

Paramount executives also doubt Warner Bros. could be near the 70% level since it has delayed announcement of affiliate signings. Warner Bros. executives counter that the Paramount plan is a defensive reaction to Warner Bros.' own plans. "They don't have a full plan. They are on a desperate mission because they were not picked to go [to the] dance," says one Warner Bros. executive.

Besides prime time programming, both Warner Bros. and Paramount plan for children's programming to play a part in their networks—especially at Warner Bros., where plans for original kids programming is in the works. While both have the goal of a fifth network, affiliate relations is another matter. As previously reported, Warner Bros. is looking for a small percentage of the incremental profit its network brings stations should an affiliate choose to sell its station. "It's no back-end rise after depreciation," says one source familiar with the plan.

Affiliates and potential affiliates of Warner Bros. have yet to indicate a problem with that plan.

Paramount says the Warner plan is "reverse compensation" and that it wants only to increase the value of its stations and its affiliates.

One group owner who has heard both pitches says that he is more inclined to go with a proven vehicle such as *Star Trek*. "Paramount has a show that guarantees that 25% of their launch block is a hit," says the group owner. But potential affiliates in the Warner Bros. camp counter that Paramount may be late to the party.

Ironically, until a few weeks ago, Paramount and Chris Craft sat in meetings with Warner Bros. and planned to be a part of their network. But when it became clear that there was no room for both Tribune and Chris Craft, the latter decided to team with Paramount to launch a network, something the two parties had talked about during the last year, according to McCluggage.

While both studios are betting there is room for a fifth network, but not a sixth, some industry observers question whether there is room for even one more network. "You start running out of independent stations after the top markets," says one industry consultant, "and you have to start going to stations that are technically inferior and lack coverage. Fox had the same problem." ■

Big 3 wary, but not too worried over new networks

Executives believe Warner and Paramount entries will have tough time getting competitive distribution; are concerned over dilution of ad pool

By Steve McClellan

It's not a threat, it's a pain." That's how one network president sums up his reaction to the growing list of fifth networks.

If either the fifth network (Warner-Tribune) or the sixth network (Paramount-Chris Craft) actually are launched with paid advertising, the consensus is that those dollars will come from the pool of existing ad money, with little, if any, incremental growth in the pool.

Theoretically then, those networks, if successful, could have an impact on the big three and Fox. But network officials and Wall Street analysts say

that the programmers—who-would-be-networks have a tough row to hoe to establish themselves in any significant form in the distribution business.

Nevertheless, senior network executives acknowledge the possibility that these "networks"—program services, really—could gain a toehold that might account for between 5% and 10% of the viewing audience. "But that would take 10 years," says one executive.

High-level executives at all three networks would comment on background only for this story. As one

Continues on page 14

Walk softly, carry big stations

Herbert J. Siegel, chairman and president of BHC Communications, has allowed only two articles on himself in the past 20 years. Following his lead, other BHC executives rarely, if ever, talk to the press. Despite this code of silence, the group owner of eight TV stations has all but broadcast its intention to assume a larger presence in the television industry.

Most significant was BHC's successful bid for WWOR-TV New York several years ago. The VHF independent boosted BHC to a key role in launching new shows or networks. It also increased, by almost 40%, the group owner's revenue, which this year should top \$400 million.

Siegel has had a long-standing interest in Hollywood studios. It was through giving up a stake in 20th Century Fox that he acquired BHC's first four TV stations (all independents) in 1960. In the mid-1980's he played a key role in what was then Warner Communications, and has from time to time expressed an interest in Paramount.

BHC is one of three publicly traded companies containing Siegel-controlled television operations. It is two-thirds owned by Chris Craft Industries, which, except for its BHC stock, owns little else but a relatively minor chemical business. BHC directly owns three of the TV stations and holds just over 50% of United Television, licensee of the other five stations.

It is through Siegel's equity stake in Chris Craft—he has roughly a third of the stock and an even larger share of the votes—that he controls the other two companies.

Other executives in the corporate chain include Evan Thompson, president of the television operations, and Siegel's two sons, John and William, both of whom are Chris Craft senior vice presidents. —GF

