common stock.

Salomon expects to contribute its 1.4 million shares of voting common stock to the venture with Paramount, along with about 3.3 million shares of preferred stock, which will be converted to common. If Paramount, as expected, purchases a 49% stake in the venture, Salomon will sell 2% to the managers of the venture, leaving Salomon with a venture share equal to Paramount's. A source close to the transaction said that it was possible that current TVX management would be the manager of the venture, which is expected to control 51% of the company's voting common stock.

The $10.4 million purchase price mentioned for Paramount's stake in the joint venture represents a price of $4.50 per share of the common stock. On the day the deal was announced, TVX's stock rose $1.625 per share to close at $3.875.

TVX plans to hold on to WTXF-TV Philadelphia, KTXA(TV) Fort Worth, KTXH(TV) Houston, WDCA-TV Washington and WLFL-TV Raleigh-Durham, N.C. All of those stations, other than WLFL-TV, were acquired in the 1987 Taft purchase. The company is seeking buyers not only for its Memphis station, mentioned above, but also for its New Orleans, Norfolk, and 80%-owned San Antonio stations. Last year, TVX sold WCIX-TV Miami to CBS for $59 million.

For the nine months ended Sept. 30, 1988, TVX reported an operating loss of $14.8 million on revenues of $138.4 million. At that time, the company said it had current and long-term program contract liabilities totalling $109 million. It is not known how much of that money, if any, is owed to Paramount.

Paramount has a small interest in WGBS-TV Philadelphia, a station that competes with TVX's local WTXF-TV. Following the reorganization of Grant Broadcasting in bankruptcy proceedings last year, Paramount took a stake smaller than 5% in Combined Broadcasting, the company that took over Grant's stations, including WGBS-TV. A spokesman for Paramount said that because of the small size of Paramount's holdings in Combined Broadcasting, the company's holdings in both Philadelphia stations "won't create a problem."

One pre-existing tie between Paramount and the TVX stations is Lucy Salhany, president of the domestic television division of Paramount Pictures. Before she joined Paramount, Salhany worked for several years as vice president of television and cable programing for Taft Broadcasting. □

BFM survey ignites controversy over barter impact

Other results: slightly fewer network preemptions indicated; business managers expect continued increases in program costs

Results of a survey to be presented at the NATPE International convention this week indicate that many stations do little profit and cost analysis before making programing decisions and do not attempt to involve either financial or sales people in the programing process. The survey, distributed by the Broadcast Financial Management Association to business managers of 1,000 TV stations, indicates that despite intentions of not spending more for programing, station programing costs at most stations are expected to increase by high-single-digit or double-digit percentages over the next five years. The advent of barter programing worsened a station's profitability, according to almost half of those responding.

Not surprisingly, those said to be most involved in programing acquisitions were the general managers and program managers. One-quarter of business and financial managers said they had no involvement in cash programing decisions while sales managers had slightly more involvement. Sales managers were less involved in the acquisition of barter programing than financial managers.

The lack of involvement may lead to apathy; almost one-third of the business managers said they had not read their station's May rating book (the BFM survey was conducted in October).

Whether a station undertakes a profit/cost analysis before making a program decision may depend on the type of programing it's considering. For syndicated programs, such analysis is virtually always done, according to the survey, whereas for feature film packages, analysis is always done by only about half the stations. And for barter programs almost two-fifths said they did a profit/cost analysis only "sometimes" or "never."

The survey provided seemingly opposite answers to the question of programing costs. When asked specifically about different programing forms and whether the station expected to increase its expenditures (see chart), most said they were planning to spend the same, except that roughly half of the stations said they will be spending more on local news and other local programing. However, between 30% and 45% said they would spend less on first-run hours, children's shows and mini-series.

When asked whether programing costs overall would increase next year, only 8% of the respondents said they expected station program costs to go down. Roughly one-fifth said that costs would increase between 1% and 5%; one-quarter between 6% and 10%; one-fifth between 11% and 15%, and almost one-quarter said programing costs would increase more than 16%. For a longer-term projection of programing costs there was a similar spread, with more than three-quarters saying cost increases would average 6% or more over the next five years.

Two-thirds of station business managers indicated the amount of network preemptions would not change at their station in the next year. Roughly 15% said they would preempt "somewhat more"; none said they would increase "substantially more." Saying they would preempt "somewhat less" were 13.8%, and "substantially less," 4.8%.

The BFM survey was initially suggested by NATPE, but the final survey was sponsored by BFM alone. Some NATPE members are reportedly upset by the results to one question: "In your opinion, has the advent of barter programing affected your station's profitability?" Twice as many of those responding said that barter had "somewhat" or "substantially" worsened profitability as those who said barter improved profitability. Roughly one of three respondents indicated it had not changed profitability. Barter spots accounted for more than 50 minutes per week at almost two-thirds of the stations responding.

After discussion with some NATPE members, BFM decided to add George Back, president of All American Television, to the panel session at which the survey results will be presented. The survey drew a 15% response rate, said Bob McAuliffe, BFM's executive director. Of the roughly 145 respondents, half were part of privately owned station groups; another quarter were part of publicly held station groups, with most of the rest being stand-alone privately owned stations. □

Program spending strategies: Keeping the cash at the station*

Percentage intending to spend	More	Less	Same
Local programing	51.9	6.2	41.7
Local news	45.6	5.5	48.8
Sports	25.3	16.1	58.4
Off-network sitcoms	21.6	27.6	50.7
First-run sitcoms	18.8	22.8	58.2
Game shows	12.0	26.6	61.2
First-run hours	11.2	31.8	56.8
Kids-live action	8.7	39.6	51.5
Animation	7.0	43.3	49.6
Mini-series	6.3	44.4	49.2
Off-network hours	5.0	65.0	30.0

*From 1988 BFM survey. Number of responses varied by programing category. Average response was 120.