marketplace."

Meanwhile, program sellers were watching the developments with concern.

One major syndicator, who spoke on condition of anonymity, said he will not be bringing his contingent to NATPE next year if attendance is down and business is off again.

"I'm so mad at myself, I just can't describe it," the syndicator said. "I'm so mad because I'm tired of throwing away money on this thing. I didn't have the guts to say that I wasn't going to go to this convention. Everything is sold and there is nothing left to buy."

The syndicator says his studio spends close to $2 million on the conference alone, $1 million of that on the convention floor booth. Another $500,000 goes into bringing the sales staff and TV talent down to NATPE, and the remaining percentage is spent on advertising, he says. "It is not a selling convention and it hasn't been for a long time."

Three years ago, MGM Domestic Television president Sid Cohen decided not to take a booth at NATPE, a move that created a lot of headlines. For the third straight year, the distributor of *StarGate SG-1, Poltergeist: The Series* and *The Outer Limits* is not going to occupy a spot on the conference grounds.

"I just felt it was a business decision based on what it would really cost to go down there," Cohen says. "What do we really accomplish?"

Cohen says his new syndicated show for fall 1999, a newsmagazine with tabloid *National Enquirer*, is already cleared in close to 75% of the country and that not much business on the show would be taking place in New Orleans anyhow.

A lot of the top studio executives have quietly been questioning NATPE's viability and timing—just after the holidays and late into the syndication sales process—but none of the big players this year have been outwardly critical of the conference, unlike years past.

"If it wasn't for the fact that [Cox Broadcasting president] Nick Trigony was running the thing this year, you would have heard a lot more screaming," the top syndication executive said. "Nick made it real clear that nothing was going to happen on his watch. He's a buyer and I respect him, but next year I'm not so sure." ■

# CBS gouges Eye out

*Completely divests profile network to Discovery*

**By John M. Higgins**

In a stark turnabout, CBS Corp. is completely exiting Eye On People by selling the entire operation to Discovery Communications Inc.

CBS had been planning to sell only half the start-up news profile network, letting DCI manage it and, most importantly, fund continuing losses.

But Tuesday, the companies disclosed that CBS would sell the channel outright for an undisclosed price. CBS so far has invested about $50 million in the venture, and a spokesman said only that the company would "book a gain" on the sale.

Depending upon CBS's accounting practices concerning the two-year-old channel, that could mean the broadcaster might be selling for less than its actual level of investment.

At a time when other broadcasters are spending heavily to capture eyeballs streaming to cable, the deal leaves CBS devoid of any new product in the cable pipeline. CBS's cable portfolio has the mature Country Music Television and The Nashville Network.

Consequently, CBS, which was notorious for failing to exploit cable opportunities under previous chairman Larry Tisch, is left pushing to extend distribution of CMT a little further as its only area of cable growth.

But CBS Chairman Mel Karmazin has virtually given up on trying to make the broadcast network much of a profit center, as NBC has been for parent General Electric Corp. For his part, Karmazin sees CBS Television more as a program supplier to stations than a big source of cash flow.

With CBS's unappealing old demographics and mixed ratings, even bulls don't expect its profits to reach $100 million on $4 billion or more in revenue in five years.

At the same time, DCI chairman John Hendricks has a seemingly insatiable appetite for expansion. DCI is expecting to spend up to $350 million to create Discovery Health, oriented toward fitness and medicine. Hendricks took control of the Travel Channel last year, tried to buy Court TV, cut a deal to distribute BBC Americas and launched a slate of digital cable services.

CBSEYEONPEOPLE
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Eye On People will now be known as Discovery People and be completely run and funded by DCI. On Jan. 11 the network's on-air look will change and most references to CBS will vanish. Discovery People will continue to buy programming culled from CBS's news archives, combining it with its own programming library to create a string of soft news magazine shows.

The future of Eye On People President Geoffery Darby was unclear. Under the original deal, Darby was supposed to continue running the network. But last week a Discovery spokeswoman said only that "his contract is with CBS."

Why CBS changed gears so dramatically is also not clear. Discovery said in a statement that the programmer's "strategic objectives warranted its sole ownership."

However, that was also true when they were negotiating the original deal. DCI was always more interested in owning 100% of the operation. It was CBS Cable Chairman Don Mitzner who originally insisted that the broadcaster keep a large interest, achieving Karmazin's directive to halt the cash flow bleed while giving the company a shot at ultimately enjoying some sort of return on its investment.

Westinghouse Corp., which bought CBS two years ago and assumed its name, had sold cable assets under pressure before, particularly a 14% stake in Discovery. Westinghouse staked the network when it started and provided critical satellite uplinking during a period when Hendricks couldn't pay the bills.

That sale fetched just $40 million in 1989, but would be worth 10-14 times that today. ■