

1990



**AMERICAN BROADCASTING COMPANIES, INC.
ANNUAL REPORT 1969**

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YEAR IN BRIEF

PRESIDENT'S LETTER TO SHAREHOLDERS

	1969	1968
REVENUES		
Broadcasting	\$507,807,000	\$454,704,000
Theatres	94,774,000	97,627,000
Records, motion pictures, publishing and others	118,343,000	81,663,000
Total	<u>\$720,924,000</u>	<u>\$633,994,000</u>
EARNINGS—TOTAL		
Operations:		
Before income taxes	\$ 39,656,000	\$ 26,980,000
Provision for income taxes	22,017,000	14,301,000
	17,639,000	12,679,000
Capital and non-recurring gains (losses) net	(878,000)	3,661,000
Net	<u>\$ 16,761,000</u>	<u>\$ 16,340,000</u>
EARNINGS—PER SHARE*		
Operations	\$2.44	\$1.78
Capital and non-recurring gains (losses) net	(.12)	.51
Net	<u>\$2.32</u>	<u>\$2.29</u>
DIVIDENDS		
Total	\$ 7,675,000	\$ 7,581,000
Per share*	\$1.07	\$1.07
FINANCIAL POSITION AT YEAR END		
Working capital	\$177,140,000	\$151,581,000
Property and equipment, net	\$133,872,000	\$129,024,000
Total assets	\$468,419,000	\$434,563,000
Long-term debt	\$163,101,000	\$143,527,000
Stockholders' equity:		
Total	\$163,376,000	\$160,286,000
Per share*	\$23.10	\$22.28
Number of common shares outstanding*	7,072,795	7,193,595
GENERAL		
Stockholders of record	15,586	15,477
Theatres	418	399
ABC-TV Network primary affiliates	157	153

*Adjusted for the 3 for 2 stock split in December, 1969. Assuming full conversion of convertible debentures and exercise of stock options, fully diluted earnings from operations and net earnings for 1969 would be \$2.23 and \$2.13 and, for 1968, \$1.69 and \$2.15 per share, respectively.

Nineteen sixty-nine was a year of continued growth and progress for our company.

Revenues were at an all-time high of \$720,924,000, an increase of 14% over the \$633,994,000 for 1968. Operating earnings before taxes were also at a record level of \$39,656,000 compared with \$26,980,000 for 1968. Operating earnings after income taxes were substantially higher than 1968 results, although not equal to the previous record of 1966, principally because of the 10% surtax. Operating earnings after taxes rose to \$17,639,000 from the \$12,679,000 for the prior year. On a per share basis, after adjustment for a three-for-two split of the common stock effective in December, these earnings were equal to \$2.44 a share, an increase of 37% over the \$1.78 a share for 1968. Net earnings, including capital and non-recurring transactions, were \$16,761,000 or \$2.32 a share compared with \$16,340,000 or \$2.29 a share for the prior year.

The ABC broadcast division achieved record sales and earnings.

The television network achieved record sales and significantly improved its competitive position through a broad and diversified schedule of entertainment, sports, news and public affairs programs.

Our five owned television stations achieved record sales reflecting the greater audience acceptance for their local news and community service and local and network entertainment programming.

Our new four radio network program services have shown encouraging growth in sales and also in affiliated stations which totalled close to 1200 at year end.

Our owned radio stations had their most successful sales year. In 1969, these stations were listened to by more people than any other owned group of stations

in the nation, reflecting the public response to their news and entertainment programming and participation in community affairs.

ABC News continued to achieve greater public acceptance for its public affairs and news programming on the radio and television networks, highlighted by its coverage of the momentous Apollo lunar landing.

Turning to our non-broadcast operations: With fewer major box-office pictures available than in the previous year, theatre revenues and earnings, while very good, did not match the excellent performance of 1968 when theatre earnings achieved their best level since 1950. We continued to upgrade our theatre portfolio, 26 new theatres being added and 7 marginal theatres being divested, for a total of 418 at year end.

In motion picture production, many of the pictures released in 1969 have been doing well. However, this recently established division was not profitable. Currently, approximately eight pictures are scheduled for general release in 1970, one of which, "They Shoot Horses, Don't They?," has received great critical acclaim, including nine Academy Award nominations.

Significant sales improvement was shown by our phonograph record division, which includes recordings manufactured under its various labels, distribution and rack jobbing. During the year, it substantially broadened its operation in the rack jobbing field, which is experiencing a very rapid growth in the music industry, particularly in the distribution of pre-recorded tapes and cassettes.

Our other activities, farm publications and the Florida scenic attraction centers, continued to do well. Marine World, in California, completed its first full year and, like new outdoor enterprises of its kind, will take more time until it becomes established.

The year 1970 represents the 50th anniversary of broadcasting. Through five decades, starting with radio and later with television, these media have served the American public more effectively than in any other country in the world. Because of their tremendous impact, they have not grown without criticism which, in a democratic society, is to be expected and welcomed when justified. We firmly believe that the record attests to the exemplary job that the industry has done.

One recent significant development for broadcasting was the policy statement by the White House favoring open competition for the development and utilization of domestic satellites for program transmission. The networks have welcomed this approach. Authorization

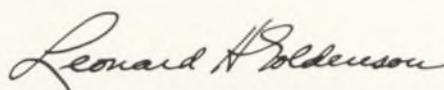
for such a system must be obtained from the Federal Communications Commission. Our company, in 1965, was the first to advocate the use of this new technology for domestic program transmission. We feel that such a system will not only serve our public more effectively but could also carry with it potential economic benefits and cost savings.

As broadcasters, we are mindful of our responsibilities to serve the communities in which we operate radio and television stations and to serve the public at large through our radio and television networks. Our news and public affairs programming, gathered and disseminated through our world-wide news organization, will continue to cover and explore many of the major factors affecting our society—international involvements, the disadvantaged in our society, urban and environmental change and the greater expression by the nation's younger people. As in the past, our policy will be to present, fairly and with balance, the important news events and issues of our time so that our viewers may be constantly better informed. We shall also continue to conduct ourselves as good corporate citizens to enrich the quality of life for our society. As an example, in addition to our continuing policy of employing a greater number of minority group personnel, we have also established training programs to provide advancement opportunities for them.

The year 1969 was a year of considerable progress and improvement for our company. It is our firm intention to see that such progress and improvement continues into the 70's. The coming decade has been described and projected as one of a vastly expanding economy, higher disposable incomes and greater leisure time. All of these trends fit well into our fields of communications and entertainment. We are strongly positioned in businesses that have excellent potential; we are seeking compatible acquisitions, particularly in the leisure time and entertainment fields; and we have the competence and dedication in our management to achieve our goals.

I would like to express appreciation to our Board of Directors and to all of our employees for their devotion and diligence in the performance of their duties and to our shareholders for their continued support.

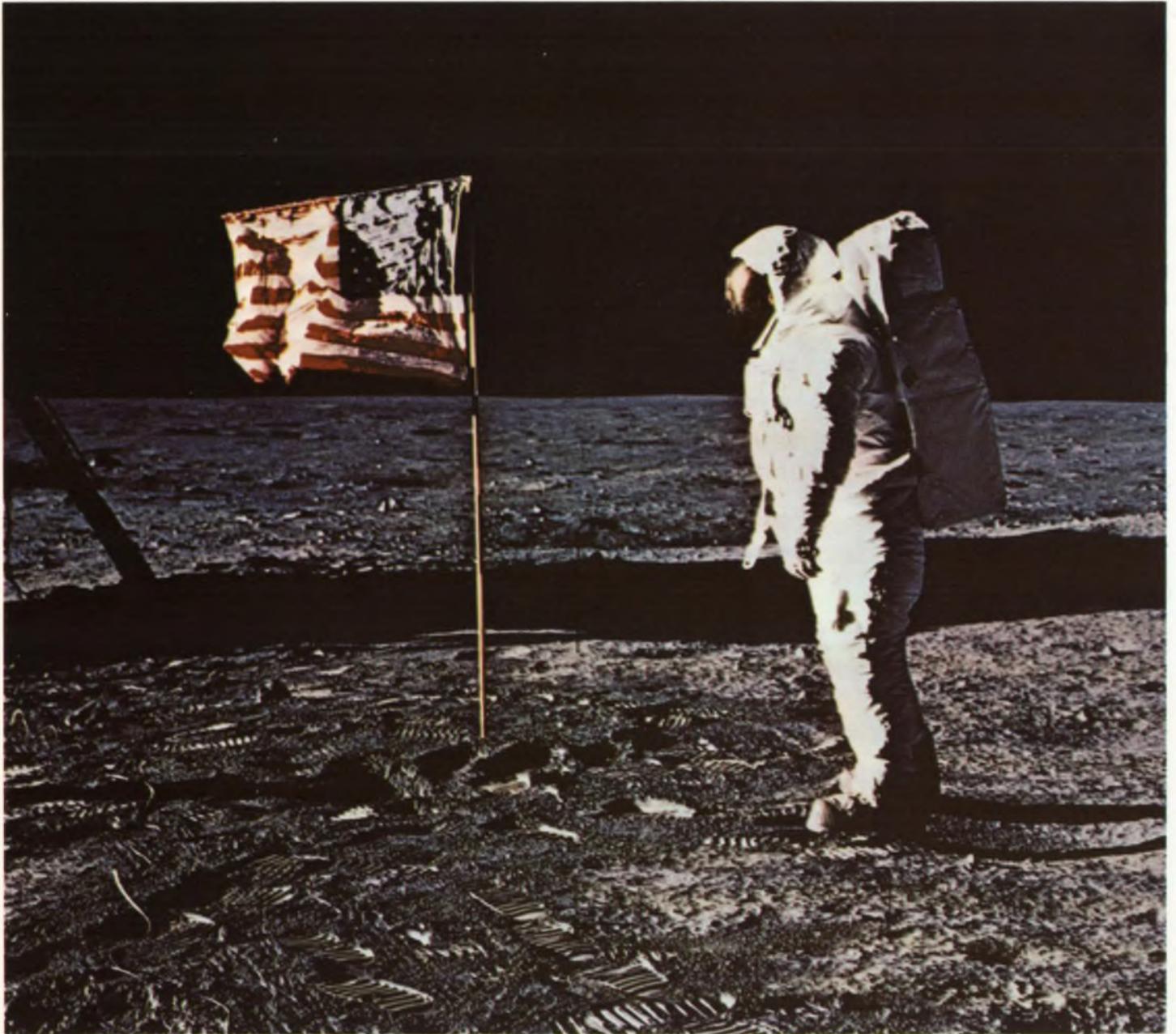
Sincerely,



President

March 12, 1970

"One small step for a man—one giant leap for mankind." ABC News brought the first live sound and pictures from the moon to millions of listeners and viewers.



BROADCASTING

President Nixon's inauguration was one of the major events in 1969 covered by ABC News.

Former Vice President Hubert Humphrey, one of many leaders in public life who appeared with ABC newsmen on "Issues and Answers."

ABC NEWS. For the staff of ABC News, as well as for its viewers and listeners, the one story of 1969 which outweighed all others in historical interest was the first triumphant manned lunar landing of Apollo 11. In keeping with the practice of the networks to pool their resources on a rotating basis in covering certain major news events, ABC News acted as pool coordinator in bringing the live pictures of the first man on the moon to an audience estimated throughout the globe to be in excess of half a billion viewers. The unprecedented coverage of Apollo 11 encompassed more than 50 hours of television and 31 hours of radio time. Similar extensive efforts went into radio and television coverage of Apollo 9 and Apollo 10, the highly successful missions which set the stage for Apollo 11, and into coverage of the second successful lunar mission, Apollo 12.

In regular daily programming, ABC News introduced a new format for its television evening and weekend news programs. A two-man anchor team, with commentators Howard K. Smith in Washington, D.C. and Frank Reynolds in New York, added to the new look. Public acceptance of the new "ABC Evening News with Frank Reynolds and Howard K. Smith" grew throughout the year.

ABC Radio News, the largest radio network news service in the country, provided the 1200 affiliates of the four ABC Radio Network program services with 84 newscasts each day and supplied on-the-scene reports from correspondents around the globe.

A notable addition to the staff was Edward P. Morgan, who returned to ABC News to broadcast daily on radio and to undertake a variety of television assignments following a two year leave when he served as senior correspondent for the Public Broadcast Laboratory.

In documentary programming, 1969 was the year ABC



"The Undersea World of Jacques Costeau" programs combined education and entertainment as they documented man's exploration of the oceans.



News received a Peabody Award for a series of its television documentaries, the first time this prestigious award has gone to a network for a group of programs rather than for a single program.

Regular season documentaries were concerned with such topics as the ecological balance ("Three Young Americans in Search of Survival"), the challenges to legislators ("A Matter of Conscience—Ethics in Government"), and inflation ("The Great Dollar Robbery: Can We Arrest Inflation?"). In addition, ABC News' critically acclaimed "Summer Focus" series of eleven hour-long documentaries probed some of the most sensitive issues of our time.

ABC News' regular radio and television interview program, "Issues and Answers," continued to make headlines throughout 1969, as American and foreign

dignitaries were questioned by ABC News journalists. Among those interviewed were the heads of state of South Vietnam, West Germany and Israel as well as most members of President Nixon's Cabinet, Congressional leaders and the Apollo astronauts.

The major events of the year were covered live by radio and television and brought audiences throughout the country into intimate contact with the events which shape their times. Among these were the inauguration of President Nixon, his two trips abroad, the funeral of former President Dwight D. Eisenhower and the investiture of Prince Charles of Great Britain.

In addition to the Peabody Award for television documentaries, ABC News programs and personnel also received many other commendations, including three Cine Golden Eagle Awards, two Catholic Broadcasters Association of America Gabriel Awards, a Foreign Policy Association Award, a Freedoms Foundation Distinguished Service Award, the National Press Photographers Association Awards, two Ohio State Awards, two Overseas Press Awards and a Long Island University Polk Award.

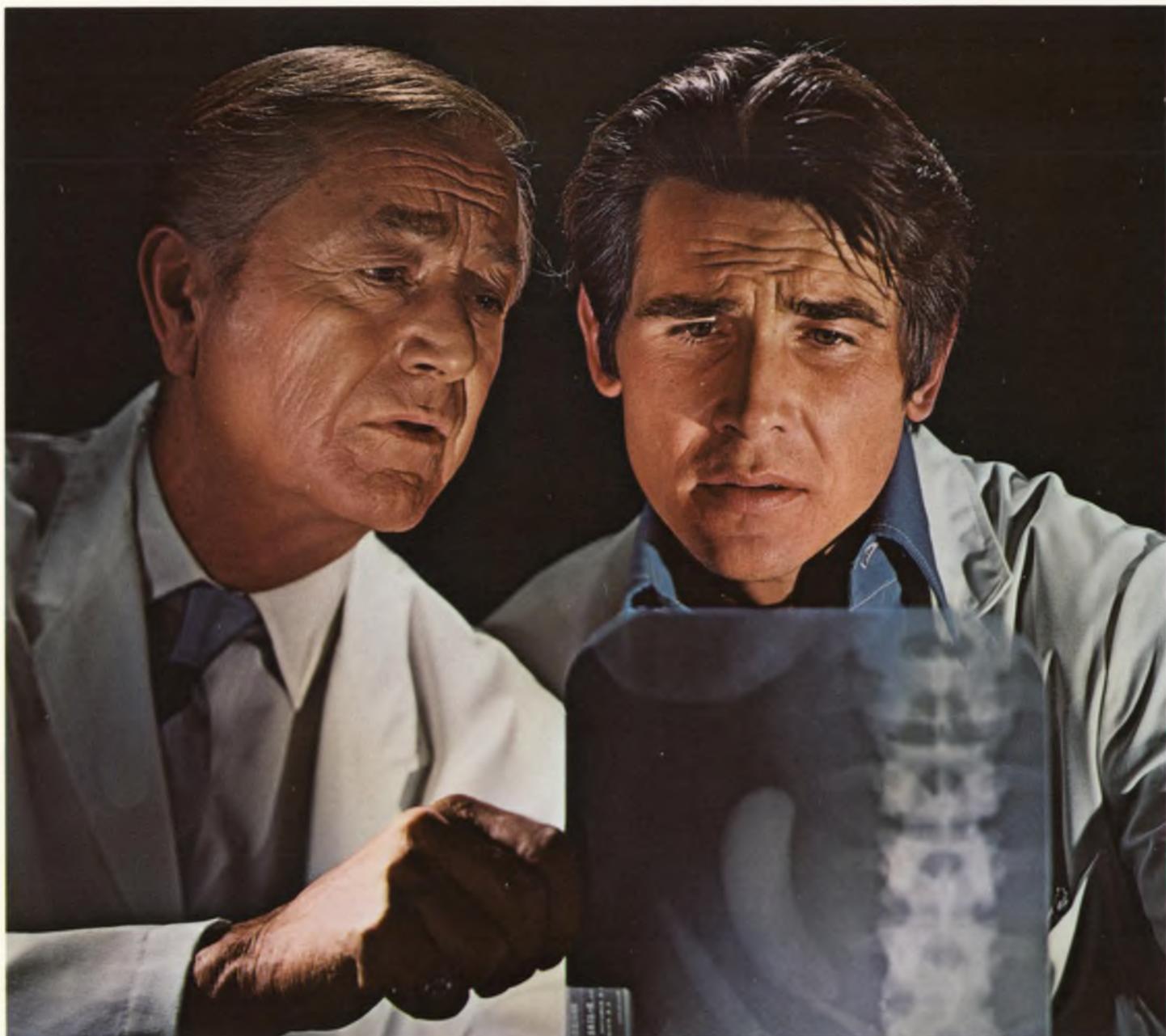
The frequently-cited ABC News religious series, "Directions," continued its innovative programming throughout the year as did "Discovery," the highly-rated, award-winning children's series.

ABC News also supplies a newsfilm service to approximately one hundred domestic and twenty foreign television stations with a wide range of taped and filmed news stories for use in their local newscasts.

Howard K. Smith in Washington and Frank Reynolds in New York anchor the ABC Evening News.



Robert Young stars in "Marcus Welby, M.D.," one of the season's most popular programs, with James Brolin as his young medical assistant.



"Room 222," the highly acclaimed series starring Lloyd Haines in the role of a high school teacher.

Johnny Cash, the outstanding country and western singer, stars in his own weekly show.

ABC TELEVISION NETWORK. The ABC Television Network significantly improved its overall competitive position and achieved record sales for the year.

New prime-time series which were well received by the public included: "Marcus Welby, M.D.," starring Robert Young in the title role of a general practitioner in an age of specialized medicine; "The Courtship of Eddie's Father," a lively situation comedy about a young boy's attempt to find a wife for his widower father; "Room 222," a comedy-drama series about an integrated high school; "The Brady Bunch," a family situation comedy; and "Movie of the Week," 90-minute feature films produced expressly for the network and drawing on leading actors, writers and production personnel.

Returning favorites once again among the top programs with television audiences included: "The FBI," "Bewitched," "This is Tom Jones," "The Lawrence Welk Show," "Mod Squad" and "That Girl." The ABC Sunday and Wednesday Night Movies continued to attract large audiences, the latter rescheduled to Monday night in January.

At the end of 1969, the network had improved its overall prime-time audience levels over the comparable period of 1968 and made additional program changes in January 1970, which further increased its audience growth. Promising new series included: "Nanny and the Professor," a warm-hearted comedy series starring Juliet Mills as a young English nanny and Richard Long as a widower professor with three children; "The Johnny Cash Show," starring the outstanding country and western singer; and "The Engelbert Humperdinck Show," featuring the exciting recording star. At year end, the network introduced Dick Cavett as the host of its Monday-through-Friday late night program.

The network continued to increase its emphasis on



program and talent development. Its policy of presenting new "live" personalities in entertainment specials with potential to develop into future series resulted in such programs as the Tom Jones show.

The network's prime-time schedule for 1970-71 will introduce a number of new programs to supplement the established returning programs. The schedule will provide programming with broad appeal as well as a contemporary 1970's look. Among the new programs are two based on Neil Simon's successful Broadway comedies: "The Odd Couple," starring Tony Randall and Jack Klugman, and "Barefoot in the Park," which will feature black performers in the principal roles. The new schedule also will star Lee J. Cobb in "The Young Lawyers" and will return Danny Thomas and Vince Edwards to television on a regular basis, starring respectively in "The Danny Thomas Show" and "Dial Hot Line."

For the ninth consecutive year, the network telecast the Motion Picture Academy Awards presentation, one of the most popular of all television programs. Among the other specials which attracted large audiences and favorable reviews were "The Undersea World of Jacques Cousteau" series and "Carol Channing and Pearl Bailey on Broadway."

The network's weekday afternoon programming schedule made significant gains during the year, with dramatic improvement in audience levels and in numbers of affiliates carrying the network's programs. Building on this strength, the network introduced a new serial, "All My Children," in January 1970 and announced plans for expanding the daytime schedule by one hour beginning in March, with the addition of two more serials.

In keeping with its policy to minimize violence in programming, the network restructured and expanded its Saturday morning schedule with five new programs.

Recently, an experienced executive director of children's programming was appointed to further the development of new program concepts that would provide entertainment, education and stimulation to young viewers.

ABC Sports continued to gain big audiences and critical acclaim for its worldwide coverage of sports events. NCAA college football had the largest television audiences ever for college football, highlighted by the Texas-Arkansas game in early December which determined the nation's number one team.

ABC will commence weekly prime-time coverage of National Football League games on Monday evenings in the fall making it the only network to offer both college and professional football on a regularly scheduled basis.

The innovative "Wide World of Sports" remained television's most popular year-round sports program as it completed its ninth year. Over the years, "Wide World of Sports" has visited more than 30 countries on six continents and covered more than 100 different sports, while pioneering new coverage techniques.

NBA Basketball, "The American Sportsman," "Professional Bowlers Tour" and ABC's golf coverage continued to attract large audiences. Among future attractions will be a series of auto racing programs beginning in 1970, a continuation of NBA Basketball for at least three years beyond 1970 and the 1972 Summer Olympic Games to be held in Munich, West Germany.

The network closed the year with 157 primary affiliates. Four new affiliates, which are UHF stations, were added in 1969. While ABC continued to add stations, the other networks still have a greater number of primary affiliates.

In 1969 the network won a record total of 86 awards, 52 for programs and 34 to ABC personalities, including six "Emmys" and two Peabody Awards.

Among the network's many outstanding sports events, NCAA football attracted its largest television audiences in 1969. The Texas-Arkansas game (shown below) decided the national championship.



The first television debate among the candidates in the 1969 New York City mayoralty race was telecast by WABC-TV.



Plans were laid in 1969 for a broadcasting skills training school, sponsored by ABC's Detroit television and radio stations in cooperation with the People's Community Civic League.

ABC OWNED TELEVISION STATIONS. The ABC Owned Television Stations achieved record sales in 1969 and continued to provide notable local news, public affairs and entertainment programming and community service in the five major markets in which they are located.

The stations continued to make excellent progress in their commitment to present to their viewers in New York, Chicago, Detroit, San Francisco and Los Angeles the highest quality of news programming. This was reflected in an overall increase in viewing audiences for local news programs.

One indication of the deep interest of the stations in vital community issues was the telecasting of multi-part documentaries on such relevant subjects as teen-age drug addiction, crime in the streets and air pollution.

A number of significant public affairs programs were produced by the stations. Among these were KGO-TV's "Times 25," a program dealing with the correlation of highway accidents and drinking, narrated by Governor Ronald Reagan, and the problems of the Mexican Americans of the Los Angeles area, explored in a study produced by KABC-TV.

In addition, each station editorialized on important local issues which helped stimulate public conscience and community action.

Three of our stations are in metropolitan areas in which important political elections occurred in 1969. In each case, the station provided time for the major candidates. This public service was notably extended by WABC-TV in New York's mayoralty contest and in the gubernatorial election in New Jersey. The mayoralty races in Detroit and Los Angeles were also vigorously presented in public forums provided by WXYZ-TV and KABC-TV.



Two stations presented prime-time telecasts which featured the mayors of their cities in candid and thoughtful interviews. Mayor Richard Daley appeared exclusively on WLS-TV for a headline-making retrospective look at his fifteen years in office. On WABC-TV, Mayor John Lindsay looked ahead to New York City's needs in his coming second term in office.

All five stations were involved in programming and community projects devoted to minority groups. Each station has a weekly program produced, prepared and performed by minority group members. In Detroit, our station was instrumental in creating a training program for careers in broadcasting in studio-laboratories equipped by the station.

Some ABC Owned Television Stations editorialized on the problems created by the vast increase in air traffic at crowded metropolitan terminals.



In addition to documentary and public affairs programs, the stations also continued to produce local entertainment programs. KABC-TV's "The Rosey Grier Show," a musical-variety program hosted by the former athlete, entered national syndication and is being telecast on local stations across the country. KGO-TV aired its thirteenth consecutive production in a series of holiday choral concerts featuring students in the Bay area. This program concept was adopted by ABC's stations in Detroit and Los Angeles. A ninety-minute daytime variety-talk program, "The His and Her of It," produced by the station group, was telecast in all five cities.

ABC Television Spot Sales, which represents the five owned television stations in the sale of advertising on a national basis, posted record sales for the eighth consecutive year.

ABC FILMS. ABC Films, the television program distribution subsidiary, increased its sales of television programs to television stations and advertisers. "Girl Talk," starring Betsy Palmer, entered its eighth year of production. "Ben Casey," following its earlier network run, has been sold to local stations throughout the country. Overseas, "The New People" and the second year of "Mod Squad" were sold widely.

Continuing its role as distributor of programs produced by the ABC Owned Television Stations, ABC Films released a new comedy series, "One Man Show," produced by WABC-TV, New York. Late in the year, ABC Films distributed "The Rosey Grier Show," produced by KABC-TV, Los Angeles.

ABC Films also entered into a co-production arrangement with a Canadian production company for "The Fabulous Sixties," a series of ten one-hour programs dealing with the events and personalities of the 1960's.

ABC INTERNATIONAL. ABC has minority interests in fourteen foreign companies operating television stations in Latin America and the Far East and in three foreign production companies.

ABC International provides program purchasing and/or sales representation services for stations in twenty-three countries, including most of the stations in which ABC holds interests.

One of the significant events during the past year was ABC International's coordination of the production and sale of the live coverage by satellite of Apollo 11 and 12 for telecasting to various countries in Central and South America.

Duff Thomas, American Information Radio Network correspondent, interviews Senator Hugh Scott, Republican minority leader.

American Contemporary Radio Network's Director of Sports, Howard Cosell, talks with Pete Rozelle, Commissioner-National Football League.

ABC RADIO NETWORK. The ABC Radio Network completed its second year of operation under the new concept of functioning as four distinct and separate radio network services, each with a different lineup of affiliated stations throughout the country.

These services were considerably expanded and strengthened during 1969 with the addition of strong new affiliates in many major markets. Sixty-three stations joined the Contemporary Network and fifty-five affiliated with the Information Network. The Entertainment Network signed up seventy-four affiliates while the FM Network added forty-six. At the year end, the four network services totalled nearly twelve hundred affiliated stations. Significantly, each network is represented in from 85 to 93 of the top 100 national markets.

The continued expansion in national coverage for each of the network services resulted in substantial increases in network advertising revenue in 1969 over the preceding year. Despite a generally soft year for network radio advertising, the unique ABC four network concept enabled it to attract new advertisers to the medium. Continuing improvement in station lineups has placed each of the four network services in a strong competitive position for a greater share of national radio advertising dollars in 1970.

ABC Radio News, the hub of the network program activity, provided the stations with the most complete and comprehensive reporting of news in network radio. Intensive live coverage of major news events in 1969 reached more people, via more affiliates, than ever before in recent network radio history.

In addition to news and sports, the four network services provided affiliates with religious, educational and public affairs programs including "Issues and Answers," "Voices in the Headlines" and "World of Space and Science."



The nation's concern about air pollution is shared by the ABC Owned Radio Stations, many of which aired major editorial campaigns on the issue in their communities.

ABC OWNED RADIO STATIONS. The ABC Owned Radio Stations, operating in seven major cities of the country, again achieved substantial sales increases and established a new record for the year. Available industry information indicated that the stations' sales improvement greatly exceeded the national average.

According to 1969 ARB audience measurements, the ABC owned AM stations had the largest audience of any owned radio group in the country. These stations have earned this high level of listenership based on their ability to fulfill a public need for service, information and entertainment in their communities.

Each of the stations also developed its own particular brand of community service. WXYZ Detroit and WLS Chicago sponsored city-wide campaigns to obtain Christmas toys for under-privileged children. Both stations cooperated with local companies and civic agencies to make a happier holiday for thousands of children through "Project Joey."

Summer programs for the benefit of young people in depressed urban areas were offered by WABC New York and WXYZ Detroit. For the second consecutive year, WABC conducted a 12-week Youth Talent Hunt in cooperation with the Police Athletic League and Mayor Lindsay's Urban Task Force. WXYZ played host to inner-city children at the Detroit Lions training camp.

In Pittsburgh, KQV attracted nearly 30,000 persons of all ages to its 5th Annual Career Exposition, offering career and job assistance through the cooperation of major universities and private industry.

As the world's first Ombudsman station, KABC Los Angeles handled an unprecedented number of citizen complaints, both on and off the air. KABC, in the tradition of all ABC Owned Radio Stations, editorialized on important issues and topics of concern to its listeners.



Service to our citizens in depressed urban areas assumes a number of forms at the ABC Owned Radio Stations; from summer talent hunts to special field trips for young people.

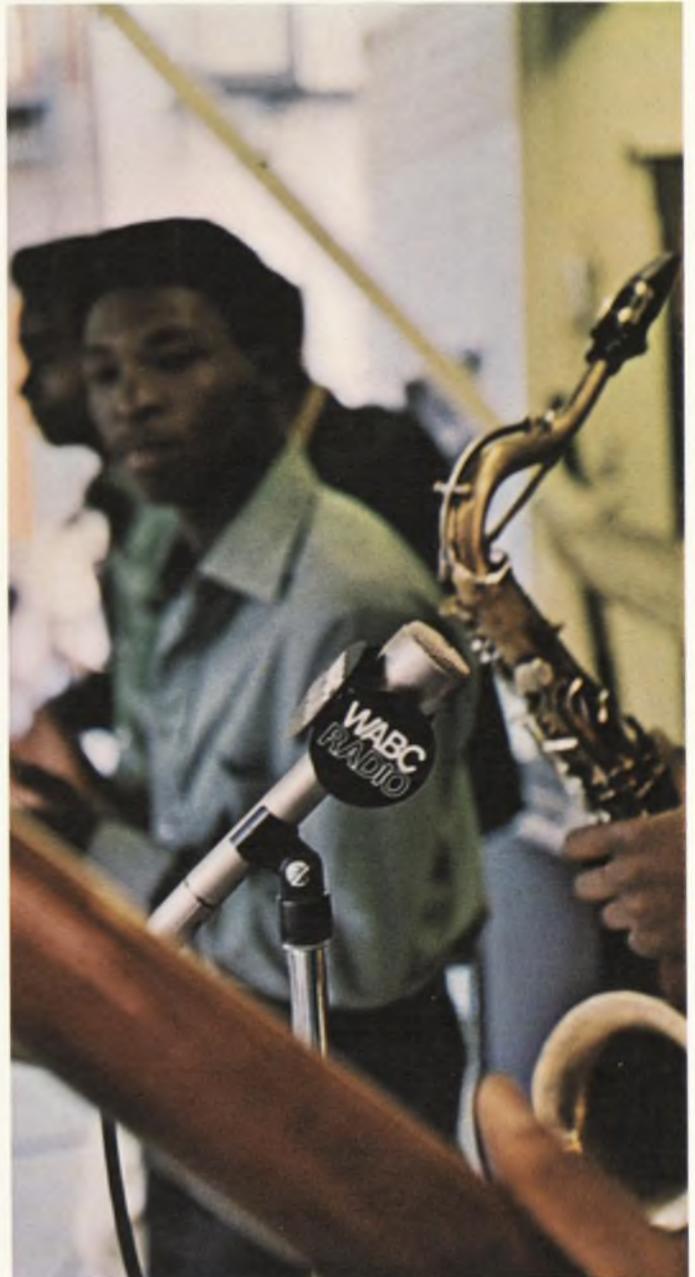
For these efforts, KABC received several awards, among them, the coveted Greater Los Angeles Press Club Award "for the best editorial or series of editorials (print or broadcast) on an issue of local significance," and a special Award of Merit from the Los Angeles County Board of Supervisors "for a remarkable and outstanding editorial series" to eliminate California smog.

Six major awards in the field of editorial journalism were presented to KGO San Francisco during 1969. Foremost were the National Headliners Club Award and the American Bar Association's Certificate of Merit for an editorial series urging stricter gun controls.

In Pittsburgh, KQV received the Pennsylvania Medical Society's Donaldson Award for its editorial series on "Kids and Sex." KQV was one of only three stations in the nation to be honored with the national Broadcast Media Award from San Francisco State College for its editorial series "Teacher Turmoil." Educational problems in New York City was the topic which won WABC the New York State Associated Press Broadcasters first place award for "best series of editorials."

In September, KXYZ began editorializing on local issues, the only Houston radio station currently offering this service. An editorial series on Houston's air pollution problem received substantial attention from government and industry leaders. KXYZ received two coveted awards for outstanding coverage of educational problems from the Texas Association of Broadcasters and the Texas State Teachers Association.

In the field of FM Radio, a special projects group began the production of "LOVE," a new stereo programming service broadcast by the FM stations and primarily directed to today's youth who are most attracted to the new music style. Based on its audience reception, this program is also being sold to other radio stations.



River Oaks Theatre in suburban Chicago shopping center opened in 1969.



NON-BROADCASTING

Exterior view of the new Medallion Theatre in suburban shopping center, Dallas, Texas.

Lobby view of the new Thruway Theatre in Winston-Salem, North Carolina.

ABC THEATRES. Theatre revenues and earnings were very good in 1969 but did not equal the excellent performance of the previous year. Although there were a number of good box-office attractions during the year, they did not reach the level of those released in 1968 which contributed to the highest theatre earnings since 1950.

One of the major factors in the general uptrend in theatre business since 1962 has been the progressive upgrading of our theatre portfolio by the addition of modern, well-equipped theatres, principally in growing suburban localities, as well as the continuing disposition of theatre properties that have become marginal.

In the continuing program of upgrading theatre properties, ninety-eight theatres have been acquired from 1963 through 1969, including twenty-six in the past year. Approximately thirty-six theatres, including four dual theatres, are in various stages of construction, most of which are expected to be in operation before the year end. Additional theatres are being considered, including plans for dual conventional and dual drive-in theatres. Seven marginal properties were divested in 1969 so that, at the year end, our company, through subsidiaries, had interests in 418 theatres.

ABC PICTURES. The company has been in motion picture production over two years. In this relatively short time, with few exceptions, the pictures released generally have done or are doing well, although, overall, this operation was not profitable.

Pictures which were released in 1969 included "Take the Money and Run," the Woody Allen comedy, "Ring of Bright Water," an entertaining family-type picture, "Whatever Happened to Aunt Alice," a Robert Aldrich thriller, "Krakatoa-East of Java," a Cinerama release in which the company had a financial interest, "Midas Run,"



Florence Henderson stars in the forthcoming musical motion picture production, "Song of Norway," to be released initially in 70mm. as a reserved seat attraction.

and limited engagements of "They Shoot Horses, Don't They?."

Pictures scheduled for general release in 1970 range from currently popular contemporary social themes to comedy, musical and historical drama. "They Shoot Horses, Don't They?" is a drama about marathon dancing during the depression and stars Jane Fonda, Michael Sarrazin, Susannah York, Gig Young and Red Buttons. This picture currently is doing very well and has been cited as being among the best pictures of the year. Recently, it was honored with nine Academy Award nominations including those for best actress, best supporting actor and actress and best direction. "Jenny," a bittersweet yet at times comic story of the life of a single girl in New York and featuring Marlo Thomas and Alan Alda, has also received favorable reviews and audience reaction in its initial engagements.



Other pictures scheduled for release during the current year on which production has been completed include:

- "How Do I Love Thee," starring Jackie Gleason and Maureen O'Hara.
- "Mastermind," a comedy starring Zero Mostel, filmed on location in Japan.
- "Suppose They Gave A War and Nobody Came," a comedy about three professional soldiers caught up in the modern day computer army, starring Tony Curtis, Brian Keith and Ernest Borgnine.
- "Too Late The Hero," starring Academy Award winner Cliff Robertson and Michael Caine, written, produced and directed by Robert Aldrich, a drama about World War II filmed on location in the Philippines.
- "Song of Norway," stars Florence Henderson and Edward G. Robinson and deals with the life and music of Edvard Grieg. The movie, filmed in Norway where the composer lived, is expected to be released as a reserved seat attraction.
- "Lovers and Other Strangers," a contemporary comedy, based on the Broadway stage show, about the frustrations and impressions of a young couple who are on the verge of marriage, and the impact of their impending marriage on family and friends. It stars Michael Brandon, Bonnie Bedelia, Gig Young and Harry Guardino.
- "A Last Valley," deals with the turbulent period of the Hundred Years War and stars Michael Caine and Omar Sharif. It was written, produced and directed by James Clavell, whose last feature was "To Sir with Love."

Pictures in pre-production or development include:
"Zachariah," a rock musical, now being produced in Mexico.
"Siege of Trencher's Farm," a suspense mystery to be produced by David Susskind and directed by Charles Jarrett from a novel by Gordon M. Williams.

Jane Fonda and Susannah York, cited for Academy Award nominations as best actress and best supporting actress, respectively, in a scene from the highly acclaimed drama, "They Shoot Horses, Don't They?!"



Three Dog Night, the popular recording group on Dunhill Records.

Tommy Roe, one of the leading recording artists on ABC Records.

ABC RECORDS. ABC Records achieved the best sales year in its history, reflecting continued success in recordings under its various labels as well as its expansion in the rack jobbing field.

During the year, four single records and four albums (which reached a million dollar sales) were certified as gold records by the Record Industry Association of America. Again, ABC Records gained recognition with twenty-four nominations in thirteen categories in the annual National Academy of Recording Arts and Sciences Awards.

"Hello Dolly," featuring Barbra Streisand on the original motion picture soundtrack on the 20th Century Fox label, distributed by ABC Records, has been extremely well received to date. Top ABC artist Tommy Roe had another excellent year, and new artists, The Blue Magoos and Eddie Hollman, added to the overall roster of talent.

Dunhill Records strengthened its position in the popular music field with single and album hit recordings by Steppenwolf, The Grass Roots and Smith. Particularly outstanding was the recording of "Monster," a single and album by Steppenwolf, and several Three Dog Night albums. Reissues of The Mamas and The Papas hits, plus an album and singles by Mama Cass, were also very well received.

Command Records took a leading position in the electronic pop music field with top selling albums by Dick Hyman, Richard Hayman and Walter Sear. Westminster Records released a second album featuring the outstanding operatic soprano Beverly Sills, and continued its Basic Classical Library Series.

In the jazz music field, the company released its records under the Impulse and Bluesway labels. B. B. King, the outstanding blues singer and guitarist, became a top-selling artist in the popular music market with his single



"Hello Dolly," popular recording of the motion picture musical, on one of the outside labels distributed by ABC Records.

Records and pre-recorded tapes sold in retail outlets are serviced by rack jobbers, an expanding business of ABC Records.

recording "Why I Sing the Blues," from his album "B. B. King, Live and Well."

Recognizing the new and basic changes in the concept of selling and distributing records and tapes, ABC Records has expanded into the field of rack jobbing—a recent development in merchandising relating to the direct servicing of retail outlets. Through internal growth and the acquisition of several rack jobbers, the company's subsidiary ABC Record & Tape Sales Corp. has established distribution facilities throughout the country to service national and local accounts. The field of rack jobbing has been expanding rapidly and the company is favorably positioned to share in this market, particularly with respect to the distribution of pre-recorded tapes and cassettes, a significant area of growth in the music industry.

OTHER ACTIVITIES. In publishing, the company's three agricultural papers again achieved record sales in 1969. *Prairie Farmer*, *Wallaces Farmer* and *Wisconsin Agriculturist* have been serving the Midwest for more than one hundred years. They have a combined circulation in excess of 700,000 and rank among the five leading farm papers in advertising and editorial matter.

The company's scenic attraction centers in Florida continued to attract a record number of tourists. Weeki Wachee Spring's new 1969 underwater show, "Mermaids on the Moon," was received with great enthusiasm by audiences, while the most popular feature at Silver Springs remains its famous fleet of glass-bottom boats.

ABC Marine World, an oceanic park on San Francisco Bay, completed its first full season in 1969. Among its popular attractions are the largest performing killer whale, a dolphin show and an exciting water ski show. Plans are underway to more fully develop and exploit these and other attractions.



FINANCIAL REVIEW

REVENUES. Revenues increased 14% to a record level of \$720,924,000 for the 53 weeks ended January 3, 1970. Revenues for the 52 week prior year amounted to \$633,994,000. In the broadcasting division revenues increased 12% to a record level of \$507,807,000, in the theatre division revenues decreased 3% to \$94,774,000, and in the other divisions revenues increased 45% to \$118,343,000 principally due to higher revenues from records and motion picture production.

EARNINGS. Earnings from operations were \$17,639,000 in 1969, compared to \$12,679,000 for the prior year. Earnings from operations amounted to \$2.44 per share, which is equivalent to \$3.65 per share before the 3 for 2 stock split in December, 1969.* This represents a 37% increase over the adjusted \$1.78 per common share for the prior year. Earnings from operations before income taxes were at a record level. Although 1969 earnings from operations after income taxes were substantially higher than in 1968, results were not equal to the previous record high in 1966, principally because of the 10% federal income tax surcharge.

Net capital and non-recurring losses of \$878,000 or 12¢ per share, represent net extraordinary charges of \$1,208,000 less federal income tax benefits of \$330,000. Extraordinary charges include a provision of \$2,800,000 for loss on investments, the write-off of intangible costs of \$1,115,000 which are no longer considered to have continuing value, less a gain of \$2,868,000 on the sale of an investment in a foreign broadcasting company. In 1968, the Company reported a gain of \$3,661,000, after tax, equivalent to 51¢ per share, principally from the sale of the Company's stock interest in Microwave Associates, Inc.

Net earnings of \$16,761,000 or \$2.32 per share for 1969 compare with prior year net earnings of \$16,340,000 or \$2.29 per share.

COMMON STOCK. During 1969, the Company purchased 150,000 shares (equivalent to 225,000 shares after the stock split) of its outstanding stock for acquisitions and other general corporate purposes.

On November 3, 1969, the Board of Directors declared a 3 for 2 stock split of the Company's common stock to holders of record on December 1, 1969. As a result, outstanding common stock increased by 2,443,545 shares. At year end, 7,072,795 shares were outstanding.

CASH DIVIDENDS. Cash dividends of \$1.07 per share (equivalent to \$1.60 per share before the stock split) were paid amounting to \$7,675,000 in 1969 and \$7,581,000 in 1968. In the first quarter of 1970, the Board of Directors declared a quarterly dividend of 30¢ per share on shares outstanding after the stock split. On an annual basis, this would be equivalent to \$1.20 per share, an increase of 12% over the adjusted annual dividend per share paid in 1969.

STOCKHOLDERS' EQUITY. Stockholders' equity increased to \$163,376,000 or \$23.10 per share at January 3, 1970 from \$160,286,000 or \$22.28 per share at the end of 1968.

LONG-TERM DEBT. A subsidiary of the Company concluded a bank agreement providing a revolving credit of \$40,000,000 in connection with motion picture production. At the beginning of the year, the subsidiary had outstanding \$13,450,000 under a previous motion picture production bank loan, which amount was entirely repaid during the year. At the year end, \$40,000,000 was outstanding under the new bank agreement. The loan is to be repaid from theatrical and television revenues of the motion picture films and matures on December 31, 1972.

Repayment during the year of other debts amounted to \$9,929,000.

* Unless otherwise noted, all references in the financial review to per share amounts are after the 3 for 2 stock split in December, 1969.

In December, 1969, a subsidiary arranged for a financing of \$12,000,000 commencing in mid-1970 for construction of an entertainment center in Century City, Los Angeles, California. Information concerning the balance of long-term debt at year end, interest rates and repayment terms is set forth in Note E to the consolidated financial statements.

PROPERTY AND EQUIPMENT. Property and equipment expenditures of \$21,365,000 comprise \$7,439,000 applicable to the broadcast division primarily for modernization of color and other technical equipment; \$11,947,000 related to theatres, principally for new theatres and the improvement and modernization of existing theatres; and \$1,979,000 applicable to other operations. Depreciation for the year amounted to \$15,515,000 of which \$9,970,000 related to the broadcasting division, \$4,250,000 to theatres, and \$1,295,000 to all other operations.

WORKING CAPITAL. During the year, working capital increased by \$25,559,000 to \$177,140,000. The ratio of current assets to current liabilities at year end is 2.5 to 1, compared to 2.4 to 1 at the end of the previous year. The composition of working capital and changes during the year are as follows:

	<u>1969</u>	<u>1968</u>	Increase (Decrease)
Current Assets			
Cash funds	\$ 71,772,000	\$ 74,486,000	\$(2,714,000)
Television and theatrical motion picture rights and production costs.	107,533,000	90,177,000	17,356,000
Other	<u>115,661,000</u>	<u>96,273,000</u>	<u>19,388,000</u>
	294,966,000	260,936,000	34,030,000
Current Liabilities	<u>117,826,000</u>	<u>109,355,000</u>	<u>8,471,000</u>
Working Capital	<u>\$177,140,000</u>	<u>\$151,581,000</u>	<u>\$25,559,000</u>

CASH FUNDS. Cash funds at the end of 1969 were \$71,772,000 compared to \$74,486,000 at the end of 1968.

The Company maintained a strong cash position at a level comparable to that at the end of the prior year, principally due to cash generated from operations, proceeds from sale of properties and investments, and the additional financing for motion picture production.

The sources and uses of cash funds for the year 1969 were as follows:

Sources:			
Earnings from operations		\$ 17,639,000	
Depreciation		15,515,000	
Sale of properties and investments		4,936,000	
Additional borrowings for motion picture production..		26,550,000	
Common stock sold under options		<u>770,000</u>	
			\$ 65,410,000
Uses:			
Property and equipment		21,365,000	
Dividends paid		7,675,000	
Repayments of other loans		9,929,000	
Purchase of common stock for the treasury		7,579,000	
Increase in television and motion picture rights, production costs and advances		17,356,000	
Others, net		<u>4,220,000</u>	
			<u>68,124,000</u>
Net decrease in cash funds			<u>\$ 2,714,000</u>

CONSOLIDATED FINANCIAL POSITION

ASSETS	JANUARY 3, 1970	DECEMBER 28, 1968
CURRENT ASSETS:		
Cash	\$ 22,931,000	\$ 23,062,000
Marketable securities, at cost (approximate market) . .	48,841,000	51,424,000
Receivables, less allowance for doubtful accounts of \$3,334,000 in 1969 and \$2,406,000 in 1968	96,417,000	85,133,000
Television and theatrical motion picture rights, production costs and advances, less amortization (Note B)	107,533,000	90,177,000
Inventory of merchandise and supplies, at cost or less	13,774,000	9,326,000
Prepaid expenses (Note D)	5,470,000	1,814,000
Total current assets	<u>294,966,000</u>	<u>260,936,000</u>
INVESTMENTS, at cost, less reserves of \$7,451,000 in 1969 and \$4,651,000 in 1968 (Notes C, F and I)	<u>9,427,000</u>	<u>11,529,000</u>
PROPERTY AND EQUIPMENT, at cost (Note D):		
Land	25,048,000	23,348,000
Buildings	72,754,000	72,605,000
Operating equipment	76,597,000	72,601,000
Leasehold improvements	19,618,000	17,303,000
	<u>194,017,000</u>	<u>185,857,000</u>
Less—accumulated depreciation and amortization . .	60,145,000	56,833,000
	<u>133,872,000</u>	<u>129,024,000</u>
OTHER ASSETS:		
Intangibles, at cost (Note I)	22,881,000	23,195,000
Deferred charges	2,249,000	2,849,000
Other assets (Note D)	5,024,000	7,030,000
	<u>30,154,000</u>	<u>33,074,000</u>
	<u>\$468,419,000</u>	<u>\$434,563,000</u>

AMERICAN BROADCASTING COMPANIES, INC.

LIABILITIES AND STOCKHOLDERS' EQUITY	JANUARY 3, 1970	DECEMBER 28, 1968
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 98,784,000	\$ 90,639,000
Federal income taxes (Note D)	11,041,000	7,749,000
Loans payable within one year (Note E)	8,001,000	10,967,000
Total current liabilities	<u>117,826,000</u>	<u>109,355,000</u>
 LONG-TERM LIABILITIES:		
5% Convertible Subordinated Debentures (Note E) ..	49,977,000	49,990,000
Loans payable (Note E)	113,124,000	93,537,000
Other	19,521,000	15,923,000
	<u>182,622,000</u>	<u>159,450,000</u>
 DEFERRED INCOME	 4,595,000	 5,472,000
	<u>305,043,000</u>	<u>274,277,000</u>
 STOCKHOLDERS' EQUITY (Notes F and G):		
Common stock	7,331,000	4,817,000
Capital in excess of par value	66,343,000	67,644,000
Retained earnings	97,281,000	87,825,000
	<u>170,955,000</u>	<u>160,286,000</u>
Less—common stock in treasury, at cost	7,579,000	—
	<u>163,376,000</u>	<u>160,286,000</u>
 COMMITMENTS AND CONTINGENT LIABILITIES (Note J)		
	 <u>\$468,419,000</u>	 <u>\$434,563,000</u>

STATEMENT OF CONSOLIDATED EARNINGS AND RETAINED EARNINGS

	1969 (53 WEEKS)	1968 (52 WEEKS)	
REVENUES:			
Broadcasting	\$507,807,000	\$454,704,000	
Theatres	94,774,000	97,627,000	
Records, motion pictures, publishing and others	118,343,000	81,663,000	
	720,924,000	633,994,000	
EXPENSES:			
Operating expenses and cost of sales	570,993,000	510,373,000	
Selling, general and administrative	87,074,000	74,755,000	
Depreciation and amortization of property and equipment	15,515,000	15,002,000	
Interest	7,686,000	6,884,000	
	681,268,000	607,014,000	
EARNINGS FROM OPERATIONS BEFORE INCOME TAXES	39,656,000	26,980,000	
PROVISION FOR INCOME TAXES (Note D):			
Federal	18,900,000	12,350,000	
State, foreign and local	3,117,000	1,951,000	
	22,017,000	14,301,000	
	PER SHARE*		
	1969	1968	
EARNINGS FROM OPERATIONS BEFORE EXTRAORDINARY ITEMS .	\$2.44	\$1.78	17,639,000
CAPITAL AND NON-RECURRING GAINS (LOSSES), net of applicable federal income tax (Note I)	(.12)	.51	(878,000)
NET EARNINGS FOR THE YEAR	\$2.32	\$2.29	16,761,000
RETAINED EARNINGS AT BEGINNING OF YEAR			87,825,000
RETAINED EARNINGS OF COMPANIES ACQUIRED (Note A)			370,000
			104,956,000
LESS—CASH DIVIDENDS	\$1.07	\$1.07	7,675,000
RETAINED EARNINGS AT END OF YEAR (Note G)			\$ 97,281,000
			\$ 87,825,000

*Adjusted for the 3 for 2 stock split in December, 1969. Assuming full conversion of convertible debentures and exercise of stock options, fully diluted earnings from operations and net earnings for 1969 would be \$2.23 and \$2.13 and, for 1968, \$1.69 and \$2.15, per share, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A—CONSOLIDATION POLICY:

The consolidated financial statements include the accounts of American Broadcasting Companies, Inc. and its majority owned domestic subsidiaries.

During the year the Company acquired two companies accounted for on a pooling of interests basis. Prior periods have not been restated as the poolings would have no material effect thereon.

NOTE B—TELEVISION AND THEATRICAL MOTION PICTURE RIGHTS, PRODUCTION COSTS AND ADVANCES:
Television program rights, production costs and advances of \$59,051,000 primarily represent amounts paid less amortization based on usage for network programs and rental periods for local station programs. Management estimates that a major portion of the costs will be charged to operations within one year and substantially all of the balance in the subsequent year.

Theatrical motion picture costs of \$48,482,000 are stated at the lower of cost or estimated realizable value. Amortization of these costs is based upon the estimated flow of income. When it is determinable, based on such estimates, that a motion picture will result in an ultimate loss, the entire loss is reflected immediately.

NOTE C—INVESTMENTS:

Investments at January 3, 1970 include \$894,000 representing the carrying value of unliquidated investments in certain theatres sold since the inception of the Company. Of the original sales prices, \$5,193,000 remains uncollected and is due in installments of variable contingent amounts to 1981. The difference between the uncollected balance and the carrying value represents a contingent profit to be reflected proportionately in future earnings as installments are collected.

NOTE D—INCOME TAXES:

Certain items are reported for tax purposes in different periods than for financial statement purposes. The net effect of these items in 1969 was an increase in the provision for income taxes of \$528,000. During 1969, pursuant to an agreement with the Internal Revenue Service, the accounting for tax purposes of certain items was changed, causing timing differences which resulted in a net increase of \$2,194,000 in the federal income tax liability and an offsetting amount of future tax benefit.

At January 3, 1970, net estimated future tax benefits are included \$3,915,000 in prepaid expenses and \$1,653,000 in other assets. Similar amounts for 1968 were \$263,000 and \$3,639,000 respectively. Properties acquired after 1967 are depreciated on an accelerated basis for tax purposes, but substantially all property and equipment is depreciated on a straight line basis for financial reporting purposes.

NOTE E—DEBT:

	1969	1968
Debentures:		
5% convertible subordinated debentures due July 1, 1993, convertible into common stock at \$43.33 per share and redeemable at 104¾% to July 1, 1970, and at decreasing prices thereafter. Beginning July 1, 1979, the Company is required to retire \$2,000,000 principal annually.	\$ 49,977,000	\$ 49,990,000
Loans:		
4.55% notes payable semi-annually, \$1,250,000 to January 1, 1971, \$1,625,000 to January 1, 1985 and \$10,750,000 on July 1, 1985 . . .	\$ 58,750,000	\$ 62,500,000
Bank loans at prime rate plus ¼ of 1% per annum payable in approximately equal quarterly installments to March 1, 1973.	14,277,000	18,669,000
Bank loans at prime rate plus ½ of 1% per annum payable by a subsidiary company from the net proceeds of various motion pictures. The loans outstanding at January 3, 1970 mature 24 months from the date of borrowing or December 31, 1972, whichever is earlier. The loans outstanding at December 28, 1968 were repaid in 1969 . .	40,000,000	13,450,000
Mortgage and other loans payable through 1985 with interest from 4½% to 9% per annum	8,098,000	8,179,000
Short-term bank loans	—	1,706,000
Total	121,125,000	104,504,000
Less current installments, including in 1968, short-term bank loans of \$1,706,000	8,001,000	10,967,000
	\$113,124,000	\$ 93,537,000

NOTE F—CAPITAL STOCK AND CAPITAL IN EXCESS OF PAR VALUE:

At January 3, 1970, 2,000,000 shares of preferred stock, par value \$1, and 10,000,000 shares of common stock, par value \$1, were authorized. No preferred stock has been issued.

During the year, changes in common stock and capital in excess of par value were as follows:

	Common Stock		Capital In Excess of Par Value
	Number of Shares	Amount	
Balance at beginning of year	4,816,645	\$4,817,000	\$67,644,000
Options and deferred compensation to employees	19,004	19,000	976,000
Companies acquired and accounted for on a pooling of interests basis	50,466	50,000	156,000
Conversion of debentures	291	—	12,000
Other	976	1,000	(1,000)
	4,887,382	4,887,000	68,787,000
3 for 2 stock split in December, 1969	2,443,545	2,444,000	(2,444,000)
Balance at end of year	7,330,927	\$7,331,000	\$66,343,000
Less common stock held in treasury	258,132		
Common stock shares outstanding at year-end	7,072,795		

The 258,132 shares of common stock held in treasury at January 3, 1970 were purchased at a cost of \$9,045,000 of which 33,132 shares, at a cost of \$1,466,000, are classified as an investment held for the purposes of the Key Employees Incentive Compensation Plan.

On May 20, 1969, the stockholders approved the 1969 Qualified Stock Option Plan providing for the granting of 525,000 shares of common stock, adjusted for the 3 for 2 stock split. The following table, adjusted for the stock split, reflects transactions in the number of shares under all stock option plans during the year:

Outstanding at beginning of year		300,061
Granted at 100% of fair market value		345,750
Less: Exercised at prices ranging from \$19.098 to \$45.084 per share.	23,801	
Cancelled	45,289	(69,090)
Outstanding at end of year at prices ranging from \$19.098 to \$57.00 per share		<u>576,721</u>

Of the 576,721 shares, 170,207 were exercisable at January 3, 1970. The remaining options become exercisable as to 110,634 shares in 1970 and 295,880 in 1971 and later.

Common stock shares reserved total 2,026,281 to cover the stock options outstanding, the 296,156 additional shares which may be issued under the Qualified Stock Option Plans and the 1,153,404 shares required for conversion of the Convertible Subordinated Debentures.

NOTE G—RETAINED EARNINGS:

The various agreements pertaining to long-term debt contain, among other things, certain restrictions as to the payment of dividends (other than in shares of capital stock of the Company) or the purchase or redemption of capital stock of the Company. Of the consolidated retained earnings at January 3, 1970, approximately \$45,000,000 was not so restricted.

NOTE H—RETIREMENT PLANS:

The cost of the contributory retirement plans of the Company and certain of its subsidiaries paid to the retirement funds was \$1,768,000 in 1969 and \$1,779,000 in 1968 including amortization of the unfunded past service costs over a period of thirty years. The actuarially computed value of vested benefits exceeded the total of the retirement funds by approximately \$7,400,000. The Company is also required to contribute to various union retirement funds under collective bargaining agreements.

NOTE I—CAPITAL AND NON-RECURRING GAINS (LOSSES):

Net capital and non-recurring losses of \$878,000 represent net extraordinary charges of \$1,208,000 less federal income tax benefits of \$330,000. Extraordinary charges include a provision of \$2,800,000 for loss on investments, the write-off of intangible costs of \$1,115,000 which are no longer considered to have a continuing value, less a gain of \$2,868,000 on the sale of an investment in a foreign broadcasting company. In 1968, the Company realized a gain of \$3,661,000 after applicable taxes of \$1,073,000 principally from the sale of its investment in Microwave Associates, Inc.

NOTE J—COMMITMENTS AND CONTINGENT LIABILITIES:

The Company is liable under real property leases in effect at January 3, 1970 for minimum annual rentals totaling \$9,094,000, of which \$2,001,000 relates to leases expiring before 1972, \$2,294,000 to leases expiring during 1973-1977, \$1,351,000 to leases expiring during 1978-1982, \$691,000 to leases expiring during 1983-1987 and \$2,757,000 to leases expiring after 1987. Total rent, including rentals based on a percentage of revenues, charged to operations in 1969 was \$8,271,000.

Under contracts covering rentals of feature films for future telecast, the Company is obligated for payments aggregating approximately \$130,000,000 during the next five years.

There are contingent liabilities under pending litigation including antitrust suits to which some of the companies in the motion picture industry are also defendants.

The Company has a maximum obligation of \$1,500,000 as guarantor on a bank loan to a non-consolidated foreign subsidiary.

OPINION OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of American Broadcasting Companies, Inc.

In our opinion, the accompanying statement of consolidated financial position and the related statement of consolidated earnings and retained earnings present fairly the financial position of American Broadcasting Companies, Inc. and its subsidiaries at January 3, 1970 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

NEW YORK, NEW YORK
MARCH 2, 1970

PRICE WATERHOUSE & CO.

FIVE YEAR FINANCIAL SUMMARY

(Dollars in thousands, except per share amounts)

	1969	1968	1967	1966	1965
REVENUES					
Broadcasting	\$507,807	\$454,704	\$431,325	\$413,684	\$361,631
Theatres	94,774	97,627	84,877	82,390	80,982
Others	118,343	81,663	58,750	43,898	33,852
Total	\$720,924	\$633,994	\$574,952	\$539,972	\$476,465
EARNINGS-TOTAL					
Operations	\$17,639	\$12,679	\$11,759	\$17,860	\$15,721
Capital and non-recurring gains (losses), net	(878)	3,661	1,770	206	(156)
Net	\$16,761	\$16,340	\$13,529	\$18,066	\$15,565
EARNINGS PER SHARE*					
Operations	\$2.44	\$1.78	\$1.67	\$2.54	\$2.26
Capital and non-recurring gains (losses), net	(.12)	.51	.25	.03	(.03)
Net	\$2.32	\$2.29	\$1.92	\$2.57	\$2.23
DIVIDENDS					
Total	\$7,675	\$7,581	\$7,515	\$7,496	\$6,962
Per share*	\$1.07	\$1.07	\$1.07	\$1.07	\$1.00
FINANCIAL POSITION AT YEAR END					
Working capital	\$177,140	\$151,581	\$ 83,050	\$ 91,755	\$ 93,772
Property and equipment, net.	133,872	129,024	127,024	113,464	74,292
Total assets	468,419	434,563	368,759	320,315	262,777
Long-term debt	163,101	143,527	84,381	87,897	62,030
Stockholders' equity	163,376	160,286	147,973	141,111	129,672
Number of common shares outstanding*	7,072,795	7,193,595	7,062,928	7,038,163	7,006,299

*Adjusted for the 3 for 2 stock split in December, 1969. Assuming full conversion of convertible debentures and exercise of stock options, fully diluted earnings from operations and net earnings for 1969 would be \$2.23 and \$2.13 and, for 1968, \$1.69 and \$2.15, per share, respectively.

BOARD OF DIRECTORS

Alger B. Chapman *Chairman of the Board of Squibb Beech-Nut, Inc.*
Samuel H. Clark *Group Vice President of Corporation*
John A. Coleman *Senior Partner, Adler, Coleman & Co.*
Donald C. Cook *President and Chief Executive Officer of
American Electric Power Company, Inc.*
Everett H. Erlick *Group Vice President of Corporation*
Charles T. Fisher III *Executive Vice President of
National Bank of Detroit*
Leonard H. Goldenson . . . *President of Corporation*
Robert V. Hansberger *President and Chairman of Boise Cascade Corporation*
Jack Hausman *President of Belding Hausman Fabrics, Inc.*
Leon Hess *Chairman of the Board and Chief Executive Officer of
Amerada Hess Corporation*
George P. Jenkins *Chairman of Finance Committee of
Metropolitan Life Insurance Company*
Elton H. Rule *Group Vice President of Corporation*
Theodore Schlesinger . . . *Chairman of the Board and Chief Executive Officer of
Allied Stores Corporation*
Simon B. Siegel *Executive Vice President of Corporation*

EXECUTIVE COMMITTEE

John A. Coleman, *Chairman*
Alger B. Chapman
Leonard H. Goldenson
Jack Hausman
George P. Jenkins
Theodore Schlesinger
Simon B. Siegel

OFFICERS

Leonard H. Goldenson . . . *President*
Simon B. Siegel *Executive Vice President*
Samuel H. Clark *Group Vice President*
Everett H. Erlick *Group Vice President and General Counsel*
Elton H. Rule *Group Vice President*
Roland S. Tremble *Financial Vice President and Treasurer*
Jerome B. Golden *Vice President and Secretary*
Robert T. Goldman *Vice President*
James C. Hagerty *Vice President*
Herbert R. Hahn *Vice President*
Marie J. McWilliams *Vice President*
John H. Regazzi *Comptroller*
Harry Pape, Jr. *Assistant Treasurer*
Eugene R. Hahn *Assistant Comptroller*
Franklin Feinstein *Assistant Secretary*

EXECUTIVE OFFICES

1330 Avenue of the Americas
New York, New York 10019

INDEPENDENT ACCOUNTANTS

Price Waterhouse & Co.

TRANSFER AGENT

Bankers Trust Company

REGISTRAR

The Bank of New York

