

with MCI for a U.S. direct broadcast satellite service slated to launch in late 1997. The Latin American DBS partnership with TCI, Grupo Televisa and others is expected to be up and running by the middle of this year. When all of the planned satellite initiatives are operational, they will cover two-thirds of the world, Murdoch said.

Murdoch said that there are no plans to bring in partners on the 24-hour news channel, although he expects that Reuters will continue supplying international news to Fox News.

Murdoch said the planned news channel likely will be leveraged onto some cable systems in the course of retransmission consent negotiations as those agreements come up for renewal on a staggered basis.

News Corp. does not have an existing service to convert to an all-news format. FX has been committed to an alliance with TCI on the sports front that will keep that service a sports and entertainment hybrid.

Murdoch downplayed the notion that the Fox news channel will be at a competitive disadvantage to news services announced by NBC and ABC, which have huge news organizations already in place. "Dollars don't equate to quality," he said. "That's not our model. Look at CNN."

The Big Three now spend many times more on news than Fox does, and that will continue to be the case, according to Murdoch's estimated expenditures for the new channel—around \$50 million annually. That will be on top of the \$30 million or so Fox News now spends.

Murdoch declined to specify a subscriber-count target at the new service's launch, saying "it would only be a guess." So far, there are no commitments from cable operators to take the service, but that effort is just beginning.

As to Fox broadcast affiliate participation, Murdoch said, "we hope they take it and pay for it." But many of the details on how Fox stations would participate in the channel remain to be worked out, said Preston Padden, president, network distribution.

Padden did say that CNN will be the model, broadly speaking, for broadcast affiliate participation, where the stations get the rights to the service and in return contribute news coverage from their markets, with a form of payment that could include cash, barter or some combination.

Among the unanswered questions,

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***—Fox President of Network Distribution Preston Padden***

said Padden, is whether the news service, or a broadcast syndicated form of it, will be offered exclusively to Fox affiliates or on a nonexclusive basis, like CNN. Also not determined is whether affiliates will be offered an equity stake or some other form of profit participation.

The planned news service puts more pressure on Fox affiliates to get into the news business, said Padden. If they

don't, Fox will do business with local competitors. "We've been very candid with them on that point," he said. "We've told them that if you don't get in the news business, we will have to establish a relationship with someone else in your community. And that's not a threat, it's just a reality" if the planned service is to be competitive.

Bob Leider, vice president and general manager, Fox affiliate WSVN-TV Miami, and chairman of the affiliate news committee, said it is still early in the process and that the network probably will not have a formal plan for affiliate participation for at least a month.

But generally speaking, Leider said he was pleased with last week's announcement. "It's good for Fox affiliates to have a news network," he said. "There are going to be some growing pains with this, but it's a positive move. We've got the sports; the programming looks good. The piece that was missing was news, so this is an obvious move." ■

## ***HBO divides to conquer***

*Pay cable programmer is multiplexing from 8 to 12 channels*

**By Rich Brown**

**C**able system and direct broadcast satellite operators by next year will be able to offer subscribers four different channels of HBO—plus West Coast feeds—for the price of one.

Encouraged by the fast rollout of its existing HBO/Cinemax multiplex package, the pay-TV programmer is expanding its lineup from eight to 12 channels. A

West Coast feed for Cinemax2 will be available in mid-1996; a new channel of HBO (HBO4) and two new channels of Cinemax (MAX3 and MAX4) will be launched in spring 1997.

HBO launched its original multichannel package in 1991, offering five feeds of HBO (HBO, HBO2, HBO3, HBO4 and HBO2W) and three of Cinemax (MAX, MAX2 and MAXW). The company's plan was to strengthen its core HBO and Cinemax services by providing subscribers with additional channels at no extra cost. At any given time, each service offers a distinct schedule culled

from the programmer's library of hit movies and original productions.

The strategy appears to be paying off. The multichannel HBO package now reaches 37.5% of the network's 21 million cable subscribers, according to Dan

**MULTI  
CHANNEL  
HBO**

Levinson, vice president, product development and marketing. He says cable systems that have carried multichannel HBO for 30 months showed growth three times greater than non-plexed systems—13.5% to 4.1%, respectively.

Cable systems carrying all three HBO channels report 23% higher growth than those that carry only two, he says. Multiplexed pay channels also rate high among high-power direct broadcast satellite subscribers.

HBO executives have long thought that full-scale deployment of the multiplex would not happen until the long-anticipated arrival of digital compression technology at cable systems around the country. Digital compression has yet to become a widespread reality, but operators are managing to find room for additional channels by