

but we still don't have the green light on it."

Turner was buoyed by the news that Tele-Communications Inc. President John Malone, the most powerful cable operator on the TBS board, had told securities analysts in New York a day earlier that TCI would give TNT its "total support" (see below). And Turner agreed with Malone that July 1

would be a good date to launch the service. Cable systems could substitute TNT for a distant broadcast signal (other than Turner's WTBS, of course) on that date and not incur any copyright liabilities for the distant signal for the second half of the year.

Despite the news, Turner was not ready to give odds on TNT's making its debut this

year since he has yet to hear from American Television & Communications or other cable operators represented on the TBS board. "It could very soon be a 'go,'" he said. "But it could be delayed again."

In selling board members on the project,

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Top cable operators go before analysts

Goldman Sachs seminar draws top names; Viacom announces financial results

Tele-Communications Inc. President John Malone held court with nearly 300 security analysts in New York last Wednesday at the cable MSO's annual briefing of the group, and fielded queries ranging from company views on the cable acquisition market to the industry's programing potential. TCI's meeting preceded a two-day conference by Goldman Sachs on cable television (see below).

Also during the three-hour meeting, finance vice president, Bernard Schotters, reported on the company's fiscal state (TCI released preliminary 1987 results last week, see below).

Of the merger talks between United Cable and United Artists (TCI owns 65% of UA and 23.4% of UC), Malone said, "I would like to see them reach some resolution for the destiny of their company they are happy with." But he added that TCI was only interested in a tax-free transaction. Last month, as part of an agreement with United Cable for future stock purchases, TCI filed for regulatory clearance to buy up to 49% of United Cable. United Cable cancelled its Thursday session with analysts, and United Artists Chief Executive Officer Stewart Blair, who was scheduled to appear, was not at his company's Friday presentation indicating further activity on that front.

Regarding Turner Broadcasting System's handling of its \$1.4-billion debt, Malone, who sits on the TBS board as the leading equity holder in a cable consortium which has 10% of the programing company, said consortium members will likely take common equity in the company in lieu of \$38 million in cash dividends due before Oct. 30.

Malone, who said the company's "move into programing is a critical part of its long-term" progress, said TCI is "strongly supportive of [Ted Turner's proposed Turner Network Television] concept and we're encouraging Ted to come forth. But it's his decision. I don't know if he's made the decision to come forward or not.... We will give it total support" (see story, page 40). Trygve Myhren, chairman of American Television & Communications, said the idea of a broad-based, basic channel "is very appealing to us" and indicated that other operators were responding positively to Turner's plan.

Malone said the potential general entertainment channel's advantages would include its cable exclusivity, its substantial advertising availabilities and the potential

for its high-appeal programing to compete with the big three broadcast networks.

He added that if TNT is launched, it would be as an exclusive cable service in each market in return for MSOs' long-term financial commitment.

Of other exclusive program deals between the MSO and cable programers, Malone said such exclusivity is "protected by present law and in the public interest." He added, however, that the company will limit exclusive agreements so as not to foreclose the possibility of competition.

Malone also said there were "no concrete" discussions between TCI and Viacom regarding the latter's effort to sell an equity share of the pay movie channel. Although he did not dismiss the possibility of a future agreement, Malone said discussions had never passed the "philosophical" stage because of disagreement over pricing. (Viacom Chief Executive Officer Frank Biondi, at his company's presentation [see below], said "there are some legitimate conversations" taking place, both with domestic and foreign companies. In apparent response to Malone's comment, Biondi said he "had never seen so many reluctant brides in public.")

In response to a question on his view of broadcasters owning cable systems, Malone said: "I think it's great. They ought to own, to understand our business. They should be allowed and encouraged to come into markets outside their O&O markets."

On hold? SCI Holdings said last Friday that it had terminated a letter of intent signed by Taft Cable Partners (Tele-Communications Inc. and the Bass Group), American Television & Communications and Comcast to purchase Storer Cable in a deal with a total consideration of \$2.8 billion. The agreement carried with it complex tax and structural problems; negotiations since the signing of the letter of intent, on Dec. 24, 1987, seemed to have progressed slowly.

The deal would have been the largest cable transaction in history (BROADCASTING, Jan. 4), with the partners putting up roughly \$1.7 billion for the stock and another \$1.1 billion in assets in exchange for the company's so-called "restricted cash." Due to tax considerations, it was expected that Storer would have continued operating as a separate company, under the ownership of Taft, ATC and Comcast. Storer has 1.45 million subscribers in 12 states.

TCI, the industry's largest cable system operator, last week released preliminary results from its 1987 fiscal year. The company reported total cash flow of \$650 million on revenue of \$1.709 billion, with \$354 million in operating income for the year. Revenue from cable operations alone (not counting the United Artists Communications movie theater operation) showed revenue doubled over 1986 to \$1.232 billion for the year, while cable cash flow was up 46% to \$572 million. TCI cash flow before UACI was \$471 million, while revenue was \$1.032 billion.

On a pro forma basis for systems held in both 1986 and 1987 by TCI, revenue rose from \$645 million to \$943 million while pro forma cash flow grew from \$270 million to \$430 million. □

Among other companies that made presentations at the Goldman Sachs seminar last week were:

Viacom International—Viacom Chairman Summer Redstone said that "accelerated intensive discussions" with several companies are taking place about acquiring an ownership interest in Showtime/The Movie Channel (valued by the company at \$700 million to \$800 million), but that a deal was not a fait accompli. Given the company's escalating internal growth, falling interest rates and a reevaluation of the company's assets, he said "maybe weren't going to sell anything." Redstone said the company was also exploring opportunities that involved recapitalizing its debt with longer maturities and better interest rates. Biondi, in discussing the possibilities of an outside deal, said that if a transaction were made, it would probably be done in the next 90 to 120 days. Viacom's first debt payments are due Dec. 31 (\$200 million) and June 1989 (\$250 million).

The company announced its fourth-quarter and full-year financial results last week, with expenses relating to the leveraged buyout pushing both numbers into the red. The company reported net losses in the fourth quarter of \$48.9 million on revenue of \$265.8 million, compared with year earlier earnings of \$695,000 on revenue of \$246.3 million. Operating income (earnings plus depreciation and amortization) for the quarter were \$67.7 million, up from the year earlier's \$44.5 million.

For the full year, the company reported a net loss of \$154.4 million on revenue of \$1.01 billion. In 1986 Viacom lost \$9.8 million on revenue of \$919 million. The company said operating cash flow increased from \$199 million in 1986 to \$263 million last year. When merger related amortization