the last couple of years, only one company remained in it, and that was MCA. And we continue to be the only supplier of it.

Why are we in it? Because it's become profitable for us. *Charles in Charge* was our model, and we did that in association with the Tribune stations. I think we were the only ones up until that point to get commitments from stations to not only air the front end, the once-a-week show, but also buy the back end, once it got to 72, 96 or whatever number of episodes.

I can tell you that MCA was attracting people on the creative end who understood the difference between producing for first-run versus network. I mean, remember: Prime time to independents is from 6 to 8 o'clock. Prime time on the networks is from 8 to 11. So there's a little difference in the audience you have to address when you are producing.

I think the mistake that was made by some other studios is that the people who produced those shows for first-run syndication were network people, who didn't necessarily understand the audience that they had to reach.

If you look at all of the shows that we've done, they are all different. The one similarity between all of those shows is that they all reach an audience composed of kids, teens and young adults, especially women.

Paying for Value

We have to be more diligent in controlling expenses, but at no time can you ever take the money off the screen. In fact, it's even more important during difficult times that you deliver a product that has all of the production values that will help it become successful.

We are going to have seven sitcoms on the air this coming season. I think one of the reasons we've been successful in this arena is that the shows that we bring into the marketplace do have production values. *Harry and the Hendersons* will probably be the most expensive we've done in that genre of programming.

Basic's Next Buy

The pattern is very clear. Basic cable networks have already become very active in the off-network hours. They have already spoken for the theatrical motion-picture packages. It's only a matter of a very short time before they sneak up for half-hour sitcoms. And I think the next arena is going to be the first-run arena. If not this season, that we're going into, then certainly the next selling cycle, when the next lineup of half-hours becomes available.

Now, some of that has to do with, of course, supply and demand. You're going to have as many as eight or nine new [off-net] sitcoms available in syndication next year and the year after.

Making Friends With Cable

We have a relationship not only with USA [half-owned by MCA]. We have a relationship also with Lifetime and A&E and TBS and TNT. We do a lot of business with all of those companies. I think USA has been more active in going for the 'A' product, because num-

PHOTOGRAPHS BY ANDREW FRENCH

ber one, their circulation is better than almost any other cable network, and they position themselves so that they have dayparts that work very well for the kind of programming that they've purchased.

Are we talking to them about original programming—first-run, original programming? Yes, we are. We are talking to all of the basic cable networks. MCA formed a company just a little over a year ago called MCA TV Entertainment, whose charter is to develop original programming for basic and pay cable. At the present time, they are concentrating mostly on made-fors, original made-fors. They're doing 20 for USA [Network], they are doing some for HBO, they're doing some for Showtime, they're doing some for Turner.

Opening Another Window

If we use the mentality of the way it used to be and how threatened over-the-air television [is] regarding basic cable and the inroads that they are making, I think you're looking at a not-very-clear picture. The point is that we all have to learn to deal in the way the business is evolving. And the answer is yes, they are going to be interested [in off-cable shows], because they have to be interested! Do you think that the movie packages that were sold to USA and Lifetime, which was Fox, Disney, and Orion packages, when that comes off of those basic cable [networks] . . . ? Those were good, strong packages. You don't think that the independents are going to be interested in that? Of course they are. They have to be interested in it.

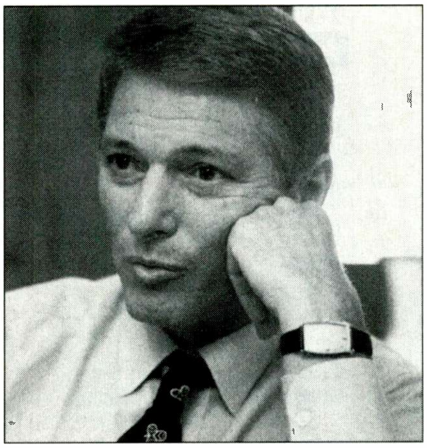
The lifeblood of independents has always been, and probably will continue to be, theatrical movies. And if they are not getting the first window, they certainly still have to fill those time periods.

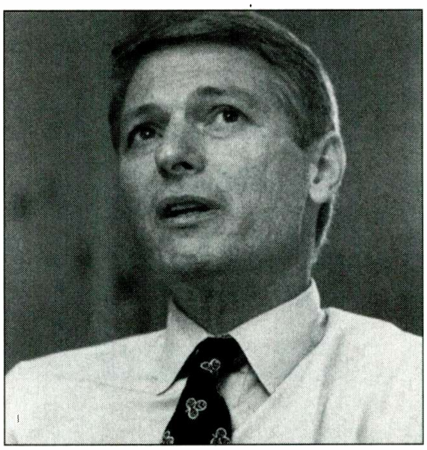
Why INTV?

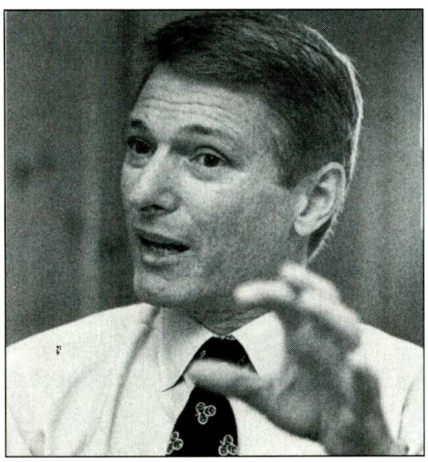
I think the INTV organization has every right to keep their own identity, and they feel very strongly about it. It just doesn't make sense to structure the two conventions the way they are. No one, not even the members of the board of INTV, thinks it makes sense any longer. I think it's come down to a question of economics right now. In the last three years, there were fewer and fewer people who were exhibiting at INTV. From the grumbling that I hear, there will probably be fewer exhibitors this coming year than there were last year.

It just doesn't make sense to function the way we have in the past when everybody agrees it doesn't make sense. The only thing keeping it from coming together is money. And once they solve those economics, I think you'll see a change.

'It's only a matter of a very short time before [basic cable] sneaks up for [off-net] half-hour sitcoms. And I think the next arena is going to be first-run.'







Cold Reality

Inside Report has been a real interesting experience for us, because when we first discussed this with WSVN [Miami], we told them that unless they were prepared to be disciplined about a very slow roll out, then the chances of launching it successfully were not very good. It has to be done slowly and deliberately, and not take those bad deals that were there for you that almost ensured failure rather than success.

The problem today is that the stakes are so high and there's so much money involved in developing a show, that sometimes you are forced to take a clearance on a station that's the wrong station, or it's the right station in the wrong time period. All that does is guarantee that you'll fail. So our game plan was to take it and roll it out very, very gradually, invest the money in it, and try to take advantage of opportunities as they present themselves. When we first went on the air, we were only on a handful of stations; less than a dozen stations. We are now in 60 percent of the country.

Syndex Redux

Everybody has adjusted to it. I think the positions in the beginning were polarized. Everybody was threatened by it. And now, in reality, the marketplace is dictating what projects do include syndex, what projects don't include syndex, and it hasn't even become an issue.

It's funny, because it's not even an issue with the stations. It's not that important. Once the politics got out of it and it got off the front page, it settled down into the-market-will-dictate terms.

My Talk Show

I was immediately interested in that project, even before I knew details about the program itself, because of the people attached to it. Anytime you have Imagine Entertainment, Ron Howard's company, and Second City, you've got to be interested in the project. And I think, as far as MCA is concerned, we'll see over the next couple of years a pattern developing where the people that we're doing business with are people who are capable of delivering quality products. It's not an accident, for example, that we have certainly successfully launched *Harry and the Hendersons*. Again, look who is attached to it. Spielberg's company, Amblin Entertainment, Universal Television and the Fox Station Group. . . . It doesn't ensure success, but it sure the hell betters the chances of success. •

RUNNING THE NUMBERS

Singing in the Rain

The revived syndicated exclusivity rule, which went into effect January 1, is supposed to protect local broadcast stations from cable superstations that carry the same shows. Does it? Tom Meek, station operations manager for Meredith's WOFL-TV in the Orlando-Daytona Beach-Melbourne, Fla., market, says the numbers he's culled from Nielsen Station Index DMA Total Activity Reports prove that syndex has helped WOFL compete with Tribune's WGN-TV, the superstation most carried by cable systems in WOFL's signal area. Not only have ratings risen for WOFL's airing of *Cheers*, which ran opposite WGN's *Cheers* until syndex forced the superstation to replace it, but WOFL's lead-out and overall ratings have increased in cable homes.

WOFL-TV VS. WGN-TV BEFORE AND AFTER SYNDEX

November 1989 (Before Syndex)		February 1990 (After Syndex)		
7 P.M. Program	Cable HH Rating	**7 P.M. Program**	Cable HH Rating	% Gain (Loss)
WOFL-TV *Cheers*	6.6	WOFL-TV *Cheers*	9.6	46%
WGN-TV* *Cheers*	1.0	WGN-TV* *Abbott and Costello*	-	(100%)
7:30 P.M. Program	Cable HH Rating	**7:30 P.M. Program**	Cable HH Rating	% Gain (Loss)
WOFL-TV *Night Court*	6.8	WOFL-TV *Night Court*	8.7	29%
WGN-TV* *Night Court*	1.4	WGN-TV* *Night Court*	0.4	(67%)

*Note: WGN's cable HH figures include up to 1,000 HHs reported as non-cable in the November, 1989 ratings period. Total cable HH equals 558,259.

7 A.M.-1 A.M. RATINGS OF WOFL-TV VS. WGN-TV BEFORE AND AFTER SYNDEX

Before Syndex			After Syndex		
2/89 WOFL-TV Cable HH Rating	11/89 WOFL-TV Cable HH Rating	11/89 WOFL-TV % Gain (Loss) vs. 2/89	2/90 WOFL-TV Cable HH Rating	2/90 % Gain (Loss) vs. 11/89	2/90 % Gain (Loss) vs. 2/89
3.0	2.6	(10%)	3.3	29%	17%
2/89 WGN-TV* Cable HH Rating	11/89 WGN-TV* Cable HH Rating	11/89 WGN-TV % Gain (Loss) vs. 2/89	2/90 WGN-TV* Cable HH Rating	2/90 % Gain (Loss) vs. 11/89	2/90 % Gain (Loss) vs. 2/89
0.6	0.6	00%	0.4	(45%)	(45%)

*Note: WGN's cable HH figures include up to 372 HHs reported as non-cable in certain ratings periods.

ILLUSTRATION BY JIM LUDTKE

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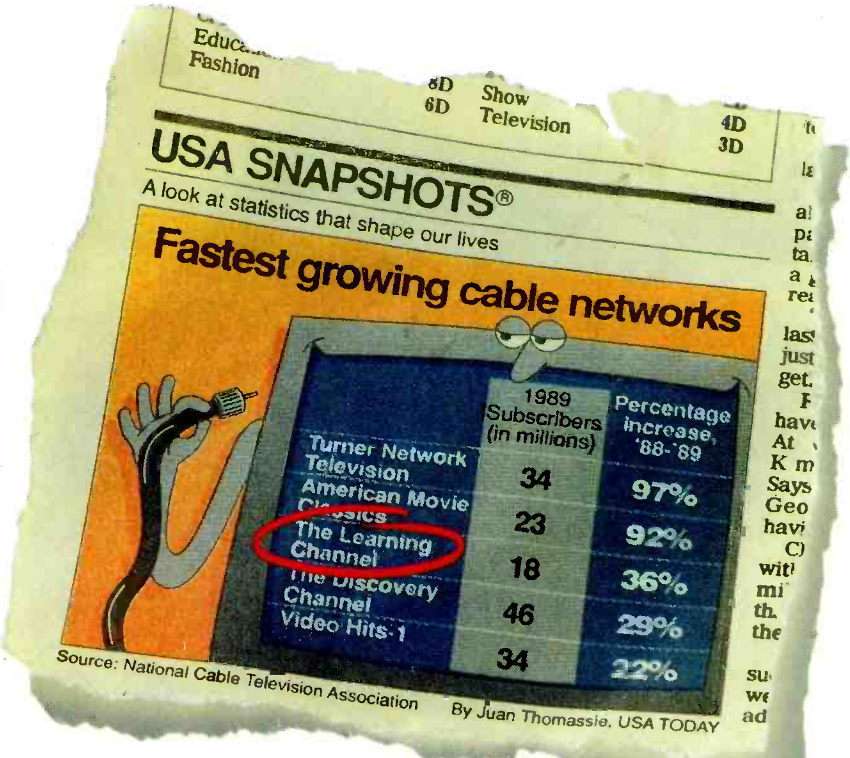

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The above chart was published March 27, 1990 in USA Today.
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