

# TNT keeps NBA for \$275 million

Hubbard Broadcasting, said ANC is designed to be the "backbone" for the local cable news channels. The participating TV stations would produce local news to supplement ANC, he said. At first, the percentage of local news may be small, but it would grow over time, he said.

Although details have yet to be worked out, ANC intends to get involved in each market to make sure the broadcasting-cable ventures prosper, Hubbard said. ANC is not going to just sell the service and collect a fee, he said. "We are going to go into each market and take the risk with the broadcaster and each cable system," he said. "We are only going to make money on success."

ANC is trying to line up stations and cable systems in several markets to serve as "pilot projects" to show others the way. Hubbard said some of the nine Hubbard stations may be involved in pilots. Preliminary discussions have been held with cable systems in the Minneapolis-St. Paul area about working with Hubbard flagship KSTP-TV there, he said. So far, he said, the system operators have been "very enthusiastic about the concept."

Viacom's Showtime Satellite Network, the second largest packager of programming for the home satellite market with some 140,000 subscribers, will offer ANC as part of its package without increasing its retail price.

Ron Bernard, president of Viacom Network Enterprises Inc., said he is negotiating with other packagers interested in distributing ANC, but he declined to identify them.

(ANC is being distributed via Satcom II-R, transponder 7. It is now being transmitted in the clear, but sometime shortly after the first of the year it will be scrambled using General Instrument's Videocipher II system, the home satellite industry's de facto standard.)

ANC draws principally on the considerable newsgathering capabilities of the Conus cooperative, which has 140 contributing members worldwide, including nearly 100 U.S. television stations. The new service also shares some facilities, equipment and personnel with Conus.

Nonetheless, Hubbard and Bernard said the service represents a considerable investment by Conus and Viacom, although neither was willing to talk dollars and cents. "It is a good chunk of change," said Hubbard.

Whatever ANC is spending, it is not enough, said Jon Petrovich, executive vice president, Headlines News, after checking out the competition. "I was unimpressed.... They are not in the same league."

The service did not have a "presence" where the stories were: Manila, Malta, Prague and Rome, Petrovich said. They had to use a lot of file footage to supplement their stories, he said, adding that it takes a lot of money to have presence and continually update stories 24 hours a day.

ANC is so clearly inferior to Headline News, Petrovich said, he does not see cable operators substituting ANC for it. And given cable systems' limited channel capacity, he said, he does not see operators adding ANC to supplement Headline News. —HAJ

**Cable network will have 75 games each season through 1993-94 season; Turner says there won't be any increase in rates cable operators pay for TNT; NBA deal won't cut into TNT's original programming budget**

Turner Network Television signed a new four-year, \$275 million agreement with the National Basketball Association last week to keep NBA games on TNT through the 1993-94 season. In a year when incumbents have had a tough time in the sports marketplace, TNT held onto the rights and will carry the same number of games—50 regular season and 25 playoff—each season.

The deal works out to an average payment of \$68,750,000 per year, a 175% increase over the existing two-year, \$50 million deal. Terry McGuirk, president of Turner Sports, said Turner will pay a little below the average figure in the early years of the contract and a little higher than average in the final years.

McGuirk said Turner expects it won't approach profitability until near the end of the NBA contract, but there won't be any increase in the rates cable operators pay for TNT, McGuirk said. TNT's rate card calls for a 20 cent payment in 1990 and 25 cents per subscriber in 1991. McGuirk said the company is currently discussing with its affiliates rates for 1992 and thereafter. McGuirk said the NBA deal would not cut into TNT's original programming budget.

In addition to the license fee structure going out, there is one other unknown—how rapidly TNT will continue to grow. Already at 35 million subscribers, McGuirk projected it would hit 36 million subscribers by year's end, and NBA Commissioner David Stern said he expected it to reach 40 million subscribers by the end of the NBA season next spring. If that growth continues, there would be less pressure for increased license fees in future years. McGuirk said he hopes TNT would hit near universal penetration in the cable universe by 1991.

While TNT and the NBA were in an exclusive negotiating period, Stern said there was someone in the marketplace willing to pay what Turner paid. Stern said "we would probably not have made a deal that limited us to eight million cable homes," referring to a possible bid by SportsChannel America. McGuirk said Turner believed "there were forces in the marketplace willing to pay in excess of what we were paying. Our business judgment was to make this deal now." Stern added that "if getting the last dollar out of this package was our goal...we could have gone to market and done that. But when you sit down with an incumbent and you come to a general understanding of what you think it's worth and you put that number to them and they basically accept it, I think they are entitled to that."

In addition to coverage of the NBA draft, the Hall of Fame game and NBA All Star Saturday, TNT will carry a half-hour *Inside*

the NBA program following the Friday night game, and a half-hour *This Week in the NBA* will be carried on Cable News Network Sunday at 6 p.m.

One main pocket of cable resistance has been Cablevision Systems, whose systems in New York and Boston don't carry TNT. McGuirk said there were daily negotiations lasting several hours working toward a carriage agreement. "We have high hopes that we will succeed," he said, with Stern adding that now that the contract is signed and SCA is out of the picture, an agreement with Cablevision would follow.

Stern pointed out that there will be six to 10 more games in the NBC contract over the CBS contract, and with 25 games on superstations WTBS(TV) Atlanta and WGN-TV Chicago, fans in those areas were still receiving a host of NBA games. "Once it becomes known that TNT is the place to get NBA coverage," said Stern, "we're optimistic that the numbers will continue to grow."

Stern said he will recommend that the number of games on superstations continue to be limited (they have been reduced to 25 this year). The Turner-owned Hawks have 25 games on WTBS this year, and McGuirk said Turner would not oppose the commissioner's push to reduce the number of games on superstations. The bottom line, said McGuirk, is "we're going to support the commissioner." (Turner is formulating plans for a regional sports network in the Southeast which, presumably, would have Hawks games as its centerpiece.)

McGuirk acknowledged that the ratings for the NBA so far this season have been "off slightly," but said with greater promotion and awareness they would rise to the level seen on WTBS by the end of the year.

Stern said he was not as optimistic that the ratings would recover this year, but said the NBA was expecting about a 25% drop in ratings this year. Fans were still getting games on superstations, including WTBS, which previously had the NBA, he pointed out, and if the drop is limited to 25%, "we would consider [that] to be a terrific result for year one."

There will be no increase in advertising minutes in the package, said Stern, although he added that the NBA was looking at a plan to get four more minutes of commercial inventory in the games.

Stern said both NBC and TNT will be included in discussion for television coverage abroad as the NBA expands its horizons overseas.

Just last month, NBC signed a four-year, \$600 million deal for the NBA, taking the rights away from CBS. That came less than a year after CBS took the MLB rights away from NBC in a four-year, \$1.1 billion deal. Last month, CBS signed a seven-year, \$1 billion college basketball deal, retaining the rights and taking away some early round NCAA tournament action from ESPN. —MS