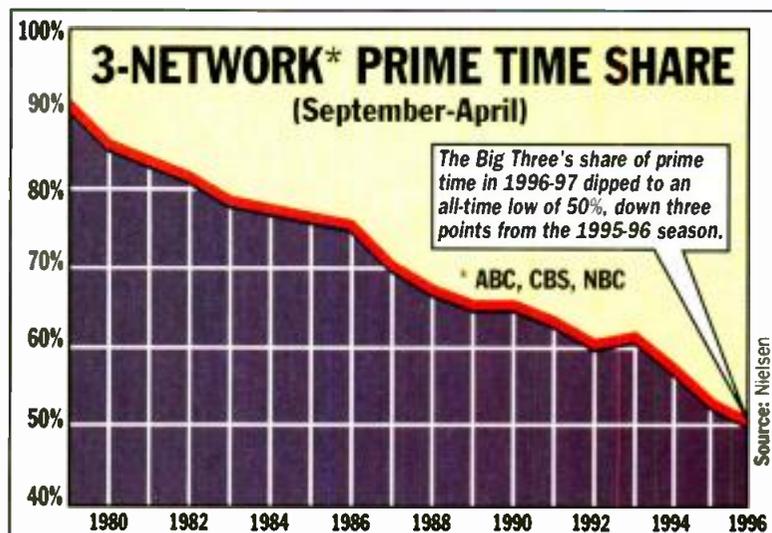


## HUTs continue to fall

Is the Internet taking people away from their TV sets? It's an assumption some TV executives are leaping to this season because of a drop in homes using television (HUT), with a more alarming drop in TV use by viewers in the key demographics. Nielsen Media Research has issued a report (based on a sample of homes that subscribe to America Online) that shows TV viewing in those homes is lower than in homes of nonsubscribers. But the report does not say that the lower viewing level is directly the result of Internet usage. Nielsen plans to study personal computer and Internet use within peplemeter homes, and will start reporting that data in September.

This season, overall HUT level in prime time dropped to 60.1% from 60.8% a year ago. Viewing among 18-34-year-olds is down 5%, and viewing among 18-49-year-olds is down 3%. For the season, NBC will win again. And, barring a miracle, CBS will overtake ABC for second place. (For 30-week season averages, see page 42.)



Source: Nielsen

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# TBS to go basic, Braves or no

*Levin says network will have sufficient programming; Parsons suggests bidding war is on for movies*

By Steve McClellan  
NEW YORK

**T**ime Warner officials said last week that WTBS-TV Atlanta will switch from superstation to basic cable network on Jan. 1, 1998, with or without the Atlanta Braves.

TW Chairman Gerald Levin, in a briefing with reporters after the company released its first-quarter earnings, said the company has an abundance of programming to replace Braves telecasts if Time Warner can't get ESPN and Fox-owned News Corp. to agree to let WTBS air the Braves as a basic network.

Under the current Major League Baseball rights agreements, ESPN and Fox/Liberty Sports own basic cable rights, WTBS has been paying into the league's superstation compensation pool for the right to air the Braves games.

"If someone is foolish [enough] not to go along with the baseball deal, which is incremental revenue for everyone, we have the programming" to replace the Braves schedule, Levin said. The January 1998 conversion date will give cable operators enough time to budget for the network as a basic cable service, he said. Levin stressed, however, that company executives are strongly optimistic that an agreement will be reached with ESPN

and Fox/Liberty.

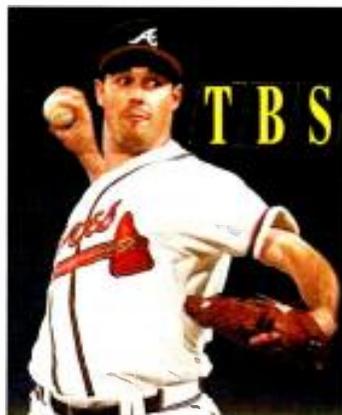
Separately, Levin also confirmed that WTBS and TNT will, as an ongoing policy, pay what it takes to acquire the broadcast network window for theatrical movie rights. The networks have announced the purchase of the rights to 55 films, including a mix of Warner-owned titles and films from outside the Time Warner companies.

The company has acquired other titles, but declined to say how many. "It's a structural change in the business," said Time Warner President Richard Parsons, that "probably will" drive up the prices for theatrical movies on television.

Time Warner reported record first-quarter earnings of \$1.144 billion, up 27%, on revenue of \$5.636 billion, up 24%, before interest, taxes, depreciation and amortization (EBITDA).

The cable networks within the TBS division generated EBITDA of \$135 million, up 13%, on revenue of \$594 million. Home Box Office reported EBITDA of \$96 million on a 15% revenue gain, to \$483 million.

Combined cable system earnings (for both TW's corporate holdings and



the systems within the Time Warner Entertainment joint venture with US West) totaled \$567 million, up 18%, on an 8% revenue gain, to \$1.26 billion.

The WB Network reported a loss of \$20 million for the quarter, compared with a

loss of \$24 million a year ago. Time Warner said Tribune's recent decision to increase its ownership stake in the network helped to curb its own losses in the venture.

"Time Warner is on a very focused, disciplined program to deliver accelerated returns, and the proof is in the pudding," said Levin. At the same time, the company is determined to control costs and reduce debt. The company's debt-to-cash flow ratio will drop from 4.1:1 at the end of 1996 to 3.75:1 by the end of 1997, added company chief financial officer Richard Bressler.

Company executives said there was "no news" to report concerning ongoing talks with US West Media toward untangling their interests in the Time Warner Entertainment joint venture, which includes most of Time Warner's cable system holdings, Warner Bros., HBO and the WB Network. ■