

months. "Third-quarter 1980 results will be more negatively affected than were those in earlier quarters principally because of the extraordinary costs of the news coverage of both political conventions," ABC's announcement warned. The second-quarter downturn was 12 cents a share, the first quarter five cents. Some on Wall Street are looking for the third quarter to be off by 30 cents to 40 cents from the \$1.14 a share earned last year. That earnings slippage will come despite the fact that the company has taken its last losses from its Travel Network operations, which were sold in the second quarter.

ABC nevertheless continues to maintain that it will have "the second best year in the company's history," which would mean topping the \$4.60 per share earned in 1978 from continuing operations.

For the half, ABC's revenues were \$1.13 billion, up 18% over the \$953,426,000 for 1979's first six months. Earnings declined 5% for the period, from \$82,423,000, \$2.94 a share, to \$78,115,000, \$2.77 a share.

CNN attractive to advertisers

Fledgling cable network, while behind in its goal for subscribers, is pulling in national sponsors

Advertisers continue to climb aboard the Cable News Network, with the latest clients including Buick, Atlantic Richfield (Arco gasoline), Duracell and General Foods Corp., swelling the total to 31.

George Babick, vice president for sales for CNN, said in New York last week a large group of advertisers will be joining in September and October. Advertising revenues were in the area of \$300,000 per month in the first month of operation in June and, according to Babick, "will grow considerably in the fourth quarter."

CNN, going into its second month of operation, started with Bristol-Myers as a charter client with a \$25-million, 10-year commitment and added Procter & Gamble with an estimated \$1-million-plus order earlier this month. Other clients are GTE Sylvania, Worldwide, GE Credit and *Life* magazine.

"There seem to be different reasons for clients deciding to use CNN," Babick noted. "Some say they want to test cable, some want to reach an upscale audience and others want to reach the fragmented audiences. Whatever their positioning, we at CNN are making an intensive effort in our presentations to advertisers and agencies."

Reese Schonfeld, president of CNN, is decidedly pleased with the pace of advertising sales. He acknowledged that the CNN subscriber level has been a disappointment, but added that "we must be doing something right with our product when so many national advertisers want to

Up and down. The nationwide television and radio networks and their owned and operated stations enjoyed an over-all net gain in revenue in 1979 over the previous year. However, the three commercial television networks experienced a .9% decrease, and their 35 O&O radio stations a 25.1% decrease, in pre-tax profits from 1978. According to a compilation of financial data released by the FCC last week: Total 1979 net revenues for the three TV networks and their 15 O&O stations were \$4 billion, up 15.3% from 1978. Network revenues increased 16.5% to \$3.5 billion, while revenues of the O&O's were \$638 million, up 9.1% from 1978. Network pre-tax profits were down 0.9% from 1978, to \$370.2 million, while profits before income tax for the O&O's increased to \$205.1 million, up 10.1% from the previous year. The three networks reported spending \$324 million on their news and public affairs operations in 1979 compared to \$265 million in 1978. The financial data submitted by the eight nationwide radio networks—CBS, two Mutual Broadcasting System Networks, NBC and ABC's three AM and one FM network, and 35 network O&O's—shows a 6.6% increase in net broadcast revenues for 1979. The total revenues were \$252.0 million in 1979 compared to \$236.3 million in 1978. Pre-tax profits, however, dropped 15.0% in 1979, from \$43.7 million in 1978 to \$37.2 million in 1979. The pre-tax income for the eight networks increased 3.7% to \$15.9 million in 1979, from \$15.4 million the year before. There was a 25.1% decrease in the 35 O&O's in 1979, from \$28.4 million in 1978 to \$21.3 million in 1979. Amounts shown in the chart below are in millions.

Television						
	Total		Networks		O+O's	
	Amount ^a	% Change from 1978 ^b	Amount ^a	% Change from 1978 ^b	Amount ^b	% Change from 1978 ^b
1. Network advertising revenues			\$4,297.5	15.7		
2. Deductions:						
a. Paid to owned and operated stations			43.8	2.1		
b. Paid to affiliated stations			287.6	10.4		
Total participation by stations			331.4	9.2		
3. Retentions from network advertising revenues	\$4,011.4	16.1	3,966.1	16.3	\$45.3	4.4
4. Nonnetwork time sales	725.7	9.4	—	—	725.7	9.4
5. Other broadcast revenues	141.7	21.2	136.1	21.8	5.6	7.7
6. Total broadcast revenues	4,878.8	15.2	4,102.2	16.5	776.6	9.1
7. Deduct commission to agencies and representatives and cash discounts	786.4	14.8	647.7	16.1	138.7	9.0
8. Net broadcast revenues	4,092.4	15.3	3,454.5	16.5	637.9	9.1
9. Broadcast expenses	3,517.1	17.7	3,084.3	19.0	432.8	8.7
10. Broadcast income (before federal income tax)	575.3	2.8	370.2	(0.9)	205.1	10.1

^a Last digits of figures may not add because of rounding.

^b Percent change is based on the rounded figures. () indicates decrease.

Radio						
	Total		Networks ^b		O+O's ^a	
	Amount ^c	% Change from 1978 ^d	Amount ^c	% Change from 1978 ^d	Amount ^{a,c}	% Change from 1978 ^d
1. Network advertising revenues			\$136,548	9.8		
2. Deductions:						
a. Paid to owned and operated stations			2,208	13.4		
b. Paid to affiliated stations			19,818	16.7		
Total participation by stations			22,026	16.4		
3. Retentions from network advertising revenues	\$116,930	8.9	114,522	8.6	\$2,408	23.8
4. Nonnetwork time sales	184,198	5.6	—	—	184,198	5.6
5. Other broadcast revenues	3,079	3.6	2,781	3.2	298	7.2
6. Total broadcast revenues	304,207	6.8	117,303	8.5	186,904	5.8
7. Deduct-commissions to agencies representatives and cash discounts	52,198	7.7	20,800	13.8	31,398	4.0
8. Net broadcast revenues	252,009	6.6	96,503	7.4	155,506	6.2
9. Broadcast Expenses	214,833	11.6	80,585	8.2	134,248	13.7
10. Broadcast income (before federal income tax)	31,176	(15.0)	15,918	3.7	21,258	(25.1)

^a These figures for 35 stations compare with figures for 36 stations in 1978. One owned and operated station was sold during 1979, therefore those figures are not included in this report.

^b CBS, MBS (2 networks), NBC, and ABC (3 AM networks and 1 FM network).

^c Last digits of figures may not add because of rounding.

^d Percent change is based on the rounded figures. () indicates decrease.