

Capital Cities ABC reported second-quarter results last Friday indicating "weakness in most aspects of the national advertising marketplace..." **Broadcasting revenue** inched up **3% to \$904.6 million**, while **operating income for segment decreased 2% to \$221.4 million**. Jay Nelson of Brown Brothers Harriman said that network revenue was virtually flat and profits were down 20% below second-quarter last year, although current results benefited less (55 cents per share, compared to 65 cents in prior-year's second quarter) from accounting write-downs of ABC programming, which effectively reduced reported costs. Company said that despite better-than-expected upfront television network advertising sales, "...the second-quarter softness in national advertising experienced through the company has not moderated." Revenue of owned television stations was thought to have exceeded 4%, while operating profits of group were up 5%-10%. Radio division was said to have reported "modest" revenue gain but declining profits; video enterprises had strong gains in both revenue and profits. Total second-quarter revenue was \$1.16 billion; income from operations was \$252.7 million, and net income was \$113.9 million, or \$6.78 per share.

ABC is currently reviewing pilot produced by King Features Entertainment as late night series, to follow *Nightline*. Hosted by former ABC correspondent Linda Ellerbee, show is described as news/entertainment show featuring mix of news, film clips, features and interviews. Idea for series came from executive at King Features, who after reading Ellerbee's book, *And So It Goes*, suggested idea for late night show to Bruce Paisner, president, King Features Entertainment, who contacted Ellerbee. ABC spokesman would not comment specifically on pilot, saying, "We're examining a number of possibilities for the late night day-part, and we're some ways away from a final decision."

FCC Chairman Dennis Patrick announced at press conference last Thursday that **commission has issued "citations or warning letters" to 19 vendors in 10 states, two Canadian provinces and West Indies suspected of selling equipment "whose sole purpose may be to defeat the Videocipher II satellite scrambling system."** List of 20 comprised "people who had been openly advertising in the mail and through newsletters," said another FCC spokes-

man. Patrick said "very serious, growing" satellite signal theft means "law-abiding [home dish owners] have to pay higher prices" and that home satellite delivery market "might dry up" if problem cannot be brought under control. Industry estimates that up to half of de facto standard VC-II's in market may be pirate, and past year has seen coordinated efforts of unit's manufacturer, General Instrument, FBI and Justice and Customs Departments to investigate and prosecute pirates. If problem continues, said FCC public notice issued at press conference, "many programmers are likely to implement more secure and more expensive scrambling techniques. This could eliminate program distribution to dish owners." Satellite operators this month reported shopping for VC-II replacement (see "Satellite Footprints"). Contacted later Thursday, Patrick said: "The commission has no present intention to revisit the standards issue. We observed...that the industry has effectively adopted standards. If there are improvements available, that's even better."

CBS has deal to provide news services and programs, including flagship *CBS Evening News with Dan Rather*, to **British direct broadcast satellite system due for launch in fall, 1989**, according to CBS Broadcast International Senior Vice President Donald Wear Jr. Wear said CBS made arrangements with four-channel DBS service's parent company, British Satellite Broadcasting, and with European news suppliers now vying for franchise to fill BSB's 24-hour news channel *CBS Evening News* will also start morning airings next September on West German satellite channel Tele5, co-owned by Italian media magnate Silvio Berlusconi and TeleMunchen principal Herbert Kloiber, Wear said. Show, which already airs on tape-delayed basis in France, Italy and Japan, will air live in UK at midnight. UK deal will be on fee basis for CBS, rather than barter basis, as have been other overseas arrangements.

First of predicted Gillett sales emerged this week as Act III Communications announced it had purchased WRLH-TV Richmond, Va., from Busse Broadcasting, which is owned by trust for Gillett's children. No sales price was announced, but sources indicated price would fall in \$7 million-\$8 million range.

HDTV: the BellSouth of the ball

There was more to last week's Democratic National Convention (see page 27) than wall-to-wall media coverage. The event served as a proving ground for high-definition television. BellSouth seized the opportunity to promote its brand of HDTV by providing a closed-circuit feed of convention activities using fiber optic cable. The preview gave many Democratic policymakers and journalists a first-time look at the new technology, and it appeared to be well-received.

Observers such as Congressman John Dingell of Michigan, said the picture quality was "quite impressive." Dingell chairs the House Energy and Commerce Committee, which oversees telecommunications matters and will likely have a say in any policy associated with HDTV. "It is a technology whose broader applications should be explored," said Dingell.

The telephone company placed 16 HDTV monitors throughout the World Congress Center and one in BellSouth's hospitality suite at the Westin Peachtree Plaza hotel, where congressional members and party VIP's could privately view the new technology.

Two HDTV cameras from Bellcore (its research arm) were used to cover floor events. The monitors were supplied by Toshiba, and BellSouth laid some 1,063 miles of fiber optic cable to transmit the feed. The company claims it is "North America's first demonstration of multi-point, switched transmission of HDTV," as well as the "largest collection of HDTV equipment" ever assembled. The video switches were designed by Bellcore.

BellSouth's grab for the HDTV limelight was being viewed by

some as signaling an increasing desire to branch out into the video business. "I think what you have is an indication of just how badly the telephone companies want to get into the video distribution business," commented Eddie Fritts, president of the National Association of Broadcasters, who attended the convention. "They are trying to establish themselves as an alternative delivery system, and anything that bypasses local radio and TV stations, we are concerned about," Fritts added.

He also said BellSouth's demonstration was a replication of what NAB did "experimentally" at its convention this year. Moreover, Fritts indicated NAB had considered mounting an HDTV demonstration at the Democratic convention, but hesitated because the "only system up and running is Japanese." Consequently, he added, "we were concerned about the trade implications; that was one of the reasons for our coolness."

It is also a sensitive subject with the cable industry. There is growing debate over whether telcos should be permitted to offer cable services (currently prohibited by law). And last week, as BellSouth gained national recognition for HDTV, the FCC voted to recommend that Congress lift restrictions barring telcos from the cable business (see story, page 31).

But when BellSouth's president and chairman, John Clendenin, was asked if the HDTV feed was indicative of the company's long-term ambitions, he said it was merely a demonstration of "what the technology is capable of doing." And that BellSouth, as a technology-driven company, wants to respond to the "demands of the marketplace and nothing more."