

KAGAN MEDIA INDEX HISTORICAL DATABASE
(year end figures in millions)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
1 U.S. TV homes *	72.90	74.50	76.30	79.90	81.50	83.30	83.80	84.90	85.90	87.40	88.60
2 Cable homes passed	24.23	26.79	29.26	34.91	41.82	49.45	55.87	60.52	64.72	69.48	74.90
3 Basic cable subscribers	12.60	14.20	15.80	19.20	23.06	27.50	31.60	34.20	36.70	39.70	43.90
4 Pay subscriber units	1.60	3.30	5.70	9.10	15.50	20.60	26.40	30.00	30.80	32.10	33.00
5 Expanded basic subscribers	---	---	---	---	1.00	2.10	4.30	5.30	5.35	5.60	5.80
6 Backyard dishes	---	---	---	---	0.02	0.07	0.30	0.80	1.50	2.70	4.20
7 Backyard subscribers	---	---	---	---	---	---	---	---	---	0.40	0.29
8 SMATV subscribers	---	---	---	---	---	---	---	---	---	---	---
9 MDS/MMDS subscribers	0.07	0.15	0.28	0.45	0.53	0.57	0.49	0.44	0.41	0.24	0.19
10 STV subscribers	0.02	0.15	0.40	0.80	1.54	1.82	1.21	0.82	0.19	0.12	0.11
11 Addressable homes	---	---	---	---	---	---	---	6.40	9.02	11.64	13.60
12 PPV revenue \$	---	---	---	---	---	---	---	18.00	32.42	37.04	33.00
13 VCR households	0.24	0.65	1.12	1.93	3.29	5.32	9.41	16.72	27.15	37.48	48.25
14 Video shopping homes	---	---	---	---	---	0.10	0.60	1.10	3.00	13.00	43.50
15 Local cable ad homes	---	---	---	0.96	2.30	6.88	12.40	16.30	21.20	24.50	32.50
16 Cable network ad homes	---	---	---	7.52	11.72	16.34	20.30	25.50	26.10	27.60	32.50
17 Cassette unit sales	---	---	---	---	0.72	1.72	3.76	8.80	21.94	39.78	64.90
18 Cassette rental turns	---	---	---	---	168.00	201.24	300.29	705.78	1,224.25	1,795.70	2,281.02
19 Local cable ad revenue \$	---	---	---	8	17	32	60	98	167	195	271
20 Cable network ad revenue \$	---	---	---	50	105	195	331	487	625	734	867
21 Network ad revenue \$	3,460	3,975	4,509	5,130	5,575	6,210	7,017	8,239	9,118	8,230	8,474
22 Barter ad revenue \$	52	73	105	134	186	237	351	400	515	567	763
23 Spot TV ad revenue \$	2,204	2,607	2,873	3,269	3,686	4,360	4,796	5,411	6,040	6,450	6,817
24 Local TV ad revenue \$	1,948	2,373	2,682	2,967	3,366	3,759	4,323	4,873	5,650	6,100	6,809
25 Spot radio ad revenue \$	546	620	665	780	875	920	1,030	1,195	1,320	1,345	1,319
26 Local radio ad revenue \$	451	2,280	2,450	2,709	2,950	3,425	3,881	4,300	4,795	5,005	5,621
27 Network radio ad revenue \$	131	141	154	175	210	240	278	306	345	340	379
28 Total TV/radio ad revenue \$	10,292	12,069	13,528	15,222	16,998	19,378	21,863	25,531	27,911	29,624	31,880
29 Video shopping revenue \$	---	---	---	---	---	1	11	28	90	155	1,150
30 Total cable revenue \$	1,220	1,499	1,405	2,399	3,714	5,093	6,518	7,899	9,234	10,703	11,204
31 Cassette rental revenue \$	---	---	---	---	351	604	1,065	1,835	2,914	4,094	4,608
32 Cassette sales revenue \$	---	---	---	---	47	103	218	482	854	853	1,103
33 Theatrical film box office \$	2,372	2,643	2,821	2,749	2,966	3,453	3,766	4,071	3,749	3,778	4,253
34 Total media revenue \$	13,884	16,211	18,255	20,569	24,025	29,631	35,547	39,708	44,231	48,187	53,099
35 Increase from previous year %	14.7%	16.8%	17.4%	12.3%	17.0%	18.9%	17.2%	16.4%	11.4%	11.2%	9.2%
36 Total media revenue/home \$	190.45	217.46	239.25	257.44	295.60	363.71	400.13	467.70	519.40	562.78	608.08
37 Increase from previous year %	12.1%	14.3%	10.0%	7.5%	14.7%	16.4%	16.3%	16.6%	10.1%	9.3%	7.7%

*A.C. Nielsen data © 1988 THE KAGAN MEDIA INDEX, Estimates of Paul Saper Associates, Inc., Carmel, CA

89
91
84
50
40
-25

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<u>Network</u>	<u>Operating profit/loss</u>				<u>Estimated/ projected breakeven</u>
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	
	<i>(millions of dollars)</i>				
A&E	--	(9.0)	(6.0)	(4.5)	Late '86
CBN	(4.0)	2.0	5.0	7.0	Late '83
CNN *	(14.2)	(15.3)	12.7	28.5	Mid '85
ESPN	(26.0)	(17.0)	2.0	13.0	Mid '85
FNN	(6.0)	(6.0)	.8	3.0	Early '85
LIFE	(12.0)	(15.0)	(15.0)	(7.5)	Late '86
MTV	3.3	19.9	31.0	40.1	Early '84
NICK	(2.5)	4.0	6.5	8.3	Early '84
SPN	1.5	3.5	4.3	5.8	Late '82
TNN	(16.0)	(9.0)	(6.0)	5.0	Mid '86
TWC	(8.0)	(2.0)	5.0	10.0	Early '85
USA	(12.0)	(5.0)	5.5	9.0	Early '85
VH-1	--	--	(2.5)	0.0	Late '86
WTBS	<u>43.3</u>	<u>65.8</u>	<u>70.5</u>	<u>75.0</u>	Early '81
Totals	(52.6)	16.9	113.8	192.7	

* Includes Cable News Network and Headline News.



CABLE TV PROGRAMMING

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When Turner Network TV (TNT) launches 10/3, with a possible 16 mil.+ subs on line, it will have pulled off the biggest cable network startup in history, exceeding by a wide margin its budgeted goal of 7.2 mil. subs.

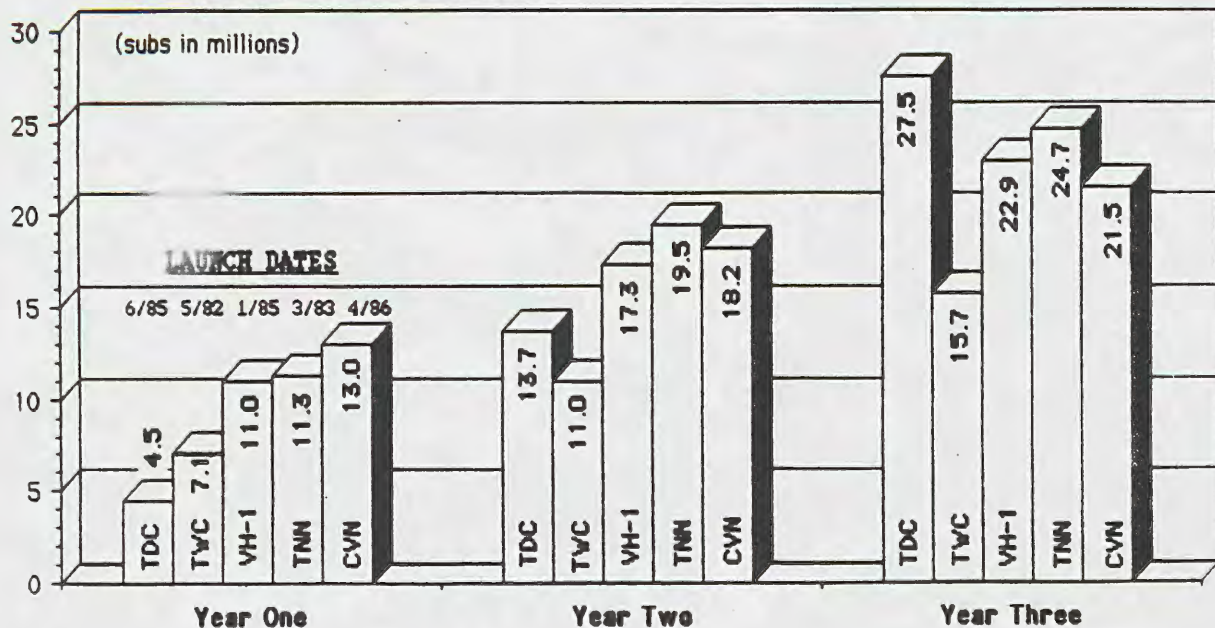
By combining wide carriage with high levels of license fee support almost from the start (15 cents/sub/mo. fees kick in 1/1/89), TNT hopes to collapse the cable network startup cycle from years down to months.

TNT may qualify for A.C. Nielsen metering virtually from launch, putting additional pressure on the service to perform. (Cable services normally have gone on the Nielsen meter between years two and three.)

Our analysis of previous network startups shows that TNT, at launch, already has vaulted into subscriber numbers that would be expected at the end of a second year of operation.

If TNT can hit 30 mil. subs by mid-1990 (at which point the NBA games will move to TNT from TBS), it will be on target with our pro forma, which suggests breakeven at around the \$150 mil./yr. rev. level (CTP #119, 3/22/88).

CABLE NETWORK STARTUPS



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(continued on next page)

ECONOMICS OF BASIC CABLE NETWORKS, 1983-89 (Cont'd)

Network	1986				1987				1988			
	Ad Rev	Fee Rev	Total Income	Costs	Ad Rev	Fee Rev	Total Income	Costs	Ad Rev	Fee Rev	Total Income	Costs
ESPN	79.2	46.6	125.8	112.8	106.3	110.0	218.3*	153.3	125.0	140.0	270.0*	175.0
CNN	60.4	62.2	122.6	94.1	93.5	95.0	191.5*	136.2	121.6	110.0	236.6*	151.6
WTBS	200.0	--	200.0	125.0	176.2	--	176.2	114.4	195.9	--	195.9	100.9
USA	43.0	17.0	60.0	51.0	68.0	40.3	108.3	92.2	93.2	51.8	144.9	116.9
Nashville	37.4	7.5	44.9	39.9	41.7	20.0	61.7	51.2	61.6	31.2	92.8	73.8
MTV	84.5	30.0	114.5	74.4	65.7	33.0	98.7	66.5	68.0	37.0	110.0*	65.0
CBN (US)	36.6	--	36.6	29.6	42.0	8.5	50.5	40.5	47.0	14.0	61.0	48.0
Nickelodeon	13.5	28.1	41.6	33.3	19.4	39.3	58.7	32.5	29.8	46.0	89.8*	49.8
Lifetime	25.8	12.0	37.8	45.3	37.5	17.0	54.5	47.8	58.0	22.0	80.0	66.0
A&E	6.8	13.0	19.8	24.3	11.5	22.0	33.5	31.5	17.0	30.0	47.0	43.0
Discovery	3.0	--	3.0	9.5	5.0	6.0	11.0	15.6	14.0	15.0	30.0*	29.5
Weather	7.9	10.5	18.4	15.0	8.9	13.0	21.9	16.9	11.9	16.0	27.9	19.9
FNN (US)	15.0	2.2	17.2	14.2	15.0	3.0	18.0	14.5	17.0	4.0	21.0	16.5
Video Hits	8.5	--	8.5	8.5	6.4	.1	6.5	11.5	11.5	0.4	11.9	16.9
BET	5.5	3.9	9.4	9.4	7.7	5.1	12.8	10.8	10.2	5.2	15.4	12.4
Tempo	7.0	0.4	7.4	1.9	10.3	0.3	10.6	9.4	11.9	--	11.9	12.1
CMT (US)	1.3	--	1.3	2.4	1.4	--	1.4	2.4	1.4	--	1.4	2.4
Movietime	--	--	--	--	0.4	--	0.4	6.4	1.7	--	1.7	13.7

ECONOMICS OF BASIC CABLE NETWORKS, 1983-89 (Cont'd)

Network	1989			
	Ad Rev	Fee Rev	Total Income	Costs
ESPN	147.4	155.0	307.9*	192.9
CNN	139.8	122.5	269.3*	166.3
WTBS	207.5	--	207.5*	95.5
USA	116.5	65.8	182.2	14.5
Nashville	71.0	41.7	112.7	87.7
MTV	79.1	43.5	132.6*	82.6
CBN (US)	58.3	17.2	75.5	53.3
Nickelodeon	35.7	51.0	98.7*	55.7
Lifetime	72.5	28.0	100.5	81.1
A&E	23.0	36.4	59.4	59.4
Discovery	20.7	19.5	41.2*	39.7
Weather	14.3	18.0	32.3	22.3
FNN (US)	20.4	4.9	25.3	20.8
Video Hits	19.0	5.0	19.5	22.5
BET	13.3	10.0	23.3	19.3
Tempo	--	--	0.0	--
CMT (US)	2.6	0.8	3.4	3.2
Movietime	5.1	--	5.1	14.6

ECONOMICS OF BASIC CABLE NETWORKS 1983-89

FOOTNOTES

- a Source: Paul Kagan Associates, Inc. Cable TV Programming
All the financial figures on this chart are Paul Kagan Associates estimates and projections, and are not available for the years prior to 1983.
- b Ad Revenues = Total Ad Revenues minus Ad Agency Commissions
- c Costs = Operating expenses not including taxes, interest and depreciation
- d Includes Cable News Network and Headline News.
- e WTBS revenues are net of agency commissions but include ad sales from Atlanta market ad syndication revenue; 1986 projections do not include revenue, expenses or income from syndication of Goodwill Games.
- f FNN estimates include SCORE numbers but exclude TelShop home shopping revenue and are for the fiscal year ending 8/31.
- g Tempo TV subs will be converted to NBC's Consumer News and Business Channel in early 1989; Tempo ad sales include direct sale of program time.
- * Total Income entries so noted also include additional revenue from other sales as follows: CNN foreign syndication, \$3 mil. (1987), \$5 mil. (1988), \$7 mil. (1989); ESPN foreign syndication \$2 mil. (1987), \$5 mil. (1988), \$5.5 mil (1989); MTV foreign and domestic syndication, \$5 mil. (1988), \$10 mil. (1989); Nickelodeon domestic syndication, \$14 mil. (1988), \$12 mil. (1989); and The Discovery Channel, magazine/guide subscriptions, \$1 mil. (1988), \$1 mil. (1989).

SUBSCRIBERS BY CABLE NETWORK¹
(in millions and % of TV households²)

Network	Service Began	79		80		81/82		83		84		85		86		87		88	
		---	%	---	%	---	%	---	%	---	%	---	%	---	%	---	%	---	%
ESPN	9/79	---	*	---	*	19	23	28	34	35	41	37	43	40	46	45	51	48	53
CNN	6/80	---	---	4	5	18	21	23	27	33	38	34	39	38	43	43	48	46	51
WTBS	12/76	---	*	---	*	---	*	29	34	34	40	35	41	39	45	43	48	46	51
USA	4/77	6	8	6	8	13	16	21	25	29	34	31	36	35	40	41	46	43	48
Nashville	3/83	---	---	---	---	---	---	12	14	21	24	25	29	30	34	30	34	41	46
MTV	8/81	---	---	---	---	6	7	18	21	26	30	28	33	33	37	33	37	44	49
CBN (US)	4/77	8	11	9	11	18	22	---	*	27	32	30	35	34	39	37	42	42	46
Nickelodeon	4/79	2	3	4	4	9	10	18	21	24	28	26	30	30	35	26	30	43	48
Nick at Nite	7/85	---	---	---	---	---	---	---	---	---	---	---	---	26	30	30	34	39	43
Lifetime	2/84	---	---	---	---	---	---	---	---	23	27	24	28	24	27	24	27	41	45
C-SPAN	3/79	6	8	7	9	11	13	16	19	20	24	23	27	26	30	32	36	39	44
C-SPAN II	6/86	---	---	---	---	---	---	---	---	---	---	---	---	7	8	13	14	15	17
Weather	5/82	---	---	---	---	7	8	11	13	15	18	20	23	24	27	31	35	36	40
A&E	2/84	---	---	---	---	---	---	---	---	---	---	17	20	20	22	20	22	37	41
Discovery	4/85	---	---	---	---	---	---	---	---	---	---	5	6	14	16	26	29	36	40
Headline	12/81	---	---	---	---	2	3	8	10	16	19	18	20	23	26	28	32	33	36
FNN (US)	11/81	---	---	---	---	0.3	0.4	15	18	18	21	20	23	24	27	27	31	33	37
FNN Score	5/85	---	---	---	---	---	---	---	---	---	---	11	13	19	22	18	20	20	22
Video Hits	1/85	---	---	---	---	---	---	---	---	---	---	9	10	17	20	17	19	31	34

SUBSCRIBERS BY CABLE NETWORK (cont.)
(in millions and % of TV households)

Network	Service Began	79	%	80	%	81/82	%	83	%	84	%	85	%	86	%	87	%	88	%	
WGN	11/78	--	*	--	*	--	*	11	13	15	17	17	20	22	26	22	25	25	28	
BET	1/80	--	--	5	7	3	4	6	10	9	10	12	14	13	15	13	15	20	22	
CVN	9/86	--	--	--	--	--	--	--	--	--	--	--	--	4	5	19	21	20	22	
HSN 1	7/85	--	--	--	--	--	--	--	--	--	--	8	9	15	17	15	17	16	18	
HSN 2	3/86	--	--	--	--	--	--	--	--	--	--	--	--	30	34	30	34	6	6	
Tempo	1/79	-----*											13	14	15	16	8	9		
WOR	4/79	-----*						4	5	7	8	8	9	9	10	10	11	12	14	
Learning	10/80	--	--	--	--	2	2	--	*	5	6	6	7	8	9	11	12	13	14	
WPIX	5/84	--	--	--	--	--	--	--	--	1	1	2	2	2	3	2	3	10	11	
Travel	2/87	--	--	--	--	--	--	--	--	--	--	--	--	--	--	6	7	11	12	
CMT (US)	3/83	--	--	--	--	--	--	--	--	4	5	0.3	0.4	6	7	7	8	8	9	
Movietime	8/87	--	--	--	--	--	--	--	--	--	--	--	--	--	--	5	6	8	8	
Univision	9/76	-----*											34	40	34	39	--	*	--	
KTVT	7/84	--	--	--	--	--	--	--	--	--	--	2	2	2	2	2	2	--	*	--
Nostalgia	5/85	--	--	--	--	--	--	--	--	--	--	--	--	2	2	2	2	4	4	
Liberty BN	6/80	--	--	--	--	-----*						1	2	1	1	--	*	--		
Galavision	10/79	--	*	--	*	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	1	1	1	1	--	*	--

Subscribers by Cable Network Footnotes

1 Source for subscribers: Television & Cable Factbooks
1988 subscriber figures from January 2, 1989 Cablevision Magazine

2 TV households from Arbitron
Arbitron uses television season fall through summer of following year.

-- * -- Figures not available

-- Network not in operation