

QVC, Viacom prepare Paramount bids

By Steve McClellan

As Paramount established procedures to auction itself to the highest bidder, Viacom and QVC last week scrambled to come up with final offers, which are due in sealed bids today, Dec. 20.

Meanwhile, QVC extended to this Wednesday its tender-offer deadline for 51% of Paramount's outstanding common stock.

There is a good chance that Paramount's deadline for bids could be extended. Paramount's board left itself plenty of room to amend the bidding procedures on a moment's notice, much to the dismay of QVC Chairman Barry Diller.

Paramount established bidding procedures last week, four days after a Delaware court ruled that it could not merge with Viacom and ignore other bids (BROADCASTING & CABLE, Dec. 13). Diller's lawyers complained about the procedures in a six-page letter to Paramount investment banker Lazard Freres.

The Dec. 14 letter complained of provisions allowing Paramount to extend the deadline for bids and to make other changes "at any time without prior notice." The letter also said essentially that the Paramount board couldn't be trusted not to change the

rules at the last minute in order to insure that Viacom, Paramount's hand-picked merger partner, would win the bidding process.

"The past record of the board in this matter certainly does nothing to inspire QVC's confidence that the board will be objective in exercising the unbridled discretion that it has reserved to itself," the letter says.

Early last week, Paramount ruled out creating a committee of outside board members to review competing bids. Analysts said that such a committee would have strengthened Paramount's signal that it was trying to be objective in the bid-evaluation process.

In its letter complaining about the bidding procedure, QVC urged Paramount to consider an "open and public bidding process," not the sealed-bid process that the Paramount board chose.

In a brief statement responding to the letter, Paramount said its board adopted procedures that "provide a level playing field for all bidders."

Meanwhile, QVC said that as of Dec. 15, Paramount shareholders accounting for 26,757,838 shares—22.6%—of Paramount stock had taken up QVC on its tender offer for 51% of Paramount's common stock at \$90 per

share.

While QVC and Paramount dickered over procedures, the question on everyone's mind was whether Viacom chief Sumner Redstone would up his roughly \$9.4 billion bid for Paramount, which last week was roughly \$500 million less than the standing QVC offer. The speculation on Wall Street is that he will. ■

ABC, PBS get new satellite

By Julie A. Zier

AT&T's Telstar 401 went into orbit last week, providing a new platform for ABC, the Public Broadcasting Service and syndicators to deliver programming to broadcast stations.

Carrying the ABC television network on two Ku-band and five C-band transponders, the satellite is considered the "lifeblood" of the network by Mary Frost, ABC's VP/GM of network operations (East Coast).

PBS's "educational neighborhood" of programming and new educational projects will reside on seven transponders, six Ku band and one C band. Using General Instrument's digital compression technology, which squeezes bandwidth to accommodate more channels, each transponder will have eight channels.

Syndicators IDB, Keystone and StarCom are also Telstar 401 customers and will provide programming, including *Jeopardy!*, *Entertainment Tonight* and *Regis & Kathie Lee*.

After a two-day delay due to weather and the landing of the space shuttle Endeavour, the satellite, with 24 C-band and 24 Ku-band transponders, was launched last Wednesday. It is the first of three birds whose cost, including launches, will be \$600 million.

Telstar 401 will orbit at 97 degrees west longitude, now occupied by AT&T's Telstar 301, which is being retired. Telstar 401 will become effective in January. ■

Dawning of DBS

Let the competition begin.

Assuming all went according to plan, GM Hughes Electronics last Friday night launched North America's first high-power satellite and ushered in a new digital alternative to terrestrial television. Direct-broadcast satellite TV, already available in Europe and the Far East, is scheduled to begin delivery to U.S. homes in April 1994.

The two companies sharing the satellite—GM Hughes division DirecTV and Hubbard Broadcasting's United States Satellite Broadcasting—are investing billions of dollars in the DBS gamble. The companies are anticipating that households will each spend at least \$699 on receiving equipment plus an as-yet-undetermined monthly fee to get a package of top cable networks, pay-per-view movies and other yet-to-be-determined program offerings.

The 6,000 pound DBS-1 bird, the first of two, was scheduled to take off on an Arianespace rocket from French Guiana, South America. —RB

